ELEKTRO MARIBOR

Annual Report 2023

Making the green transition a reality

ELEKTRO MARIBOR

Annual Report 2023
Elektro Maribor d.d. and the Elektro Maribor Group

Ensuring quality and reliable distribution of electricity to all our customers is a fundamental guiding principle of Elektro Maribor's operations, as our business is key to the successful realisation of the Company's vision of a green transition for society as a whole. That is why we are developing our energy infrastructure as well as our support services responsibly and with commitment. Through strategic considerations and upgrades to our distribution network, we are expanding the potential of sustainable energy, leading to a green electricity future.

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BUSINESS REPORT

01

WE ARE SUCCESSFULLY DELIVERING ON OUR BUSINESS OBJECTIVES AND VISION FOR THE GREEN TRANSITION.

In 2023, the Company and the Elektro Maribor Group successfully completed their operations, achieving the objectives that are part of our long-term strategy to implement the green transition.

1 Business Highlights in 2023

SURPLUSES IN 2023 COMPARED TO 2022

CAPITAL EXPENDITURE

2023

EUR 37.2 million

+ 29%

CONNECTION POWER OF CUSTOMERS

3,362MW

+ 47MW

CALCULATED POWER

2023

25,351MW

+ 201MW

NUMBER OF USERS

225,955

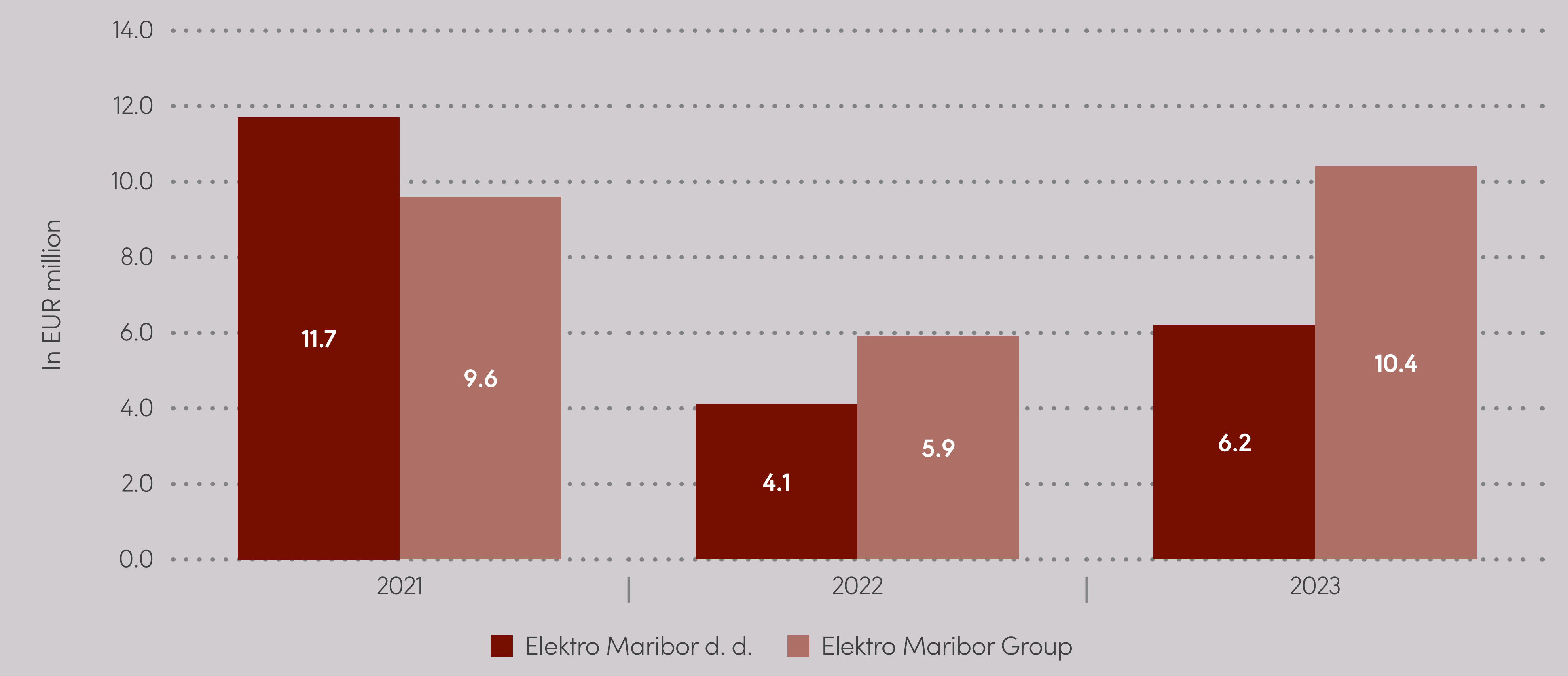
+ 1,505 USERS

CONNECTION CONSENTS AND CONTRACTS ISSUED

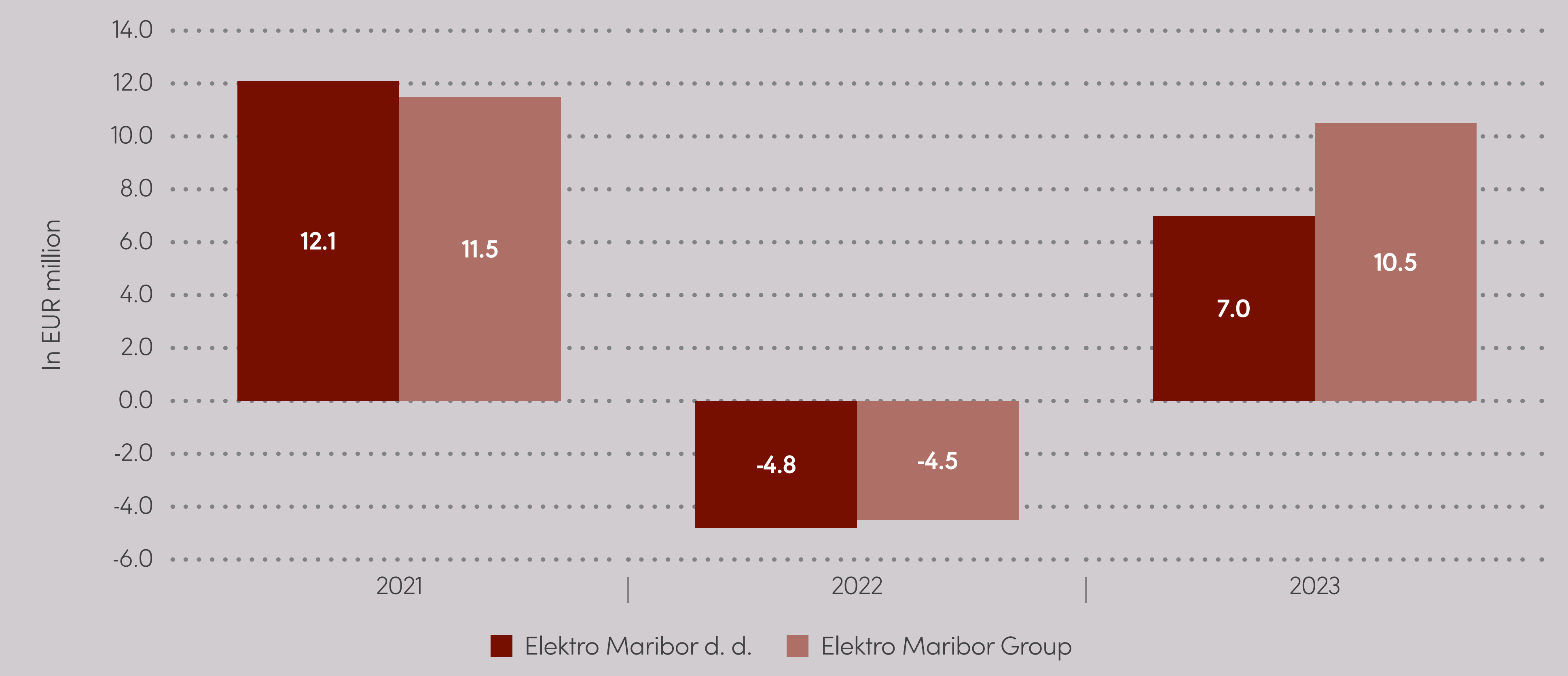
31,201

+ 37%

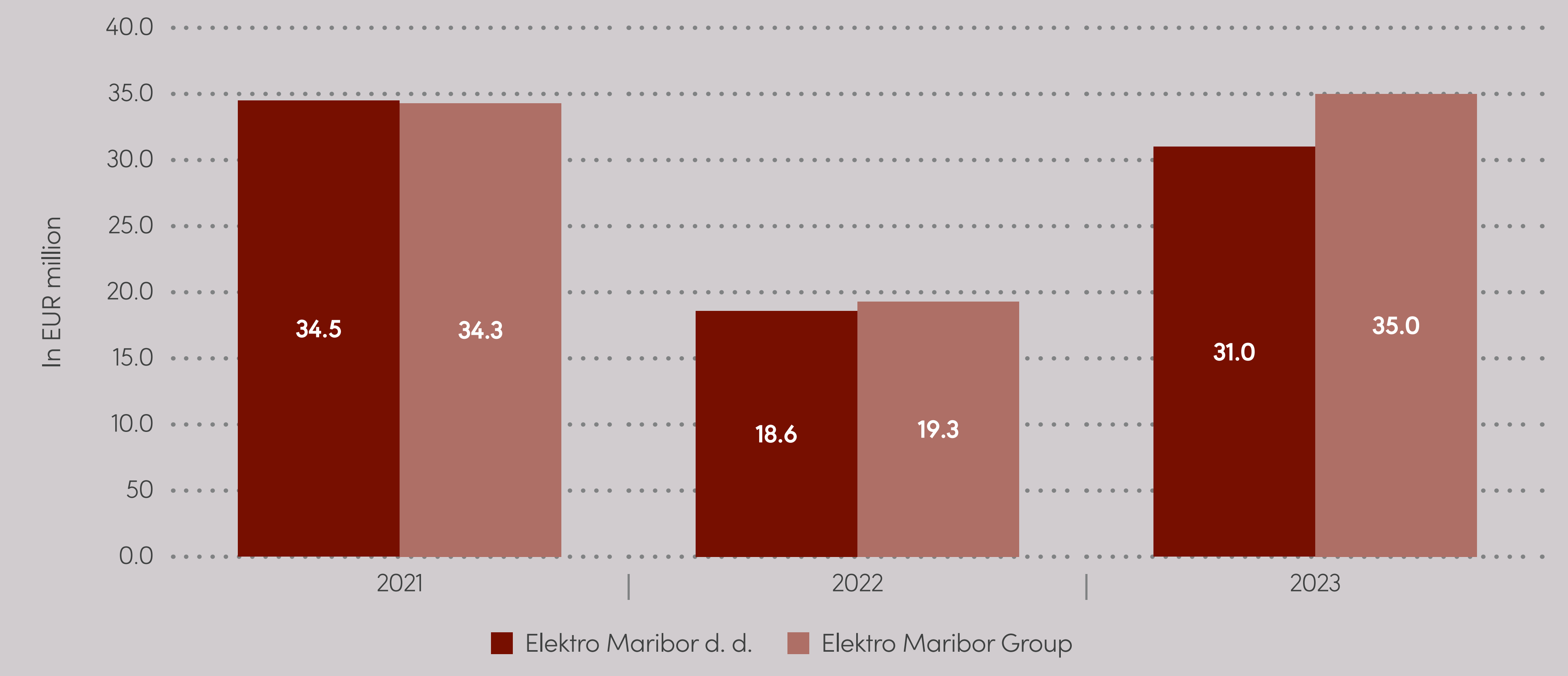
Net profit or loss



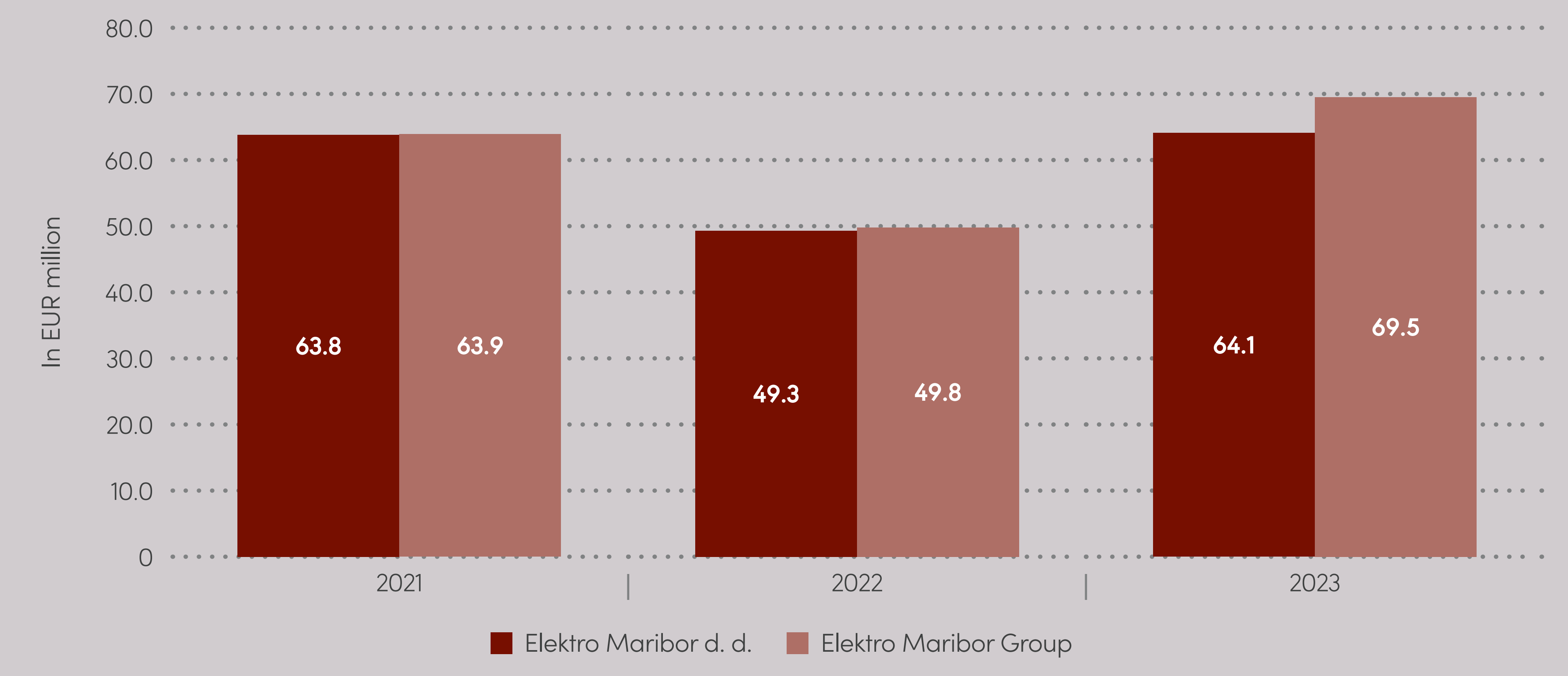
EBIT

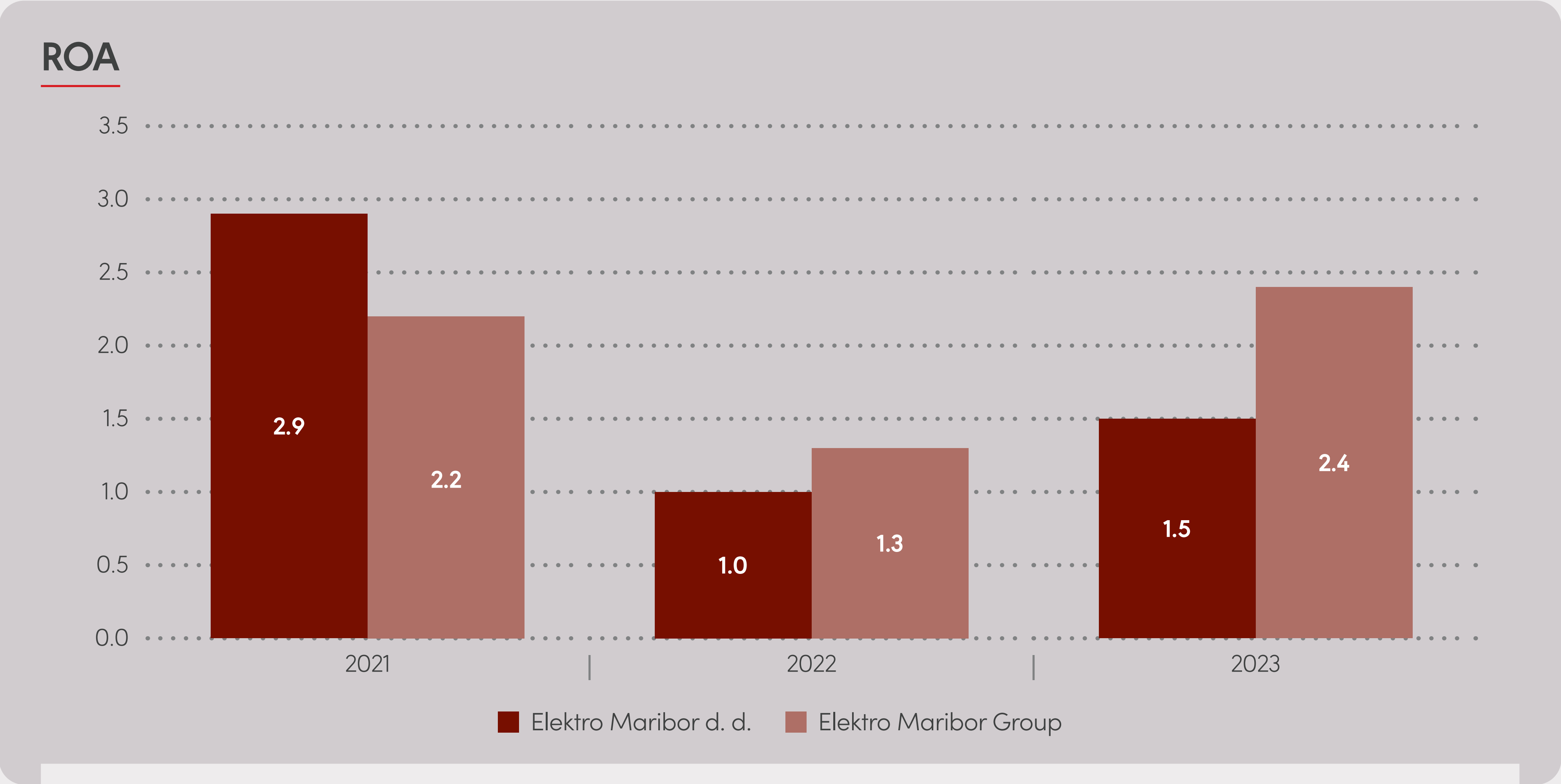


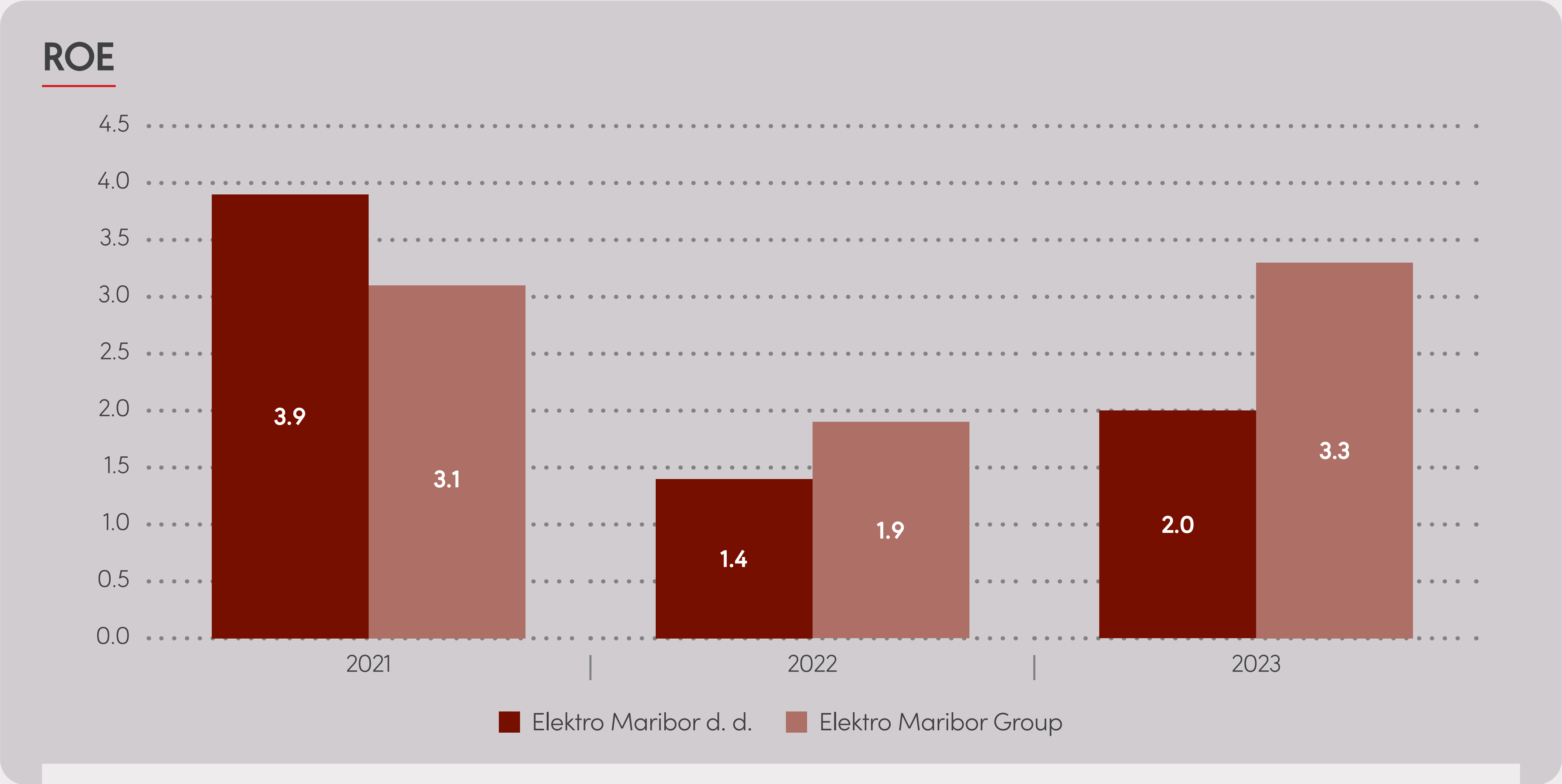
EBITDA



Net revenue from sales




ROA
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
2.9
2.2
1.0
1.3
1.5
2.4
2021
2022
2023
Elektro Maribor d. d.
Elektro Maribor Group


ROE
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
3.9
3.1
1.4
1.9
2.0
3.3
2021
2022
2023
Elektro Maribor d. d.
Elektro Maribor Group

Performance indicators of Elektro Maribor and the Elektro Maribor Group

	Elektro Maribor d. d.			Elektro Maribor Group		
	2023	2022	2021	2023	2022	2021
Financial indicators						
Net operating result in EUR	6,232,740	4,122,346	11,719,561	10,426,882	5,859,172	9,582,373
Return on assets (ROA) in %*	1.45	0.98	2.87	2.37	1.33	2.18
Return on equity (ROE) in %	2.03	1.35	3.92	3.30	1.89	3.14
EBIT (Earnings from operations) in EUR	6,965,316	-4,812,087	12,131,780	10,467,432	-4,537,849	11,539,490
EBIT margin (EBIT/operating income) in %	7.85	-6.88	13.76	11.12	-6.38	13.08
EBITDA (EBIT + depreciation) in EUR	30,988,621	18,641,647	34,473,190	34,974,801	19,336,808	34,301,999
EBITDA margin (EBITDA/operating income) in %*	34.92	26.64	39.11	37.15	27.19	38.88
Total revenue in EUR	89,334,924	79,912,718	89,588,226	96,087,414	98,462,733	88,427,491
Operating income (gross operating income) in EUR	88,738,588	69,974,196	88,139,374	94,135,184	71,116,090	88,236,181
Net turnover in EUR	64,085,345	49,307,919	63,841,981	69,461,700	49,781,568	63,937,719
Value added in EUR[1]	64,518,816	49,382,650	66,246,487	68,804,991	50,310,051	66,245,746
Value added per employee in hours in EUR*	82,638	63,483	79,299	87,659	64,411	72,429
Total costs and expenditure in EUR	82,969,532	76,180,248	76,474,408	84,869,870	86,980,269	77,862,630
Operating costs and expenses in EUR	81,773,272	74,786,283	76,007,595	83,667,752	75,653,939	76,696,691
Assets at 31 December in EUR	435,276,168	423,257,525	417,239,732	448,026,565	430,183,457	448,660,677
Capital at 31 December in EUR	308,062,518	305,456,722	303,178,613	319,126,030	312,326,095	308,111,741
Own resources as % of liabilities to own resources	70.77	72.17	72.66	71.23	72.60	68.67
Financial liabilities / EBITDA	2.23	3.26	1.62	1.97	3.14	1.63
Net financial debt in EUR[2]	57,052,209	46,005,240	47,829,599	52,619,224	45,916,743	47,988,747
Net financial debt / EBITDA*	1.84	2.47	1.39	1.50	2.37	1.40
Staff						
Number of employees as at 31 December	767	765	770	771	769	851
Average number of total employees based on hours[3]	780.74	777.89	835.40	784.92	781.08	914.64

* LNU indicators 2023, 2022, 2021

Indicators of the core activity of Elektro Maribor d.d.

	2023	2022	2021
Core activity indicators			
Investment in EUR	37,187,580	28,800,899	33,134,880
CAPEX[4] as % of net sales*	58.03	58.41	51.90
Distributed electricity in MWh	2,177,161	2,282,042	2,314,390
Number of users (consumers and producers)	225,955	224,450	222,618
MWh distributed per number of customers	9.64	10.17	10.46
SAIDI (own causes)*	152.94	26.31	33.92
SAIFI (own causes)*	2.29	0.87	1.02
MAIFI*	14.47	7.88	8.11
% of distributed energy losses*	4.69	4.52	4.55
OPEX[5] regulated activity per energy distributed (EUR/MWh)*	25.69	22.47	21.26
OPEX regulated activities per No. of customers (EUR/customer)	247.55	228.46	222.35
OPEX regulated activity per network length (EUR/km)	3,246.94	2,994.52	2,896.38

* LNU indicators 2023, 2022, 2021

[1] Value added = operating revenue – cost of goods, materials and services – other operating expenses.
[2] Net financial debt = non-current financial liabilities + current financial liabilities – current financial investments – cash.
[3] Number of hours worked / annual quota of total hours.
[4] CAPEX = capital expenditure.
[5] OPEX = operating costs and expenses (cost of goods, materials and services, labour costs, write-downs, other operating expenses).

2 Address by the President of the Management Board[6]

Tatjana Vogrinec Burgar,
Univ. Dipl. in Law

Elektro Maribor d.d. has a strong identity, a rich history and an important role in the energy sector in the north-eastern part of Slovenia. In Maribor, as the cradle of power engineering in Slovenia, the first electric light was switched on 140 years ago. Electric lighting was introduced by the company Karl Scherbaum in Maribor and represents the beginning of electrification in the area of today's Slovenia. 113 years ago, the first beginnings of today's Elektro Maribor were laid with the start of the project to develop an alternating voltage electricity distribution network in the city of Maribor and its surroundings.

On 1 August 2023, I was given a great vote of confidence by the Supervisory Board to lead Elektro Maribor d.d. I became the first woman to hold a senior position in an electricity distribution company in Slovenia. We are aware of our great responsibility towards our customers, shareholders, employees and everyone else, as Elektro Maribor has always been a reliable partner for them, and together with our colleagues we justify this trust every day again and again, as we know the operations, culture, peculiarities and challenges of our Company very well.

The electricity distribution business has undergone major changes and faced many challenges over the years. In spite of all these challenges, the distribution network of Elektro Maribor d.d. has always demonstrated high robustness and reliability, and its employees have been professional and dedicated in pursuing the Company's mission. The distribution network is the fundamental infrastructure for sustainable development and the backbone of the energy transition. Without a strong, robust and advanced electricity distribution network, the green transition to a low-carbon society is not possible, with a focus on the electrification of mobility and heating, the active role of users and producers, dispersed renewable energy sources and energy efficiency.

In 2023, we worked together to reach and surpass a number of milestones of which we are particularly proud. Among them, I would like to highlight the following:

- RECORD INVESTMENT PERFORMANCE

  In line with the 2023 Development Plan, we realised the highest capital investment in the Company's history, with the great efforts of all our employees, amounting to EUR 37.2 million, 29% more than in 2022 and 13% more than planned. In the face of increasingly intense and frequent extreme weather conditions, we are continuously working to systematically increase the robustness of the medium and low voltage network by laying underground medium and low voltage lines and by insulating overhead medium and low voltage lines.

- MAXIMUM NUMBER OF USERS

  At the end of 2023, we had 225,955 users (customers and producers), the highest ever. Such a high growth rate also increases the number of grid-integrated production sources and poses a significant challenge for the distribution system.

[6] GRI 2-22.

- MAXIMUM CONNECTED POWER OF CUSTOMERS AND CALCULATED POWER

  With increasing customer demand and more extensive network integration of new production sources, the highest ever customer connection capacity of 3,362 MW and the highest calculated capacity of 25,351 MW were reached in 2023.

- RECORD NUMBER OF CONSENTS AND CONNECTION AGREEMENTS ISSUED

  In 2023, the number of applications received for connection consent for production installations, especially for self-supply installations, increased markedly. We received a record 14,044 applications for connection consents for self-supply power plants in 2023, an increase of 78% compared to 2022. The great efforts of our employees enabled us to issue an all-time record number of connection consents and contracts, 31,201, or 37% more than in 2022.

We ended 2023 with a positive net profit of EUR 6.2 million, up 51% on 2022, as a result of responsible business conduct. We were prevented from achieving an even higher net result by the unplanned repair of damage following a number of weather disasters and by the high growth in operating costs due to the general increase in the prices of materials and services. We also faced significant challenges in our supply chain (shortages of certain materials, longer delivery times and higher prices). We are aware that the successful performance of Elektro Maribor is important for a stable and development-oriented environment and for ensuring an adequate return to shareholders. The Company's performance in 2023 is therefore a combination of intensive investment in a more sustainable and resilient energy future, in line with the Company's strategic objectives, cost optimisation and great care and commitment to the social security of its employees.

In 2023, there were 34 days of extreme weather, 22 more than in 2022. Snow and high winds in January and February 2023 and strong wind storms in July 2023 caused damage to the electricity distribution network, requiring a larger scale of damage restoration. As a consequence, the quality of electricity supply to customers, as measured by the SAIDI, SAIFI and MAIFI parameters, also deteriorated significantly.

The Company places great emphasis on social responsibility and cooperation with local communities, educational institutions and other energy companies, and on establishing partnership relations with all stakeholders in our environment, as these are important for the development and optimum functioning of the Company and the energy system as a whole. We conduct our business in accordance with the highest standards of integrity, legislation, loyalty, honesty and confidentiality. We build long-term trust with our employees by acting in a socially responsible manner, complying with labour legislation and collective agreements, and maintaining a constructive dialogue with our social partners and employee representatives. At the end of the year, the Company had 767 employees, two more than at the end of 2022.

The Company's priorities for future operations remain, first and foremost, the best possible positioning of Elektro Maribor d.d. in the power system of the Republic of Slovenia and the organisation of the Company or the distribution network in this part of the country, which will keep pace with the needs of all the Company's stakeholders. Most important is the investment in the modernisation and maintenance of a robust and high-quality distribution network, which will also enable the transition to a carbon-free society based on partnership relations with all stakeholders with whom the Company cooperates. Employees' own examples will thus be able to build on genuine professional relationships between all employees.

The year 2024 represents a consistent continuation of the Company's efforts to sustainably and efficiently operate, maintain and develop a modern distribution network that will support efficient, profitable and economic operations in a sustainable manner, taking into account environmental, social and governance considerations. We will pursue the implementation of the new Sustainable Development Strategy, which lays the foundations for investment in upgrading and modernising the network. All of us at Elektro Maribor are key to achieving our goals, because only together can we create a company that we will be proud of and happy to say that we are employees of Elektro Maribor.

Kind regards,

President of the Management Board
Tatjana Vogrinec Burgar, Univ. Dipl. in Law

3 Statement of Management Responsibility

The Management Board of Elektro Maribor d.d. warrants that the Annual Report of the Company and the Elektro Maribor Group and the financial statements were prepared in a manner that gives the interested public a true and fair view of the state of affairs and the results of operations of the Company and the Elektro Maribor Group for the year 2023.

The Management Board of Elektro Maribor d.d. confirms that the Annual Report of Elektro Maribor d.d. and the Elektro Maribor Group for 2023 with all its components, including the Corporate Governance Statement and the Statement on Non-Financial Performance, was prepared and published in accordance with the applicable legislation, Slovenian Accounting Standards and International Financial Reporting Standards.

The Management Board of the Company confirms that the financial statements for the Company and the Elektro Maribor Group and the notes to the financial statements published and presented in this Annual Report were applied consistently, that the relevant accounting policies were applied consistently, that the accounting estimates were made on the basis of prudence and good management and on the basis of the assumptions concerning the going concern basis of Elektro Maribor d.d. and its subsidiaries.

The Management Board is responsible for implementing measures to ensure the preservation of the value of the assets of the Company and the Elektro Maribor Group, and for the prevention and detection of fraud and other irregularities. The Management Board of the Company certifies that the financial statements are free from material or immaterial misstatement made in order to achieve a selected presentation of the Company.

The Company's operations may be subject to examination by the tax authorities at any time within five years from the date on which the tax became chargeable, which may result in additional liability for tax, interest and penalties on account of corporate income tax or other taxes and duties. The Company's management is not aware of any circumstances that could give rise to a material liability in this respect.

Maribor, 23 April 2024

President of the Management Board
Tatjana Vogrinec Burgar, Univ. Dipl. in Law

4 Report of the Supervisory Board to the general meeting on the verification and approval of the audited Annual Report of Elektro Maribor d.d. and the Elektro Maribor Group for 2023 (Article 282 of ZGD-1)

In accordance with Article 282 of the Companies Act (ZGD-1), the Supervisory Board of Elektro Maribor d.d. hereby reports to the General Meeting on the verification and approval of the audited annual report of Elektro Maribor d.d. and the Elektro Maribor Group for the year 2023. In 2023, the Supervisory Board carried out its work in accordance with the applicable legal regulations and the Company's internal rules.

Composition

The Supervisory Board of Elektro Maribor d.d. in 2023 consisted of:

- Mag. Samo Logar, Chairman, Member of the Supervisory Board since 1 July 2022,
- Marija Šeme, Deputy Chairperson, Member of the Supervisory Board from 1 July 2022,
- Jure Boček, Member of the Supervisory Board since 8 February 2023 (he was not a member of the Supervisory Board in the period from 6 April 2023 to 31 July 2023, as he was temporarily acting in a managerial capacity),
- Ciril Pucko, Member of the Supervisory Board since 8 February 2023,
- Alan Ciglarič, member of the Supervisory Board from 1 July 2022,
- Miran Arnuš, Member of the Supervisory Board from 1 July 2022,
- Samo Iršič, Member of the Supervisory Board until 7 February 2023,
- Tomaž Orešič, Member of the Supervisory Board until 7 February 2023.

Memberships in other bodies

The Supervisory Board carefully managed potential conflicts of interest.

Functioning of the Supervisory Board

In the financial year 2023, the Supervisory Board of Elektro Maribor d.d. carried out its work in accordance with the basic function of supervision over the management of the Company's business and the duty of prudent and conscientious management on the basis of the powers conferred upon it by the applicable regulations and the Company's acts. The Supervisory Board supervised the management and operations of Elektro Maribor d.d. on the basis of the provisions of the Companies Act, the Articles of Association of Elektro Maribor d.d. and the applicable legislation.

The work of the Supervisory Board was organised and conducted in accordance with the provisions of the Rules of Procedure of the Supervisory Board. The Supervisory Board prepared for the topics discussed, made constructive proposals and took responsible decisions on the basis of the materials prepared by the Management Board. The Company's Management Board was invited to all regular meetings of the Supervisory Board in 2023 and, in addition to the materials provided, provided additional explanations to the Supervisory Board.

At its 14 regular meetings and 9 correspondence meetings, the Supervisory Board considered and adopted the following major decisions:

- It adopted the agreement on the early termination of the mandate of the President of the Management Board and the employment contract with the Chief Executive Officer; Appointed the interim President of the Management Board; Adopted the Competency Model for the President of the Management Board; Launched the call for tender and conducted the selection procedure for the President of the Management Board;
- It appointed the President of the Management Board of Elektro Maribor d.d. for a new term of office and considered the related contract;

- It took note of the draft Annual Business Plan of the Company for 2024 and gave its consent to the Annual Business Plan of Elektro Maribor d.d. for 2024 with business projections for 2025 and 2026;
- It took note of the unaudited Annual Report of the Company and the Group for 2022 and reviewed the audited Annual Report of Elektro Maribor d.d. and the Group for 2022 and gave a favourable opinion on the Independent Auditor's Report on the financial statements of Elektro Maribor d.d. and on the Independent Auditor's Report on the consolidated financial statements of Elektro Maribor d.d. for 2022; gave its consent to the proposed appropriation of the balance sheet profit for 2022;
- It proposed resolutions for the General Meeting of the Company;
- It took note of the periodic unaudited reports on the performance of Elektro Maribor d.d. and the Elektro Maribor Group, as well as the priority of investments and commitments set out in the NEPN and the Annual Capital Investment Management Plan for 2023;
- It gave opinions to the Management Board on decisions to be taken at general meetings of subsidiaries and was informed about the status of Elektro Maribor d.d.'s equity investments in other companies;
- It considered contracts to provide the necessary financial resources for the Company's operations (guarantee contracts, credit facility agreements, drawdown of the limit, drawdown of a loan tranche, approval of a borrowing procedure);
- It gave its consent to the Management Board of the Company to sign Annex 5 to the Contract on the Lease of Electricity Distribution Infrastructure and the Provision of Services for the Distribution System Operator;
- With regard to internal audit, it agreed on the Internal Audit Plan of the Elektro Maribor Group for 2024 with projections for 2025 and 2026; took note of the contents of the Internal Audit Report for 2022 of the Elektro Maribor Group;
- It took note of the Company's response to the changed circumstances and the reduction in Elektro Maribor d.d.'s regulated revenues;
- It took note of and discussed the action plan to address issues related to the granting of consents for the connection of self-supply facilities; key strategic projects; periodic reports from all the Company's officers; issues related to some major investment projects; regularly monitored the publication of public procurement contracts; and examined all the letters received;
- In accordance with Article 80 of the Act on Workers' Participation in Management, It took note of the Annual Report of the Works Council to the Supervisory Board of Elektro Maribor d.d. for 2022;
- It appointed a new member of the Audit and the Human Resources Committee; established the Investment Committee and adopted the Rules of Procedure for the work of the Committee; conducted the self-assessment for 2022; adopted the training programme for Supervisory Board members for 2023; adopted the updated Rules of Procedure on the work of the Supervisory Board of Elektro Maribor d.d.

Attendance at meetings

The attendance of the members of the Supervisory Board at the meetings is shown in the Appendix to the Governance Statement.

Costs of operating the supervisory body

Costs of the Supervisory Board, Audit Committee, Human Resources Committee and Investment Committee

In EUR	2023
Meeting fees and performance of Supervisory Board duties	132,860
Meeting fees and performance of Audit Committee duties	28,791
Meeting fees and performance of HR Committee duties	18,738
Meeting fees and performance of the Investment Committee duties	2,415
Insurance premiums	17,760
Consultancy services	4,000
Hire of premises	1,438
Training	150
Total costs	**206,151**

Work of the Supervisory Board committees

AUDIT COMMITTEE

In accordance with the provisions of Article 17 of the Rules of Procedure of the Supervisory Board of Elektro Maribor d.d., the Audit Committee is composed of three members.

The Audit Committee of the Supervisory Board of Elektro Maribor d.d. in 2023 consisted of:

- Marija Šeme, University degree in Economics, Chairperson since 26 August 2022,
- Barbara Nose, University degree in Economics, external member from 15 September 2022,
- Samo Iršič, Master of Management, member from 11 November 2021 to 7 February 2023,
- Ciril Pucko, University degree in Economics, member from 22 February 2023.

All of them, the Chairperson and the two members of the Audit Committee, in the previous and current composition, are appropriately qualified in the field of activity of the audited entity (Elektro Maribor d.d.). They assist the Supervisory Board in its activities, prepare high-quality and professional proposals for the Supervisory Board's resolutions and ensure their implementation (Article 279 of the ZGD-1). In accordance with the provisions of the Code of Corporate Governance of Public Joint Stock Companies, all members of the Audit Committee have made declarations of independence, which are published on the website of Elektro Maribor d.d.

During the period under review, the Audit Committee of the Supervisory Board of Elektro Maribor d.d. held eight regular meetings and one correspondence meeting, during which it adopted 91 resolutions, of which four remained in progress as at 31 December 2022. Based on the Recommendations for Audit Committees of the Association of Supervisors of Slovenia, the Audit Committee meetings were scheduled in such a way that there was time between the Audit Committee meeting and the Supervisory Board meeting to resolve all matters that were discussed at the Audit Committee meeting and required additional follow-up corrections in order to be able to report to the Supervisory Board. Supervisory Board members who are not members of the Audit Committee had access to the Audit Committee's materials and the Audit Committee's work and findings were regularly reported to the Supervisory Board meetings by the Audit Committee Chairperson under the Audit Committee item.

In accordance with the provisions of the ZGD-1, the Rules of Procedure of the Supervisory Board of Elektro Maribor d.d. and the Rules of Procedure of the Audit Committee of Elektro Maribor d.d., and in accordance with the Recommendations for Audit Committees of the Association of Supervisors of Slovenia 2017, the Audit Committee in the period under review carried out tasks in the following areas:

- **Financial reporting**: Review of the Company's/ Group's annual report, review of the Company's/ Group's interim financial statements including disclosures, review of the Company's/ Group's preliminary forecasts, plans and other official announcements, review of the Company's/Group's accounting policies, review of significant estimates and judgements used in the preparation of the financial statements, review of significant and unusual events, review of all internal accounting and management reports and information prepared for the Supervisory Board of Elektro Maribor d.d., which the Management Board of Elektro Maribor d.d. submitted to the Audit Committee for review prior to each Supervisory Board meeting in 2023.
- **Internal controls and risk management**: The Supervisory Board of Elektro Maribor d.d. did not establish a special risk committee, therefore, in the period under review, the Audit Committee monitored not only the internal control system but also the risk management system. For this purpose, the Audit Committee reviewed or familiarised itself with the Internal Control Systems, the Company's Risk Management Systems, and Elektro Maribor d.d.'s Procedures for the Detection of Fraud.
- **Internal audit**: during the period under review, the Audit Committee monitored the effectiveness of the internal audit function in Elektro Maribor and performed the tasks set out in the Act on the Companies Act and the Rules of Procedure for the Audit Committee of Elektro Maribor d.d. It reviewed the adequacy of the definition of the purpose, competences, responsibilities and tasks of internal audit in the Elektro Maribor Group Internal Audit Charter, prior to its approval by the Supervisory Board; it reviewed the annual work plan of internal audit and individual risk-based audits and submitted it to the Supervisory Board for approval or consent; reviewed the adequacy and sufficiency of financial and human resources for the implementation of the work plan for 2024 and 2025 and submitted it to the Supervisory Board for approval and consent respectively; reviewed the quarterly reports on the work of internal audit and the reports on the implementation of internal audit recommendations and examined the adequacy and timeliness of the responses to them; monitored the independence of internal audit and took note of the internal audit quality improvement programme for 2023 and the internal audit self-assessment for 2022.
- **External audit**: In connection with the external audit of Elektro Maribor d.d., the Audit Committee performed the tasks set out in EU Regulation No 537 on specific requirements for statutory audits of public-interest entities, ZGD-1 and the Rules of Procedure for the Audit Committee of Elektro Maribor d.d. in the period under review; met with the external auditor after the 2022 audit - reviewed with the external auditor the findings of their work; reviewed the auditor's report; reviewed the effectiveness of the procedures performed in the performance of the 2023 external audit and ensured follow-up of the non-audit services; performed a quality assessment of the audit performed; met with the external auditor prior to the commencement of the 2023 audit and reviewed and discussed the proposed audit plan; reviewed the Independent External Auditor's Report on the 2023 Preliminary Audit of the Elektro Maribor Group with the Letter to Management regarding the 2023 Preliminary Audit; obtained a declaration of independence from the audit firm and the external audit; approved the criteria and benchmarks for assessing the quality of the audit performed on the 2023 financial statements; and monitored the quality of the audit services provided through internal and external oversight.

The Audit Committee carried out a self-assessment for 2023 and reported on the self-assessment to the Supervisory Board of Elektro Maribor d.d.

HUMAN RESOURCES COMMITTEE

The Supervisory Board of Elektro Maribor d.d., at its sixth regular meeting on 14 September 2022, adopted resolution number 170/2022, whereby, on the basis of the provisions of the Rules of Procedure of the Supervisory Board, the Supervisory Board of Elektro Maribor d.d. appointed a permanent Human Resources Committee of the Supervisory Board of Elektro Maribor d.d., with effect from 14 September 2022.

- Mag. Samo Logar, University degree in Law, Chairman from 14 September 2022,
- Tomaž Orešič, University degree in Mechanical Engineering, Member from 14 September 2022 to 7 February 2023,
- Jure Boček, University degree in Electrical Engineering, Member from 22 February 2023 to 5 April 2023 and from 1 August 2023,
- Ciril Pucko, University degree in Economics, member from 6 April 2023 to 31 July 2023,
- Alan Ciglarič, University degree in Computer Science and Informatics, member from 4 July 2023,
- Dr Maja Fesel Kamenik, PhD in Psychology, MSc in Management, external expert, member from 14 September 2022.

In accordance with the provisions of Article 18 of the Rules of Procedure of the Supervisory Board of Elektro Maribor d.d., the HR Committee is composed of three members. The powers and duties of the HR Committee are defined in the Rules of Procedure of the Supervisory Board.

The Supervisory Board's HR Committee was appointed to provide an efficient, professional and thorough review of the materials and bases for decisions falling within the Supervisory Board's remit, in particular to provide support and expertise in the areas of appointments, personnel issues, recruitment policy, salaries and other remuneration, and cooperation with the trade union and/or works council. In 2023, the HR Committee reviewed the duties and responsibilities of the management function and accordingly, in cooperation with the recruitment agency, carried out a selection procedure for Elektro Maribor d.d.'s Chief Executive Officer, and made the selection proposal to the Supervisory Board; reviewed the content of the employment contract with the manager; proposed the strengthening of the HR function with a competent manager with the appropriate placement in the systemisation and appropriate competences; identified the need for a reform of the remuneration policy; took note of the analysis of the Supervisory Board's self-assessment; and made suggestions and guidance in the performance of its function.

INVESTMENTS COMMITTEE OF THE SUPERVISORY BOARD OF ELEKTRO MARIBOR D.D.

On 22 November 2023, at its 13th regular meeting in 2023, the Supervisory Board of Elektro Maribor d.d. adopted Resolution No 251/2023 establishing the Investment Committee. Pursuant to Article 6 of the Rules of Procedure of the Investment Committee of the Supervisory Board of Elektro Maribor d.d., the Investment Committee is composed of three members. In 2023, the Commission met once and discussed a report on the investments made, the investment plan for the coming period, the method of financial evaluation of investments, and the Management Board's measures related to the implementation of investments in accordance with the Company's plans and strategy.

Composition of the Committee:

- Jure Boček, University degree in Engineering, Chairman of the Committee,
- Ciril Pucko, University degree in Economics, Member of the Committee,
- Miran Arnuš, Electrical Engineer, Member of the Committee.

Expectations of Slovenian State Holding

The Supervisory Board monitored the performance of Elektro Maribor d.d. also in relation to the expectations of Slovenian state holding company Slovenski državni holdinga d.d.

Self-assessment

The main focus of the Supervisory Board's work in 2023 was to monitor the Company's performance, in line with the planned results, on the basis of reports prepared by the Company's Management Board.

The Supervisory Board notes that the reports and information were prepared and produced in a timely manner and of such quality that the Supervisory Board was able to carry out its work smoothly, in accordance with the Company's Articles of Association and applicable law.

Audit of the annual report

The annual report of Elektro Maribor d.d. and the Elektro Maribor Group for 2023 was audited by BDO Revizija d.o.o., which issued a positive opinion on the annual report of Elektro Maribor d.d. and the Elektro Maribor Group on 16 May 2023.

Review and approval of the audited Annual Report of Elektro Maribor d.d. and the Elektro Maribor Group for the financial year 2023 and its position on the audit report with proposed conclusions for the financial year 2023

The Management Board submitted the audited annual report, together with the auditor's report, to the Supervisory Board within the statutory deadline. The Supervisory Board considered the Annual Report of Elektro Maribor d.d. and the Elektro Maribor Group for the year 2023 with the report of the auditing company BDO Revizija d.o.o.

The Supervisory Board reviewed the Corporate Governance Statement, which is drawn up in accordance with the provisions of Article 70(5) of ZGD-1, and had no objections to it.

In accordance with the provisions of Articles 270 and 294 of ZGD-1, the Supervisory Board ensured that the total remuneration of the Management Board is appropriately proportionate to the tasks of the Management Board and the financial situation of the Company, and in accordance with the remuneration policy, and that the remuneration of the members of the management and supervisory bodies is adequately disclosed in the annual report.

The Supervisory Board concluded that the contents of the Company's Annual Report and the Group's Consolidated Annual Report present a fair view of the Company's and the Group's operations in 2023. The Supervisory Board also took note of the opinion of BDO Revizija d.o.o., a certified public accounting firm, according to which the financial statements of Elektro Maribor d.d. and the Group are a fair presentation of the financial position of the Company and the Group.

The Supervisory Board adopted the following:

- The Supervisory Board concluded that the annual report of Elektro Maribor d.d. and the Elektro Maribor Group was prepared in accordance with the provisions of the Companies Act and International Financial Reporting Standards.
- The Supervisory Board is of the opinion that the Annual Report of Elektro Maribor d.d. and the Elektro Maribor Group and the information contained therein is a true and fair reflection of the Company's and the Group's operations during the previous financial year.
- The Supervisory Board gives a favourable opinion on the Audit Report on the financial statements of Elektro Maribor d.d. and the consolidated financial statements of the Elektro Maribor Group for the year 2023, as it concludes that it has been drawn up in accordance with the law, and that it has been prepared on the basis of a careful and comprehensive review of the Annual Report and the Company's business operations.
- The Supervisory Board, after final review of the Annual Report of Elektro Maribor d.d. and the Elektro Maribor Group for the year 2023, approved the Annual Report of Elektro Maribor d.d. and the Elektro Maribor Group for the year 2023 at its meeting on 23 May 2024.
- The Supervisory Board of Elektro Maribor d.d., when adopting the Annual Report, commented on the Corporate Governance Statement and the Statement of Compliance with the Code of Reference included in the Annual Report of Elektro Maribor d.d. and the Elektro Maribor Group for the year 2023 and considered it to be a reflection of the actual state of corporate governance of Elektro Maribor d.d. and the Group in the year 2023.
- The Supervisory Board proposes to the General Meeting of the Company that it:
  - adopts a resolution on the discharge of the current Management Board for the financial year 2023;
  - adopts a resolution on the discharge to be granted to the current Supervisory Board for the financial year 2023.

Maribor, 23 May 2024

Chairman of the Supervisory Board
Mag. Samo Logar

5 Corporate Governance Statement[7]

In accordance with the provisions of Article 70, paragraph 5 of the Companies Act (ZGD-1), Elektro Maribor d.d. hereby submits a corporate governance statement, which forms an integral part of this financial report and is available on the Company's website *www.elektro-maribor.si*. The Corporate Governance Statement covers the period from 1 January 2023 to 31 December 2023.

5.1 CORPORATE GOVERNANCE CODES – STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE CODES

In 2023, Elektro Maribor d.d. used the Corporate Governance Code for State Invested Enterprises adopted by Slovenski državni holding d.d. in June 2022 as a reference corporate governance code[8]. In 2023, it deviated from the following recommendation:

- Principle 6.9.2: The external member was appointed on the proposal of the representatives of the majority shareholder.
- Principle 6.2.6: Due to the early termination of the term of office of a member of the Management Board, the supervisory body could not start the selection process before the expiry of the Management Board's term of office.
- Principle 8.5: Publication was made at a later date.
- Principle 9.2.7: There was a time lag in the implementation of internal audit recommendations.

Elektro Maribor d.d. also follows the Code of Corporate Governance for Non-Public Companies – Advanced Level, prepared in May 2016 by the Ministry of Economic Development and Technology of the Republic of Slovenia, the Chamber of Commerce and Industry of Slovenia and the Association of Supervisors of Slovenia, as a reference code[9]. In 2023, it deviated from the following recommendations:

- Principle 6.5: According to the Company's articles of association, adopted at the Company's General Meeting, the Management Board has one member.

The Management Board and the Supervisory Board of Elektro Maribor d.d. take into account the Recommendations and Expectations of the Slovenian State Holding Company adopted in June 2022 and May 2023 in the management of the Company[10]. In 2023, the Company deviated from the following recommendation:

- Recommendation 4.4: In the context of recommendation 4.4, the Company took into account the practice of some companies in the portfolio of the same manager.

Elektro Maribor d.d. continuously strives to improve its corporate governance practices, including proactive communication with various stakeholders.

5.2 DESCRIPTION OF THE MAIN FEATURES OF THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS

Elektro Maribor d.d. manages risks and implements internal control procedures at all levels. The risk management system ensures the identification and assessment of significant risks, the definition of risk management measures and risk reporting. The internal control system provides reasonable assurance that objectives are being achieved and that key risks are being managed. The responsibility for establishing the operation of the internal control system rests with the Company's management, and the controls are embedded in business processes and systems.

The objectives of internal control are to ensure compliance with legislation and other regulations, standards, contracts and the Company's internal rules, to provide reliable and integrity accounting information, to safeguard assets, to achieve efficiency and effectiveness of operations and to achieve the set strategic objectives.

[7] GRI 2-17, 2-18.
[8] The Code of Corporate Governance for Companies with State Capital Investment is available on the website of Slovenski državni holding *www.sdh.si*.
[9] The Corporate Governance Code for Non-Public Companies is available on the website of the Slovenian Chamber of Commerce and Industry *www.gzs.si*.
[10] The recommendations and expectations of Slovenski državni holding are published on the website of Slovenski državni holding (SDH d.d.) *www.sdh.si*.

Internal controls are monitored through management supervision, internal audit reviews, external audit of the financial statements and other independent assessments. The Risks section of this Annual Report details the risk management and control mechanisms in relation to the assessment of each type of risk. The Management Board and the Supervisory Board are of the opinion that the current system of internal controls at Elektro Maribor d.d. in 2023 ensures the effective and efficient achievement of business objectives, compliance with legal provisions and fair and transparent reporting in all material respects. The Supervisory Board and the Management Board are committed to continuous improvement of the Company's internal control system.

The Company's management is responsible for keeping proper accounting records and for establishing and ensuring the functioning of internal control and internal accounting controls, selecting and applying accounting policies and safeguarding the Company's assets. In connection with the financial reporting process, Elektro Maribor d.d. applies the COSO[11] risk management model and internal control system in a meaningful way. In setting up the internal control system according to the principle of the three lines of defence[12], it pursues three main objectives:

- the accuracy, reliability and completeness of accounting records and the truth and fairness of financial reporting;
- compliance with legislation and other regulation; and
- efficiency and effectiveness of operations.

The Company's management strives for a control system that is, on the one hand, the most effective in limiting the occurrence of negative events and, on the other hand, cost-effective. The Company's management recognises that any system of internal control, however well it may work, has its limitations and cannot completely prevent errors or fraud, but it must be designed to give early warning of such errors and to provide the management with reasonable assurance that it will achieve its objectives.

Elektro Maribor d.d. ensures internal controls over the accuracy of accounting data, the completeness of data capture, the delineation of duties and responsibilities, the restriction of access to data and supervisory control. These internal controls are also linked to controls embedded in the information system and include controls over data or application access restrictions as well as controls over the accuracy and completeness of data capture and processing.

To this end, Elektro Maribor d.d. maintains and improves:

- a transparent organisational chart of Elektro Maribor d.d;
- clear accounting policies and their consistent application in Elektro Maribor d.d;
- efficient organisation of the accounting function (functional responsibility) in Elektro Maribor d.d;
- reporting for Elektro Maribor d.d. in accordance with the Slovenian Accounting Standards, including all disclosure requirements and explanatory notes;
- regular internal and external audit reviews of business processes.

5.3 EXPLANATORY NOTES PURSUANT TO ARTICLE 70(6) OF THE COMPANIES ACT (ZGD-1)

In accordance with Article 70(6) of the Companies Act (ZGD-1), Elektro Maribor d.d. provides information as at the last day of the financial year and all necessary explanatory notes.

STRUCTURE OF THE SHARE CAPITAL OF ELEKTRO MARIBOR D.D.

All shares are ordinary registered bulk shares, giving the holder the right to manage the Company, the right to receive dividends and the right to receive the residual value of the assets in the event of liquidation. All shares are of one class and are issued in dematerialised form.

RESTRICTIONS ON TRANSFER OF SHARES

All shares are freely transferable.

SIGNIFICANT DIRECT AND INDIRECT OWNERSHIP OF THE COMPANY'S SECURITIES IN TERMS OF ACHIEVING A QUALIFYING HOLDING AS DEFINED BY THE LAW GOVERNING TAKEOVERS

We publish information on direct and indirect ownership of the Company's securities in terms of achieving a qualifying holding, as defined by the law governing takeovers, in our annual reports. As at 31 December 2023, the shareholder Republic of Slovenia held 26,628,994 shares, or 79.86%, and the shareholder Pivovarna Laško Union d.o.o. held 1,922,321 shares, or 5.76%.

NOTES ON THE HOLDER OF SECURITIES CONFERRING SPECIAL CONTROL RIGHTS

The Company did not issue any securities that grant special control rights.

SHARE SCHEME FOR EMPLOYEES

Elektro Maribor d.d. does not have an employee share scheme.

EXPLANATORY NOTES ON ANY RESTRICTIONS ON VOTING RIGHTS

As at 31 December 2023, the shareholder KAD d.d. was the holder of 8,710 shares of Elektro Maribor d.d., which, pursuant to the provisions of Article 48b of the Act on Book-Entry Securities (ZNVP-1), do not have voting rights. As at 31 December 2023, Elektro Maribor d.d. did not hold any treasury shares as the treasury shares were withdrawn in 2019.

ARRANGEMENTS BETWEEN SHAREHOLDERS THAT MAY RESULT IN A RESTRICTION ON THE TRANSFER OF SECURITIES OR VOTING RIGHTS

There are no such agreements.

[11] The Committee of Sponsoring Organisations of the Treadway Commission is the author of the corporate risk management model used under the COSO model.
[12] Three lines of defence of control: (1) operational management or risk owners, (2) control functions, including the risk coordinator function, (3) internal audit, with the independent assurance function.

COMPANY RULES ON THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF MANAGEMENT OR SUPERVISORY BODIES AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In appointing and replacing members of management or supervisory bodies and in amending the Articles of Association, Elektro Maribor d.d. complies with applicable laws and the Articles of Association of the Company.

The members of the Supervisory Board who are representatives of the shareholders are appointed and dismissed by the General Meeting of the Company. The Management Board is appointed and dismissed by the Supervisory Board of the Company. The General Meeting adopts the Company's Articles of Association and decides on amendments thereto.

POWERS OF THE MEMBERS OF THE MANAGEMENT, IN PARTICULAR WITH REGARD TO OWN SHARES

Powers of the members of the management, in particular with regard to own shares

SIGNIFICANT ARRANGEMENTS THAT TAKE EFFECT, ARE MODIFIED OR TERMINATED AS A RESULT OF A CHANGE IN CONTROL OF THE COMPANY RESULTING FROM A PUBLIC TAKEOVER BID

There are no such arrangements.

AGREEMENTS BETWEEN ELEKTRO MARIBOR D.D. AND MEMBERS OF THE MANAGEMENT OR SUPERVISORY BODIES OR EMPLOYEES PROVIDING FOR COMPENSATION IF, AS A RESULT OF AN OFFER AS DEFINED BY THE LAW GOVERNING TAKEOVERS, THEY RESIGN, ARE DISMISSED WITHOUT JUST CAUSE OR THEIR EMPLOYMENT IS TERMINATED.

There are no such agreements.

5.4 EXPLANATORY NOTES ON THE FUNCTIONING OF THE GENERAL MEETING OF ELEKTRO MARIBOR D.D. AND ITS KEY COMPETENCES, AS WELL AS A DESCRIPTION OF THE SHAREHOLDER'S RIGHTS AND HOW TO EXERCISE THEM

Shareholders exercise their rights at the General Meeting. The General Meeting is convened and held in accordance with the applicable regulations. The holder of shares has the right to the management of the Company, the right to a dividend and the right to the payment of the residual value of the assets in the event of liquidation.

5.5 NOTES ON THE COMPOSITION AND FUNCTIONING OF MANAGEMENT OR SUPERVISORY BODIES AND THEIR COMMITTEES

Management Board of Elektro Maribor d.d. in 2023

Name and surname	Jože Hebar	Jure Boček	Tatjana Vogrinec Burgar
Function (President, Member)	President of the Management Board	President of the Management Board	President of the Management Board
Administrative area of work	President	President	President
First appointment	21 February 2022	6 April 2023	1 August 2023
Termination of office/mandate	5 April 2023	31 July 2023	1 August 2027
Gender	M	M	F
Nationality	SLO	SLO	SLO
Education	Univ. dipl. in Electrical Engineering	Univ. dipl. in Electrical Engineering	Univ. dipl. in law
Professional profile	electro, management	electro, management	law, management
Membership of supervisory bodies of non-affiliated companies	YES	YES	NO

Composition of the Supervisory Board and Committees in 2023

Name and surname	Samo Iršič	Tomaž Orešič	Ciril Pucko	Jure Boček	Mag. Samo Logar	Marija Šeme	Alan Ciglarič	Miran Arnuš
Function (Chair, Deputy, Member of the SB)	Chairman, Member	Chairman, Member	Member	Member	Member, Chairman	Member, Deputy Chairwoman	Member	Member
First appointment	1 Sep 2021	12 Dec 2014	8 Feb 2023	8 Feb 2023	1 July 2022	1 July 2022	1 July 2022	1 July 2022
Termination of office/term of office	7 Feb 2023	7 Feb 2023	Existing	Existing	Existing	Existing	Existing	Existing
Capital/employee representative	Capital	Capital	Capital	Capital	Capital	Capital	Employees	Employees
Attendance at SC meetings in relation to the total number of SC meetings (e.g. 5/7)	2 of 23	2 of 23	22 of 23	9 of 23	23 of 23	23 of 23	23 of 23	22 of 23
Gender	M	M	M	M	M	F	M	M
Nationality	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO
Education	Master of Management	Univ. dipl. in Mechanical Engineering	Univ. dipl. in Economics	Univ. dipl. in Electrical Engineering	Master of Law	Univ. degree in Economics	Univ. dipl. in IT	Electrical engineer
Professional profile	Finance, Logistics	Management, Power System	Economic	Electro, Management	Law	Economic	Computer Science	Electricity System
Independence under Article 23 of the Code (Y/N)	YES	YES	YES	YES	YES	YES	YES	YES
Existence of a conflict of interest during the financial year (Y/N)	NO	NO	NO	NO	NO	NO	NO	NO
Membership of supervisory bodies of other companies	NO	NO	NO	YES	YES	YES	NO	NO
Membership of committees (audit, HR, remuneration...)	YES	NO	YES	YES	YES	YES	YES	YES
Chair/member	Member – Audit Committee	/	Member – Audit Committee; Investment Committee, Temporary HR Committee	Chair – Investment Committee / Member – HR Committee	Chair – HR Committee	Chair - Audit Committee	Member – HR Committee	Member - Investment Committee
Attendance at Committee meetings in relation to the total number of Commission meetings (e.g. 5/7)	/	/	8 of 9 – AC; 1 of 1 - Investment Committee; 5 of 6 – HR Committee	1 of 1 – Investment Committee; 2 of 6 – HR Committee	6 of 6	9 of 9	2 of 6	1 of 1

External members of the Committees in 2023

Name and surname	**Barbara Nose**	**Dr Maja Fesel Kamenik**
Commission	Audit Committee	HR Committee
Attendance at Commission meetings in relation to the total number of Commission meetings (e.g. 5/7)	9 of 9	6 of 6
Gender	Ž	Ž
Nationality	SLO	SLO
Education	Univ. dipl. in Economics and Specialist in Accounting Auditing	PhD in Psychology
Professional profile	Economic	HR
Membership of supervisory bodies of non-affiliated companies	Yes	Yes

5.6 COMPLIANCE AND CORPORATE INTEGRITY SYSTEM

The integrity of Elektro Maribor d.d. is essential for the fulfilment of the mission of Elektro Maribor d.d. The Company strives to achieve this both by implementing legal provisions and by enforcing the codes and rules of conduct adopted by the Management Board in order to ensure the transparent operation of Elektro Maribor d.d. This involves a commitment to act ethically, in accordance with the highest expectations and standards, all with the aim of ensuring good corporate governance practices.

An integrity system is in place to establish and implement the Company's compliance and integrity framework. A Corporate Integrity Officer (the Officer) was appointed. The Officer is free from undue influence and is assured of independence in the performance of his duties.

5.7 DIVERSITY POLICY

In accordance with the Code of Corporate Governance for companies with state capital investment of Slovenski državni holding d.d. and the Corporate Governance Code for Non-Public Companies, the Supervisory Board of Elektro Maribor d.d. developed and adopted on 22 December 2020 the Diversity Policy of Elektro Maribor d.d., which is published on the Company's website: *https://www.elektro-maribor.si/media/4872/politika-raznolikosti-družbe.pdf*.

The Company's authorities promote diversity for the benefit of the Company. The Company embraces the benefits of diversity as a reflection of respect for human values and as an essential element in maintaining the Company's developmental and competitive advantages. In accordance with the decision of the General Meeting, the Supervisory Body is composed of representatives of one gender.

President of the Management Board
Tatjana Vogrinec Burgar, Univ. Dipl. in Law

6 Important events

6.1 IMPORTANT EVENTS IN 2023

JANUARY

Extreme weather conditions

The weather in the first two months of 2023 damaged our network in all our organisational units. In January 2023, large amounts of newly fallen snow and rain caused damage to the electricity distribution network. And in February 2023, there were power outages due to high winds.

FEBRUARY

General Meeting of the Company

On 7 February 2023, the shareholders of Elektro Maribor d.d. met at the 29th Ordinary General Meeting of the Company, where 86.4% of the share capital was represented.

The General Meeting did not adopt the proposal to allocate the unallocated balance sheet profit of Elektro Maribor d.d. for 2021 and to increase the share capital of the Company.

The General Meeting noted that the members of the Supervisory Board, Samo Iršič and Tomaž Orešič, had tendered their resignations. New members of the Supervisory Board representing the interests of the shareholders, Jure Boček and Ciril Pucko, were elected.

MARCH

First joint exercise to deploy emergency pillars

A joint GIZ Group exercise to deal with the consequences of storms and weather events on the electricity distribution network was successfully carried out in Volče near Tolmin – the installation of emergency poles. All five electricity distribution companies participated in the exercise. The purpose of the joint exercise was mainly to refresh knowledge and gain experience in setting up emergency pillars and to ensure good preparedness and rapid response of the working groups in case of natural disasters.

APRIL

Termination of the term of office of the President of the Management Board

The Supervisory Board of Elektro Maribor d.d. agreed with the President of the Management Board of Elektro Maribor d.d. to terminate his mandate early. The term of office of the President of the Management Board Jože Hebar thus expired on 5 April 2023. Until the appointment of a new Management Board, the management of Elektro Maribor d.d. was assumed by a member of the Supervisory Board, Jure Boček. During this time, Jure Boček did not act as a member of the Supervisory Board.

eInfotok news portal

To ensure that news is always within reach and quickly accessible, we created the eInfotok news portal for our employees, which they can access via our intranet. It is where we publish news, our job vacancies, tips for better interpersonal communication and events.

MAY

Quality certificate

The Slovenian Institute of Quality and Metrology (SIQ) awarded Elektro Maribor d.d. with a certificate confirming the quality of the manufactured low-voltage switchgear blocks. This means that they technically comply with the standards and legislation applicable to the manufacture and use of such products in the European Union.

Upgrading the information system

At the beginning of May 2023, Elektro Maribor d.d. completed the upgrade of its IT system and started using the new IT solution in its operations. We switched from the AX IT system to the D365FO and D365BC IT systems.

JUNE

New tariff system

We held several training sessions for staff on the upcoming new tariff system, and developed and published web content. We also upgraded the Moj Elektro web application accordingly and put it into production at the end of June 2023.

JULY

Extreme weather conditions

Strong wind storms in north-eastern Slovenia caused power grid failures in the entire supply area of Elektro Maribor. As many as 44,000 customers were without electricity supply for some time.

AUGUST

New management of Elektro Maribor

As of 1 August 2023, the Company has new management. Tatjana Vogrinec Burgar was appointed by the Supervisory Board as President of the Management Board for a four-year term of office. The former President of the Management Board, Jure Boček, resumed his duties as a member of the Supervisory Board.

General Meeting of the Company

On 25 August 2023, the shareholders of Elektro Maribor d.d. met at the 30th Ordinary General Meeting of the Company, where 86.8% of the share capital was represented.

The General Meeting took note of the audited annual report of Elektro Maribor d.d. and the Elektro Maribor Group for the financial year 2022, together with the auditor's opinion, and the written report of the Supervisory Board on the verification and approval of the audited annual report of Elektro Maribor d.d. and the Elektro Maribor Group for the financial year 2022, as well as the remuneration of the members of the Management and Supervisory Board received for their performance of their duties in the Company in 2022. The proposal to use the balance sheet profit of EUR 3 million to pay dividends was not adopted at the General Meeting. The General Meeting granted a discharge to the Supervisory Board for the financial year 2022.

SEPTEMBER

Joining of SODO to ELES

With the acquisition of SODO, the electricity distribution operator, ELES, the system operator of the electricity transmission network, became the Slovenian operator of the combined electricity transmission and distribution network and our partner.

Preparation of a new strategy for Elektro Maribor d.d.

We started activities to prepare a new sustainable development strategy for Elektro Maribor. The strategy will focus even more on ensuring the robustness and resilience of the distribution network, which is essential for achieving the goals of the green transition, environmental protection, sustainable management and accountability to all stakeholders of Elektro Maribor.

OCTOBER

Official visit by Mr Bojan Kumer, Minister for the Environment, Climate and Energy at Elektro Maribor

Minister Bojan Kumer, during his official visit to Elektro Maribor, discussed with the management of Elektro Maribor the key strategic objectives of the green transition and the role of electricity distribution companies in achieving them effectively.

NOVEMBER

Annex 5 to the ELES d.o.o. Contract

We signed with ELES d.o.o. Annex 5 to the Contract on the Lease of Electricity Distribution Infrastructure and the Provision of Services to the Distribution Operator, which relates to the regulatory framework for 2023.

DECEMBER

Recovery and Resilience Plan (NOO)

The Company was successful in the first opening of applications for co-financing of distribution substations and the construction of low-voltage distribution networks within the framework of the NOO. We received a decision from the Ministry of the Environment, Climate and Energy to award us a grant for the project "Construction of Distribution Substations and low-voltage networks for the period 2023-2026".

6.2 SIGNIFICANT BUSINESS EVENTS AFTER THE END OF THE FINANCIAL YEAR

FEBRUARY

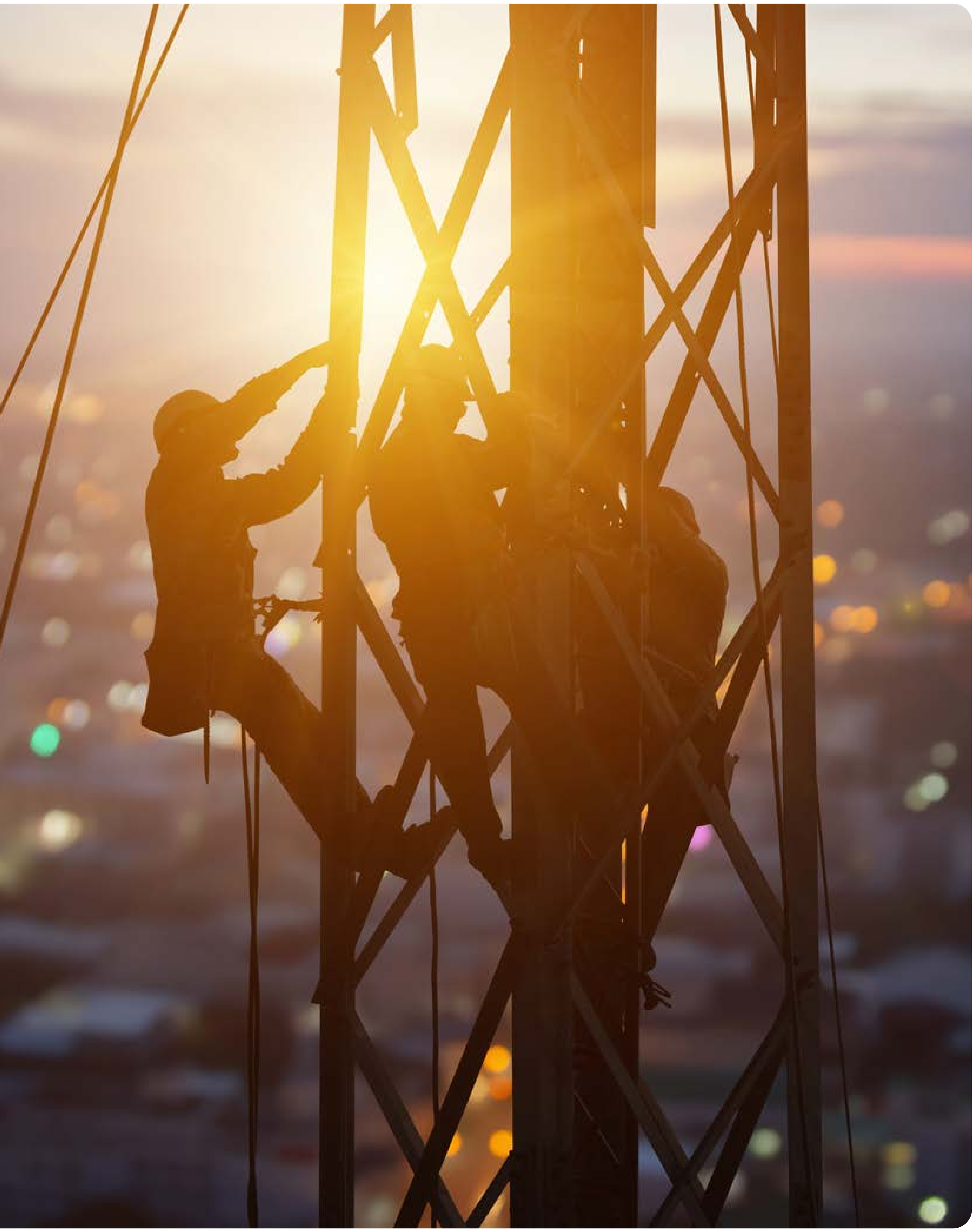
A new Sustainable Development Strategy

The new Sustainable Development Strategy of Elektro Maribor for the period 2024-2028 was adopted. The Sustainable Development Strategy of Elektro Maribor is based on strategic orientations that focus on the implementation of sustainable development, the development of a reliable and efficient sustainable electricity distribution system, and the management and development of human capital in a healthy and motivating work environment. On the basis of the adopted strategy, we will implement the necessary processes and activities to transparently and efficiently manage a safe, reliable and advanced sustainable distribution system. The aim is to successfully operate and develop the wider social environment in which Elektro Maribor operates.

APRIL

Recovery and Resilience Plan (NOO)

We signed a contract with the Ministry of the Environment, Climate and Energy to approve grants under the Recovery Plan for facilities completed in the period 2023-2026.



7 Presentation of Elektro Maribor d.d. and associated companies

7.1 ELEKTRO MARIBOR D. D.[13]

Elektro Maribor d.d. is an integral part of the electricity system of the Republic of Slovenia and one of the five electricity distribution companies in the Republic of Slovenia.

Elektro Maribor d.d. is a member and one of the founders of the Economic Interest Grouping (GIZ) of electricity distribution. The fundamental objectives of the GIZ are to facilitate, coordinate and promote the activity of electricity distribution, to improve the results of this activity without generating profits for the Grouping, and to facilitate and coordinate other activities or interests, bearing in mind that this activity must not infringe the rules on competition.

Identity card of Elektro Maribor d.d. as at 31 December 2023

Name:	ELEKTRO MARIBOR, podjetje za distribucijo električne energije, d. d.
Short name:	Elektro Maribor d. d.
Headquarters:	Vetrinjska ulica 2, 2000 Maribor
Registration number:	5231698
Tax number:	46419853
Share capital:	EUR 203,932,512
Entry in the Court Register:	District Court in Maribor, Insert 1/00847/00
Main activity code:	D 35.130 Distribution of electricity
Supply area:	North-eastern Slovenia
Size of the company according to ZGD-1:	Large company
President of the Management Board:	Tatjana Vogrinec Burgar
Call centre toll-free numbers:	080 21 05 (24-hour service for reporting network faults and disruptions) 080 21 01 (general information)
General email address:	*info@elektro-maribor.si*
Website:	*www.elektro-maribor.si*
Web portal for network users:	*mojelektro.si*

[13] GRI 2-1, 2-2, 2-6, 2-9 – 2-13, 2-28, 405-1.

The fundamental objectives of Elektro Maribor d.d. are:

- As a distribution operator, to provide a quality and reliable supply of electricity to all customers in our area in an environmentally friendly and safe way;
- Sustainable operation, maintenance and development of an efficient electricity distribution system;
- Ensure a technologically advanced distribution system and long-term system capacity to meet the reasonable electricity distribution needs of the economy and the population;
- Take into account the social and environmental aspects of business to ensure sustainable development of the Company;
- Maximise the value of the Company and meet the expectations of shareholders and other stakeholders; and
- Create a working environment where employees have the opportunity to develop and exercise their skills.

At Elektro Maribor d.d., we sustainably manage, maintain and develop the electricity distribution system. In our role as distribution operator, we ensure a high-quality and reliable supply of electricity and quality services to all users in the Company's territory, while striving for safe and environmentally friendly operation. In doing so, we meet the expectations of our shareholders and other stakeholders, take into account the social and environmental aspects of our business, and create a working environment in which employees have the opportunity to develop and exercise their abilities.

7.1.1 Activities of Elektro Maribor d.d.

Elektro Maribor d.d. carries out its main activity (distribution of electricity to business and household customers) in the north-eastern part of Slovenia, in an area of 3,992 km^2, which represents approximately one fifth of the country's surface area.

In addition to our main (regulated) activity, we carry out other activities that are necessary for its existence and for the exercise of our regulated activity. The Company is a leading provider of sophisticated electrical installation work in this area. Demand for our services is driven by investments in the economy and infrastructure works in all fields.

Elektro Maribor d.d. is an entity of public interest in accordance with Article 44(3) of the Auditing Act (ZRev-2) and Article 55 of ZGD-1.

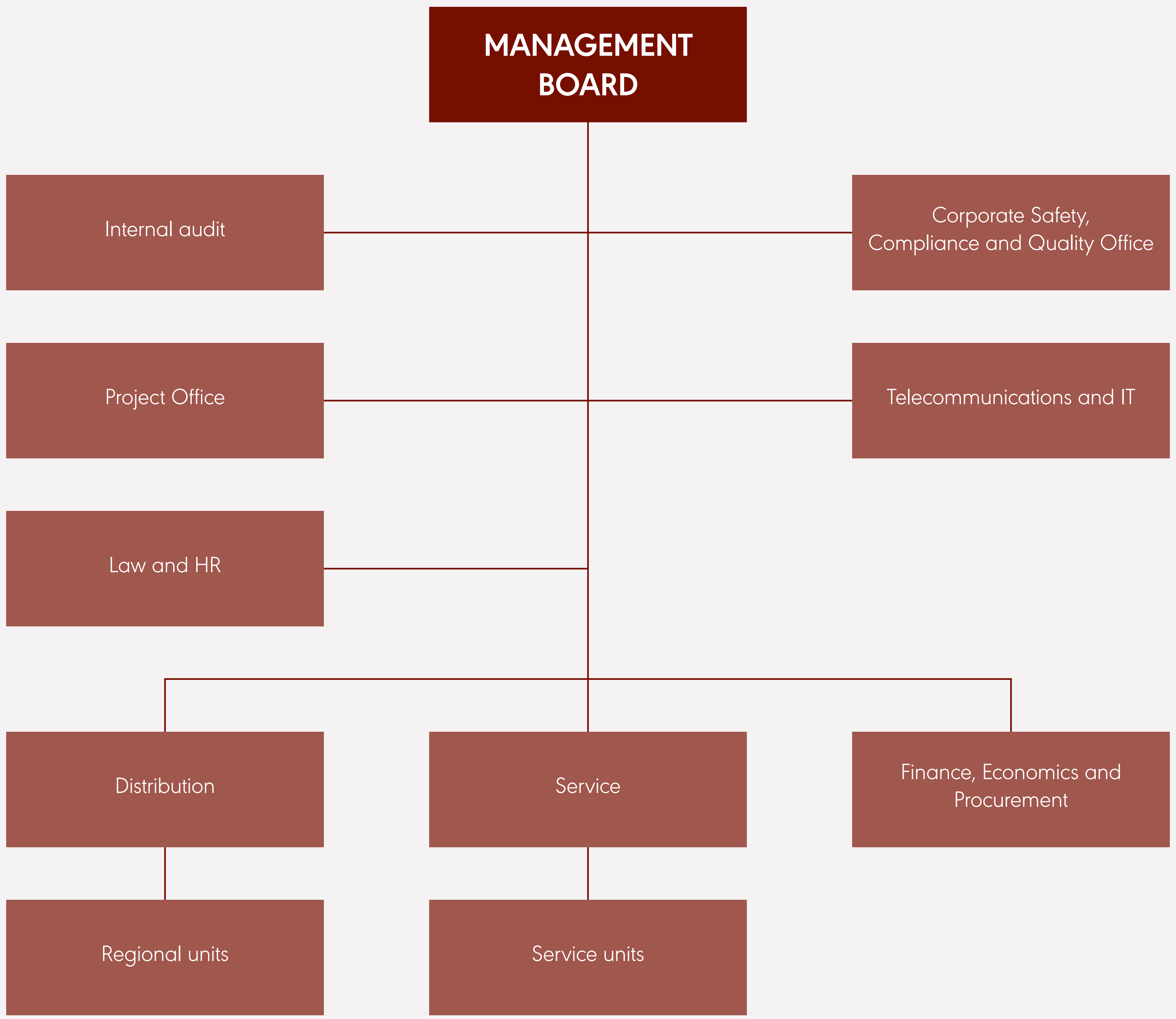
7.1.2 Organisational structure of Elektro Maribor d.d.

The Company is organised in three areas:

- distribution,
- service,
- finance, economics and procurement.

In order to improve operational performance, which is necessary in the face of the energy challenges facing the Company, we merged the management of the distribution and services business areas in August 2023.

Organisational structure of Elektro Maribor d.d. as at 31 December 2023



7.1.3 Corporate governance of Elektro Maribor d.d.

We have published on our website the Corporate Governance Policy of Elektro Maribor d.d., which sets out the standards of governance and control in the Company. The main focus of the Company's governance is an effective, transparent and comprehensible corporate governance system.

According to its Articles of Association, the Company has a two-tier governance system with a six-member Supervisory Board (four shareholder representatives and two employee representatives) and a one-member Management Board. The powers and responsibilities of the General Meeting, the Supervisory Board and the Management Board are defined by the Articles of Association and by law.

The Company is managed by the Management Board and supervised by the Supervisory Board. The Management Board has one member, appointed and dismissed by the Supervisory Board. The term of office of the Management Board is four years, renewable.

At the General Meeting, shareholders exercise their rights in relation to the Company.

7.1.4 Ownership structure and EMAG share

At the end of 2023, the number of shareholders in the share register of Elektro Maribor d.d. was 10 or 1.76% lower than at the end of 2022. There were no changes in the shareholder structure of Elektro Maribor d.d. in 2023. The Republic of Slovenia remains the largest shareholder.

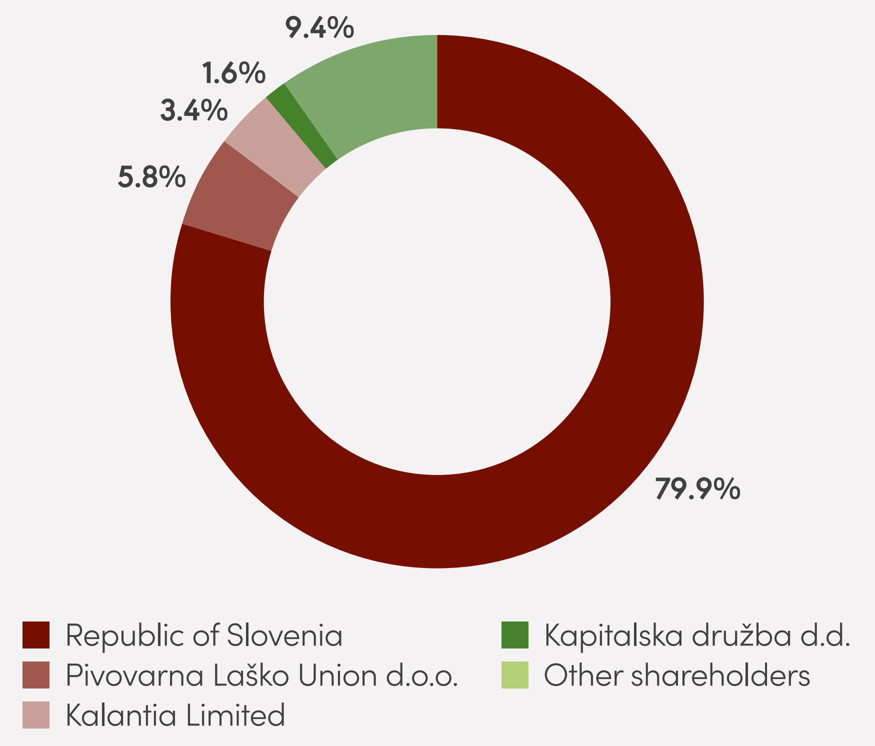
As at 31 December 2023, the Management Board and the members of the Supervisory Board of Elektro Maribor d.d. did not own any shares of Elektro Maribor d.d.

The share capital of Elektro Maribor d.d., amounting to EUR 203,932,512, is divided into 33,345,302 ordinary registered bulk shares “EMAG”. Elektro Maribor d.d.'s shares have been listed on the SI ENTER market since 2017, in the Enter Basic segment of the stock market.

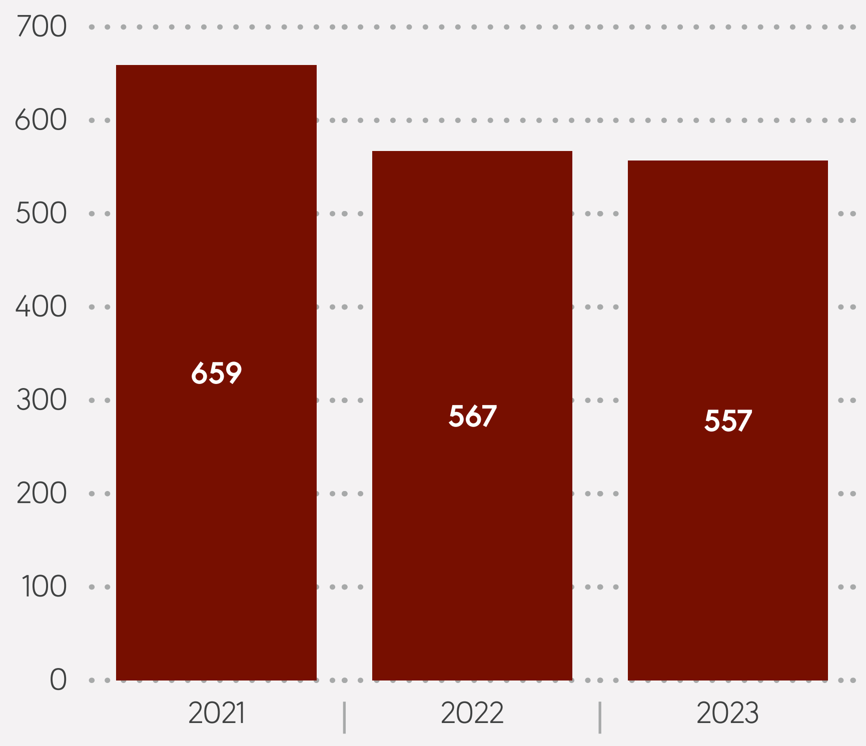
7.1.5 Dividend policy

The Company's dividend policy is defined in the Articles of Association of Elektro Maribor d.d. and in the Corporate Governance Policy of Elektro Maribor d.d. It is based on the long-term maximisation of shareholder returns, taking into account the Company's mission. We ensure a stable dividend policy with a balance between dividend yields and the use of free cash flow to finance investment plans in line with the principles of sustainable development.

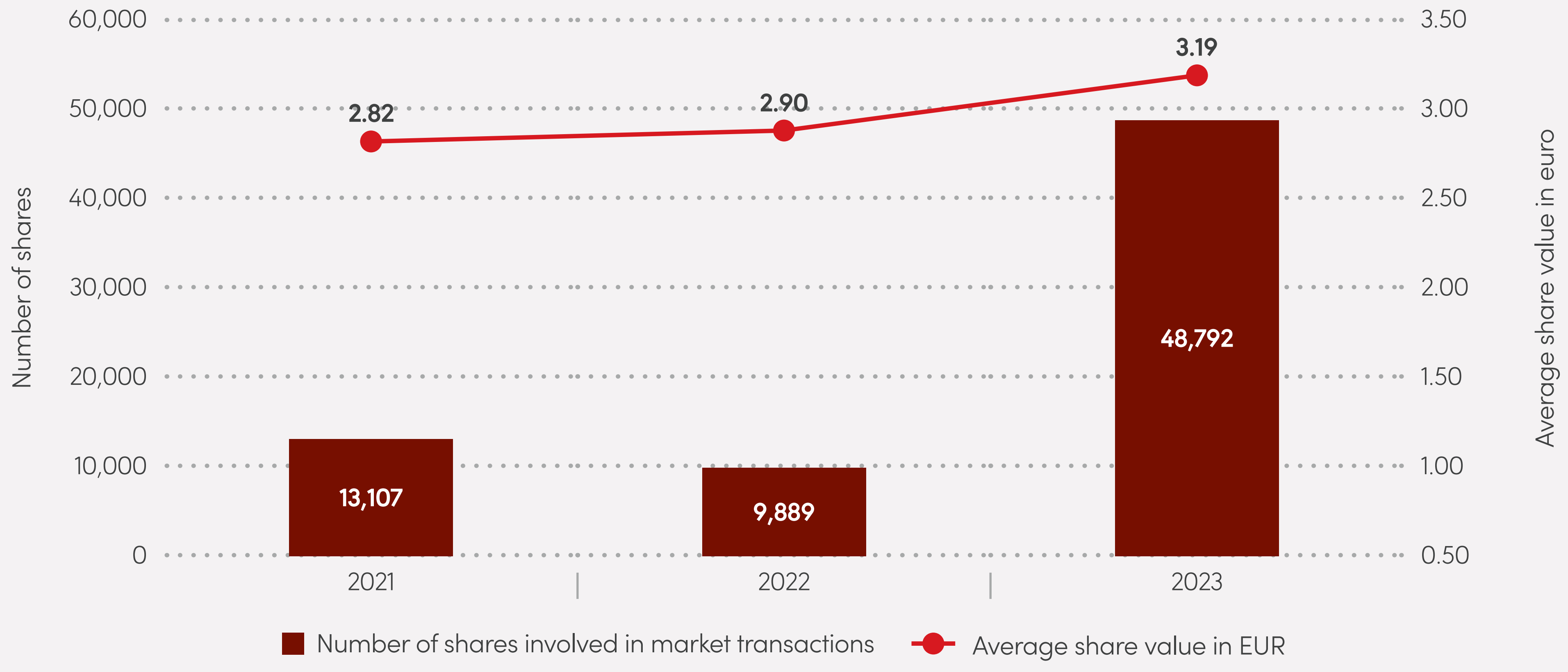
Shareholder structure of Elektro Maribor d.d. as at 31 December 2023



Movement in the number of shareholders of Elektro Maribor d.d. (year-end)



Trading in shares of Elektro Maribor d.d.



7.2 ORGANISATION OF THE ELEKTRO MARIBOR GROUP

The Elektro Maribor Group includes the parent company Elektro Maribor d.d. and the subsidiary OVEN Elektro Maribor d.o.o., which is wholly owned by the parent company.

OVEN Elektro Maribor d. o. o.

OVEN Elektro Maribor d.o.o. operates five small hydroelectric power plants (SHPP), one medium hydroelectric power plant (MHPP) and 18 small photovoltaic power plants (SPPP). The total installed capacity of the SHPPs and the MHPP amounts to 3,019 kW, and the SPPP to 613 kW.

The company's core activities are:

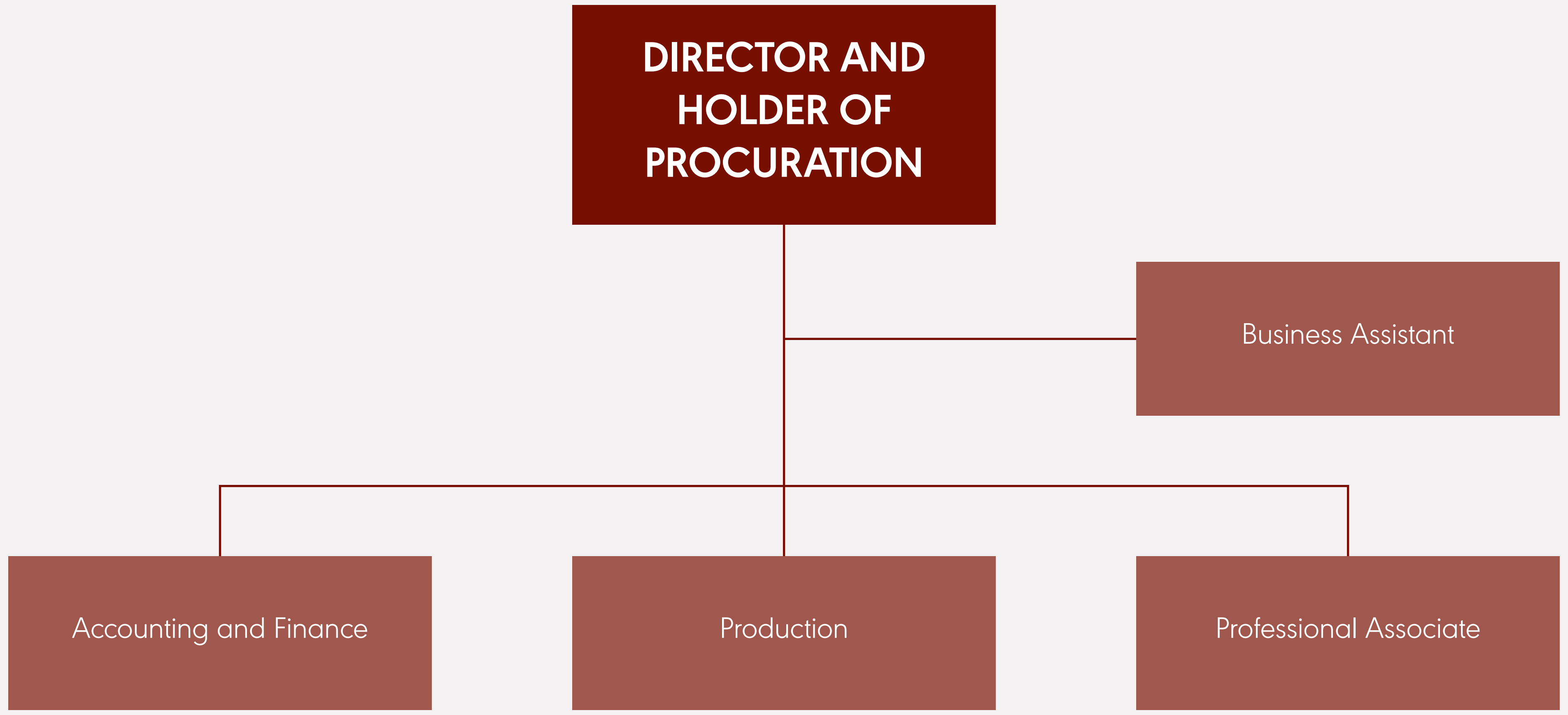
- electricity production in small hydroelectric power plants,
- electricity production in photovoltaic power plants; and
- maintenance of hydroelectric and photovoltaic power plants.

OVEN Elektro Maribor d.o.o. is 100% owned by the parent company Elektro Maribor d.d. as the sole shareholder and founder. The company has no subsidiaries.

Identity card of OVEN Elektro Maribor d.o.o. as at 31 December 2023

Name:	OVEN Elektro Maribor d. o. o.
Headquarters:	Vetrinjska ulica 2, p. p. 1553, 2001 Maribor
Registration number:	1708503
Tax number:	SI22034412
Share capital:	EUR 38,792
Entry in the Court Register:	District Court in Maribor, Insert 1/11291/00
Main activity code:	D 35.111 Hydroelectric power generation
Number of employees at 31 Dec 2023:	4
Size of the company according to ZGD-1:	Small company
Founder:	Elektro Maribor d. d.
Director:	Aleš Kumperščak (until 24 Nov 2023)
Holder of Procuration:	Franc Vindiš (until 5 May 2023); Mladen Žmavcar
Telephone:	+386 2 22 00 782
Website:	*www.oven-em.si*

Organisational structure of OVEN Elektro Maribor d.o.o. as at 31 December 2023



OVEN Elektro Maribor d.o.o. is managed independently and on its own responsibility by a company director. The supervisory function is performed by the President of the Management Board of Elektro Maribor d.d., who also represents the General Meeting of the Company. The President of the Management Board of Elektro Maribor d.d. does not receive remuneration for the performance of the supervisory function. The Company reports on the Company's operations in the context of the annual reports to the shareholder, which are made by the President of the Management Board of the parent company and the area directors.

The performance of OVEN Elektro Maribor d.o.o. is presented in more detail in the OVEN's Annual Report 2023, which is published on the company's website (*https://www.oven-em.si*).

Management Board of OVEN Elektro Maribor d.o.o. in 2023

Name and surname	Function (President, Member)	Area of work	First appointment	Termination of office/term of office	Gender	Nationality	Education	Professional profile	Membership of supervisory bodies of non-affiliated companies
Mladen Žmavcar	Procurator	Manage and represent the company independently	7 Nov 2023	15 Jan 2024	Male	Slovenian	University degree in Electrical Engineering	Electrical Engineering	No
Aleš Kumperščak	Company director	Manage and represent the company	3 May 2022	24 Nov 2023	Male	Slovenian	University Professor of Mathematics and Physics	Management	No
Franc Vindiš	Procurator	Representative	15 Dec 2021	5 May 2023	Male	Slovenian	University degree in Law	Law	No

7.3 INCLUSION IN THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Elektro Maribor Group for the year ended 31 December 2023 include the financial statements of the parent company Elektro Maribor d.d. and the financial statements of the subsidiary OVEN Elektro Maribor d.o.o., and the attributable results of all associates and jointly controlled entities accounted for using the equity method.

Associated companies are:

- **Energija plus d. o. o.**

Elektro Maribor d.d.'s shareholding: 49.00%.

Activity: Electricity trading.

- **Moja energija d. o. o.**

Elektro Maribor d.d.'s shareholding: 33.33%.

Activity: Electricity generation.

- **Informatika d. o. o.**

Elektro Maribor d.d.'s shareholding: 23.97%.

Activity: Data processing and related activities.

Jointly controlled entity:

- **Eldom d. o. o.**

Elektro Maribor d.d.'s shareholding: 50.00%.

Activity: Management of real property for a fee or on a contractual basis.

8 Business environment

Regulated activity operators

According to the Act on Electricity Supply (ZOEE), the regulated activity of electricity distribution in the Republic of Slovenia is carried out by five electricity distribution companies and a distribution operator (SODO d.o.o. until September 2023) and a combined system operator (ELES d.o.o. from October 2023).

Electricity distribution companies (EDCs) are the owners of the electricity infrastructure and operate with the operator holding the concession for the provision of the distribution operator's economic public service (ELES d.o.o.) on the basis of a concluded Contract on the Lease of the Electricity Distribution Infrastructure and the Provision of Services for the System Operator of the Electricity Distribution Network.

Under this contract, the distribution operator pays the electricity distribution companies (EDCs) for the lease of the electricity distribution infrastructure (EEI rent) and for the services provided in the performance of the activities of the electricity distribution operator (services provided). The value of the EEI lease and the services provided may not be higher than the value set by the Energy Agency in the decision for the regulatory framework.

Regulator

The regulator of the Slovenian energy market is the Energy Agency, which, among other tasks, regulates network activities, including economic regulation of all electricity system operators, as well as the network itself, in terms of giving consent to general acts.

The methodology for setting the regulatory framework and the methodology for calculating the network charge are set out in separate acts:

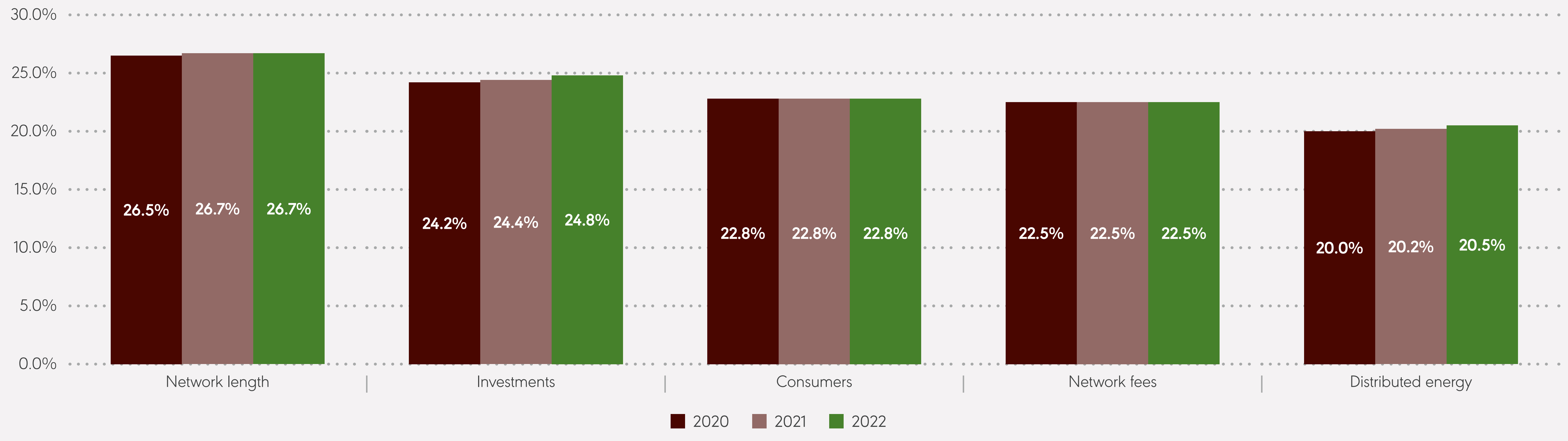
- The Act on the Methodology for the Determination of the Regulatory Framework for Electricity Operators (Official Journal of the RS No 123/2022) sets out the methodology for the regulatory framework 2023-2028:
  - the first one covers the period from 1 January 2023 to 31 December 2023 (RO 2023),
  - the second covers the period from 1 January 2024 to 31 December 2028 (RO 2024-2028).
- The Act on the Methodology for the Charging of Network Fees to Electricity Operators (Official Journal of the RS No 146/2022) establishes a new methodology for the charging of network fees for the electricity transmission and distribution system. As of 1 July 2024, a new tariff system will enter into force, with billing based on 15-minute values, according to five time blocks and an "agreed power" system, and with billing of excess power.

Positioning of Elektro Maribor d.d.

The area of Elektro Maribor's distribution system covers 19.7% of the surface of the Republic of Slovenia.

The comparison of the Company with other electricity distribution companies (EDCs) is based on publicly available data for 2022. Compared to the distribution systems of all EDCs, the distribution system of Elektro Maribor has increased its share of network length, capital investments and electricity distributed over the last three years.

Elektro Maribor d.d.'s shares in all distribution companies combined in the year 2022



In 2022, the Company distributed electricity to 22.8% of Slovenian distribution customers through a network representing 26.7% of the total length of the EDC network. Under the existing regulation of the business, the Company's share of the regulated revenues of all EDCs is 22.5%. While the volume of electricity distributed reflects the economic and social conditions in the Company's supply area and is not influenced by the Company, the number and connection capacity of customer metering points and the length of the network, as well as the scale of the installations and the peak power, reflect fundamental characteristics that have a significant impact on the resources required to operate, maintain and develop the distribution system. Under the current regulatory framework, Elektro Maribor maintains, operates and develops 26.7% of the Slovenian electricity distribution network with 22.5% of the resources for 22.8% of Slovenian consumers, which certainly represents a considerable challenge.

Economic and geopolitical changes

In Slovenia, the economic situation had stabilised by the end of 2023, but there was still considerable uncertainty about the future economic situation. The geopolitical situation has recently become more tense in the light of the wars in Ukraine and Gaza, which is also affecting the Slovenian economy through the energy crisis and high inflationary pressures. The main risks are labour shortages, commodity prices and increased labour and energy costs.

According to the forecasts of the Slovenian Chamber of Commerce and Industry and UMAR , economic growth will strengthen in the future. The strengthening will be positively influenced by: growth in private consumption, with inflationary pressures easing; moderate investment growth; and a recovery in foreign demand. The gradual easing of the European Central Bank's (ECB) tight monetary policy and the improvement in lending conditions should help investment activity to recover.

In 2022, the European Central Bank (ECB) raised interest rates for the first time in 11 years as a measure to reduce inflation and maintain price stability. The last hike in September 2023 moderated the rise in the Euribor reference rate. However, the rate is expected to start falling next year.

On the revenue side, the operations of Elektro Maribor d.d. are largely regulated. On the other hand, it depends on its own workforce, suppliers, conditions for obtaining foreign and alternative sources of financing for investments and the related financing costs, especially for the realisation of investments and other services on the market.

Below, we summarise the key indicators of economic growth and the movement of the European Interbank Offered Rate (EURIBOR).

Economic trends in Slovenia (UMAR)[16]

Real growth rates in %	2023	2022	2022	2022	2021
Gross domestic product (GDP)	1.6	2.5	8.2	-4.2	3.5
Employment	1.2	2.9	1.3	-0.7	2.4
Gross wages per employee	2.1	-5.6	4.1	5.9	2.7
Private consumption	1.3	3.6	10.3	-6.5	5.5
State consumption	2.4	-0.5	6.1	4.2	1.8
Inflation (end of year)	4.2	10.3	4.9	-1.1	1.8
Investments in fixed assets	9.5	3.5	12.6	-7.2	5.0

Movements in the European Interbank Offered Rate EURIBOR[17]

EURIBOR on the last day of the year	2023	2022	2022	2022	2021
12-month	3,513	3,291	-0,501	-0,499	-0,249
6-month	3,861	2,693	-0,546	-0,526	-0,324
3-month	3,909	2,132	-0,572	-0,545	-0,383
Monthly	3,845	1,884	-0,583	-0,554	-0,438

[14] Slovenian Chamber of Commerce and Industry, Spring Economic Forecast for Slovenia 2024-2027, April 2024, *https://analitika.gzs.si/Novice/ArticleID/88038/spomladanska-gospodarska-napoved-za-slovenijo-za-obdobje-2024-2027-april-2024*
[15] UMAR, Spring Economic Outlook 2024, February 2024, *https://www.umar.gov.si/napoved-gospodarskih-gibanj.*
[16] UMAR, Spring Economic Outlook 2024, February 2024, *https://www.umar.gov.si/napoved-gospodarskih-gibanj.*
[17] EURIBOR (*www.euribor-rates.eu*).

Focused on sustainability

A NEW STRATEGY FOCUSED ON SUSTAINABLE DEVELOPMENT.

We are working well and delivering on our strategy, which was comprehensively updated at the end of 2023 in the light of the green transition. Our new strategy will thus focus even more strongly on the sustainable development of Elektro Maribor, in particular on the long-term development of our network, thus successfully supporting the sustainable transformation of all sectors and ensuring a reliable and high-quality electricity supply in all phases of the green transition.

In 2023, our business guidelines followed the Distribution Network Development Plan for the period 2023-2032, which is aligned with the Comprehensive National Energy and Climate Plan of the Republic of Slovenia (NEPN) and the goal of achieving at least 30% share of RES in final energy consumption by 2030.

9 Development strategy

9.1 EXPECTED DEVELOPMENT

The expected development of the Company is defined in the following documents: the Strategy of Elektro Maribor d.d. (January 2016), the Annual Business Plan of Elektro Maribor d.d. for 2024 with the projection of operations for 2025 and 2026 (October 2023) and the Development Plan of the Distribution Network of Elektro Maribor d.d. for the period from 2023 to 2032 (February 2023).

Company strategy

Our mission, vision and values are set out in our Corporate Strategy. In the last quarter of 2023, we started to prepare a new strategy, which defines the long-term development of the Company in line with sustainable business principles and social responsibility.

Vision, mission and values

VISION

Distributor.
Leading electricity company in the provision of electricity infrastructure and related services.

MISSION

We operate, maintain and develop an efficient electricity distribution system in a sustainable and competitive manner.

High-quality electricity services ensure a high quality of life and promote economic development.

VALUES

Transparency
Business excellence
Quality

Future business of the Company

For the period 2024-2026, we prepared a business plan, which was adopted on 10 October 2023 by the Management Board with the prior approval of the Supervisory Board of Elektro Maribor d.d.

The business plan takes account of economic and social conditions known at the time of preparation, including forecasts of economic trends for the planning period. Economic conditions have been changing rapidly and at an accelerated pace in recent years, which may have a significant impact on the Company's business in the future. By planning, anticipating and adapting appropriately, and by reacting appropriately and quickly enough to developments in the overall environment, we aim at all times to maximise the success of the Company's operations, which is as far as possible in line with the set objectives and the expectations of our stakeholders.

In 2024, the Company's efforts will be focused on delivering an ambitious development plan that will enable the Company to perform even better. The main focus will therefore be on realising the highest possible value from capital investments.

In 2024, the Company will focus its activities on:

- quality and reliable electricity supply,
- realising planned investments to reinforce and modernise the network, focusing on a stronger, more robust and advanced network,
- securing investment potential and
- streamlining operations and increasing productivity through optimal process re-engineering and optimal deployment of human resources.

Long-term network development plan

In 2022, we prepared an Electricity Distribution Network Development Plan for the period from 2023 to 2032 in the area where Elektro Maribor d.d. provides electricity distribution services. The development plan is part of the distribution network development plan for the territory of the Republic of Slovenia, which was prepared by the distribution operator SODO d.o.o. and submitted to the Energy Agency for approval, which gave its consent to the content of the development plan on 10 January 2023.

The development plan of the distribution network of Elektro Maribor d.d. is designed to meet the objectives set out in the NEPN document related to the connection of new consumers (heat pumps and electric vehicle charging stations) and additional dispersed production sources, mainly self-supply and solar power plants, by the end of 2032, and was amended in 2023. Over a ten-year period, investment of EUR 951 million is foreseen on the distribution network of Elektro Maribor d.d.. The realisation of the investments depends to a large extent on securing sources of financing, which is also linked to the realisation of the objectives set out in the NEPN document, i.e. the electrification of heating and mobility and the connection of additional dispersed production sources, which are a prerequisite for achieving a 27% share of RES in the final use of all energy by the end of 2032.

9.2 STRATEGIC PROJECTS

Sustainable development infrastructure

The electricity distribution system is a fundamental infrastructure for sustainable development and the backbone of the energy transition. Without a strong, robust and advanced electricity distribution network, the green transition to a low-carbon society is not possible, with the electrification of mobility and heating, the active role of users and producers, dispersed renewables and energy efficiency at its core.

- Network robustness

  In the face of increasingly intense and frequent extreme weather conditions, we are working to increase the resilience of the network through targeted construction of underground MV and LV lines and overhead insulated MV and LV lines; reliability-oriented maintenance, including regular maintenance of line corridors, rehabilitation of deteriorated MV and LV line supports and cable diagnostics.

- Network quality

  With increasing customer demand and the increasing network integration of new production resources, installed and peak power is increasing. In line with the needs of our customers, we are systematically and carefully increasing the capacity of the network with new or reconstructed power installations that meet the high standards of quality and reliability of electricity supply.

- Network forwardness and deliverability

  The construction of an advanced metering system is underway, including: system meters at system users, control meters in TSs, data collectors in TSs; communication infrastructure enabling data transmission from system meters to metering centres; metering centres; and a unified information system. The project comprises three components:

  - introducing advanced metering,
  - measurement centres; and
  - remotely controlled separation points (RCSP).

- Digitising electricity distribution

  Digitalisation is an important prerequisite for the active role of the customer and the implementation of advanced services, which is why we have already embarked on a project to introduce an Advanced Distribution Management System (ADMS) with integrated ADMS functionalities.

- Telecommunications and informatics

  We plan to develop a TK infrastructure for the purpose of flexibilisation of production and consumption or active role of users and, of course, for the smooth management of the distribution network elements. The objective is to establish fibre-optic connections to installations/facilities. Locations where, for technical/financial reasons, it will not be reasonable/possible to build fibre-optic connections, will be connected to a pLTE network, a private IP radio network, or to a public 4G-LTE or 5G network. We are also increasing information security.

SEDMp project (System for Single Access to Metering Data) – Moj Elektro app

To provide easy access to metering and other data, the free Moj Elektro web (***www.mojelektro.si***) and mobile apps are available. The mobile app is available via Google Play (Android) and App Store (iOS). The Moj Elektro portal is a joint project of all EDPs.

Users can access their metering data regardless of the electricity distribution area or supplier. The portal is intended for end-users (consumers and producers of electricity) and is thus one of the services of the Single Entry Point of the National Data Hub, in accordance with the Electricity Supply Act (ZOEE).

The portal has the advantage over the existing data portals in that it brings together all metering points in Slovenia and enables the beneficiary to access and display metering data in a single way, regardless of the distribution area or electricity supplier. The portal also allows the delegation of authorisations or rights to third parties. All users of the Moj Elektro portal can manage access to third parties, who must also be verified and registered.

To meet the needs of the upcoming new tariff system, the Moj Elektro web app was upgraded in 2023 and put into production on 30 June 2023. The Flexibility Register was also handed over to production on 30 June 2023 as part of the Moj Elektro web app. The mobile app was also upgraded and both the web and mobile apps will be further improved in 2024, especially in the area of user experience.

Central Electricity Portal of Slovenia (CEEPS)

While the Moj Elektro portal is aimed at consumers, the CEEPS portal is aimed at other electricity market participants. The CEEPS portal is a joint project of all EDPs, with the aim of optimising the exchange of data between market players, exploiting the opportunities offered by the already achieved level of digitalisation and maintaining our strategic role as initiator and provider of comprehensive, technologically advanced B2B data exchange solutions with other stakeholders in the Slovenian organised electricity market. CEEPS was already upgraded in 2023 to meet the needs of the upcoming new tariff system.

10 Information security

The energy sector has a major importance and impact on other areas of the country's socio-economic functioning and people's lives, so it is vital that the energy sector remains safe and secure. With the increasing digitisation of the energy sector, the need for its reliability, security and resilience to cyber incidents and other threats is also significantly increasing.

To ensure information and cyber security, we have in place an Information Security Officer (ISO), an organisationally independent function placed directly under the Company's Management Board. The Information Security Officer is responsible for the establishment and development of the Company's Information Security Management System (ISMS) and reports monthly to the Management Board and quarterly to the Audit Committee of the Supervisory Board and to the Supervisory Board on his/her performance and significant events and activities to achieve the information security objectives.

Based on the established ISMS system, the planned activities to ensure information security were implemented in 2023, namely:

- Continuous improvement of the ISMS and adaptation to internal and external requirements;
- Assessing information risks;
- Monitoring security events and analysing threats affecting information security;
- Compliance with information security legislation;
- Implementing and monitoring technical and organisational measures;
- Training and awareness-raising on information security for staff;
- Introducing modern and secure IT solutions;
- Carrying out business continuity management activities.

As part of the planned activities in 2023, we carried out a security audit of the ICT infrastructure and updated the security documentation in line with the applicable information security legislation.

11 Internal audit and risk management

Elektro Maribor has internal audit and risk management functions:

- **The internal audit function**, headed by the Head of Internal Audit, which is functionally responsible 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 Elektro Maribor d.d.; and
- **The risk management system managed** by the Risk Coordinator who reports to the Head of Internal Audit, the risk manager for each area, the President of the Management Board of Elektro Maribor d.d. and the Supervisory Board or the Audit Committee of the Supervisory Board. This area is coordinated by the Head of the Corporate Safety, Compliance and Quality Office, who is responsible for the operation of the integrated management system in the Company.

11.1 INTERNAL AUDIT

Internal Audit has been an independent function of Elektro Maribor d.d. since 2013, and is committed to the international framework for professional conduct in internal auditing (the new Global Standards on Internal Auditing entered into force on 1 January 2024 and will apply from 1 January 2025).

Internal Audit reports its work and findings on an ongoing basis to the Management Board of Elektro Maribor d.d. and quarterly to the Audit Committee. Both the Management Board and the Audit Committee are informed of all audits carried out, their findings and recommended actions or improvements. The Supervisory Board of Elektro Maribor d.d. is also the recipient of the annual internal audit report.

In accordance with the annual internal audit plan, nine regular audits (two in collaboration with an external independent expert), one extraordinary audit and one planned consultancy engagement were carried out in 2023.

The objective of internal audit is to provide assurance on risk management and value addition by providing advice at all levels on risk management, safeguarding assets and improving the efficiency and quality of operations, and in 2023 internal audit delivered on all key objectives, namely:

- Ensuring the efficiency and effectiveness of internal audit – 95 recommendations or identified opportunities for improvement were issued as part of internal audit engagements in 2023. By the end of 2023, 41 recommendations were due for first reporting, of which 17 or 41.5% were implemented within the original deadline and 24 (58.5%) remained in progress. 54 recommendations issued in 2023 are not yet due for first reporting.
- Transfer of knowledge and good practices between internal audit practitioners – two internal audits were carried out in collaboration with an independent expert, an IT systems auditor.
- Quality assurance of internal audit – throughout 2023, internal audit followed the provisions of the Quality Assurance and Quality Improvement Programme for Internal Audit at Elektro Maribor d.d. and in January 2024 a self-assessment of the quality of work for 2023 was carried out. The recipients of the report on the results of the self-assessment are the Management Board and the Audit Committee of the Supervisory Board of Elektro Maribor d.d. (an external quality audit was carried out in 2019, which is repeated every five years and is planned for 2024).
- Fulfilment of the conditions for the position of Head of Internal Audit at Elektro Maribor d.d. - through additional training, the Head of Internal Audit gained sufficient points for the extension of the professional title of Certified Internal Auditor according to the rules of the Slovenian Institute of Auditors (the verification was carried out on 10 October 2023, the next verification will be carried out on 10 October 2026).

In the context of the transactions carried out in 2023, Internal Audit paid special attention to the verification of the functioning of internal controls in the claims settlement process for various forms of property insurance at Elektro Maribor d.d. and in the process of curative maintenance (repair of breakdowns during on-call periods). The audit also covered the process of implementation of occupational health and safety in Elektro Maribor d.d. and the process of management of internal acts and related documents in Elektro Maribor d.d. The audit also covered the process of implementation of marketing services in Elektro Maribor d.d. and the process of allocation of sponsorship and donations in Elektro Maribor d.d. and in the subsidiary OVEN Elektro Maribor d.o.o. Two audits were carried out in cooperation with an independent expert, an IT systems auditor, namely the process of issuing self-supply consents in Elektro Maribor d.d. – e-business (EPPS) and the verification of the implementation of IT security policies in Elektro Maribor d.d. As an advisory internal audit engagement, testing of the adequacy of the established system of internal controls in the process of electricity sales in the subsidiary OVEN Elektro Maribor d.o.o. was carried out. The special assignment carried out concerned the verification of the allegations made in a notification concerning alleged irregularities in the granting of overtime during sick leave at one of the regional units of Elektro Maribor d.d.

In addition to the above activities, in 2023, Internal Audit monitored the implementation of the recommendations made on an ongoing basis, actively participated in the implementation of workshops on the establishment of the internal control system and risk management, which were conducted in the period January-April, under the guidance of an external associate, a CIA-certified tested internal auditor, and in December, in order to promote the internal audit profession, it conducted an in-house training course for the management staff of Elektro Maribor d.d., organised by the Elektro Maribor Distribution Academy, in order to promote the internal audit profession in the Company.

11.2 RISK MANAGEMENT[18]

Risk management in Elektro Maribor is defined in the Risk Management Policy. The Company defines the term risk as the possibility of an event or series of events occurring that may have a favourable or unfavourable impact on the achievement of the Company's objectives. In the first case we speak of opportunity, in the second of risk. The Company's risk management system defines the Company's and the Group's objectives, identifies risks, adopts risk management policies, assesses and prioritises risks, determines responses to individual risks, identifies measures to manage risks, monitors and reports on individual risks. Risk management enables the Company and the Group to identify potential risks in a timely manner, take appropriate action and thereby reduce the amount of harm that could be caused by a particular risk.

11.2.1 Risk groups and types

The risks to which the Company is exposed, in accordance with the adopted risk register, are classified into the following main groups:

Strategic risks	Strategic risks are potential events that (adversely) affect the achievement of the Company's or Group's medium- or long-term performance objectives.
Operational risks	Operational risks are potential events that (adversely) affect the achievement of the Company's or Group's annual performance targets and are risks of loss or gain.
Financial risks	Financial risks are potential events that (adversely) affect the achievement of the Company's or Group's strategic and annual financing objectives.

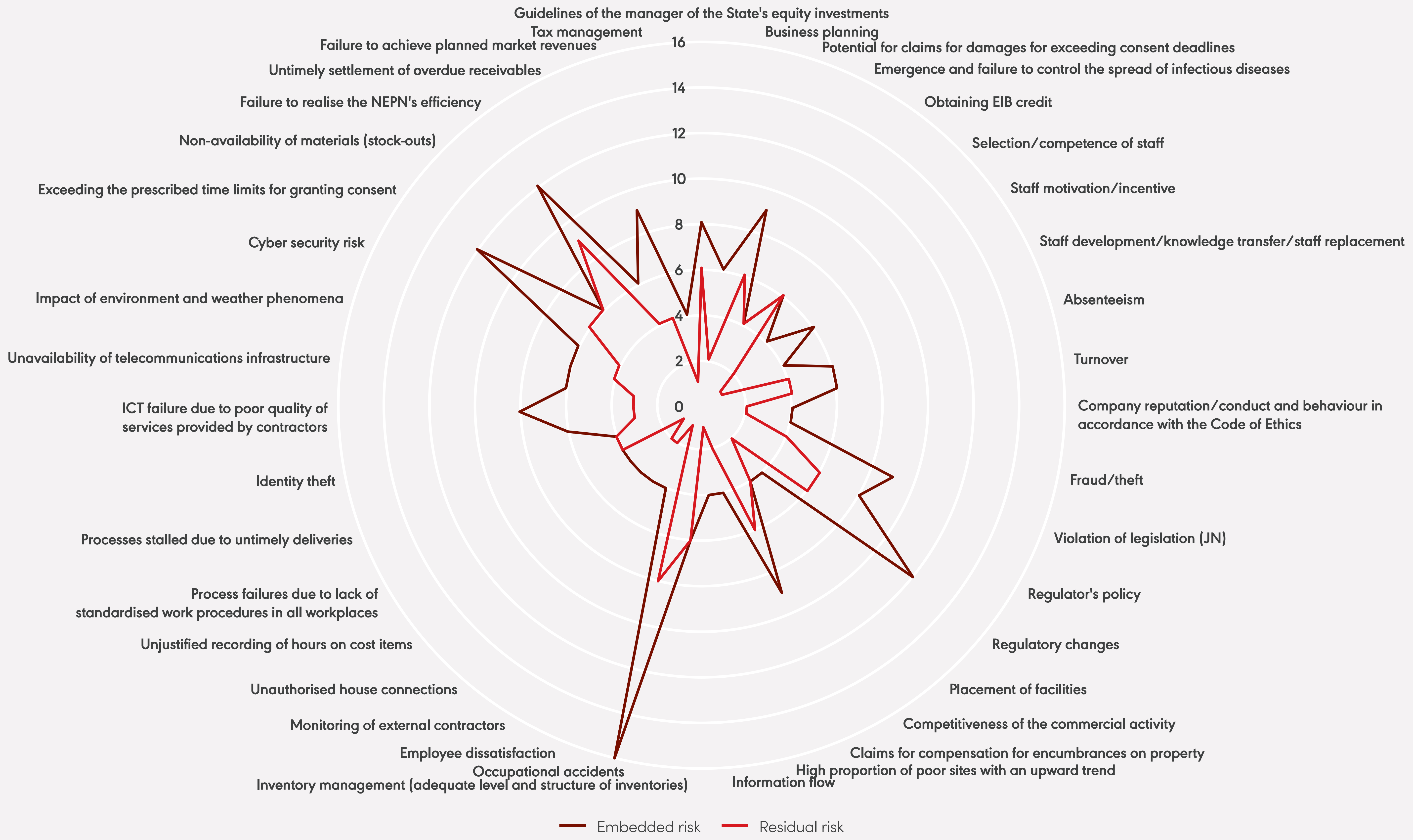
[18] GRI 3-3.

Identified risks

The risk register identifies the identified risks in order of importance. It sets out how risks are regularly updated, assessed and prioritised, identifies responses to risks and the people responsible for implementing them, and identifies internal controls as a key response to risks.

As can be seen from the graph below, Elektro Maribor d.d. has a maximum risk score of 12. According to the risk assessment matrix (4 × 4) used to assess risk, the maximum risk score is 16 (work accidents).

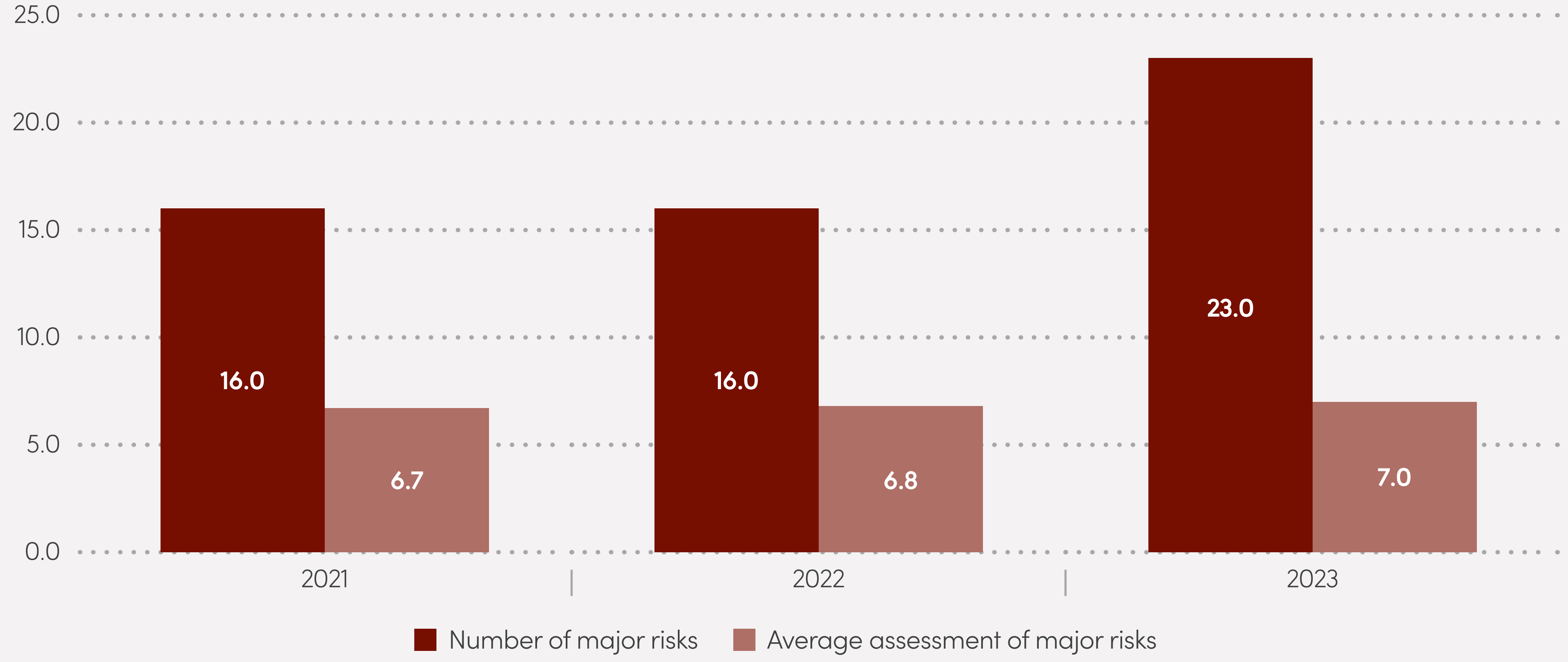
Review of the risk assessment of the register



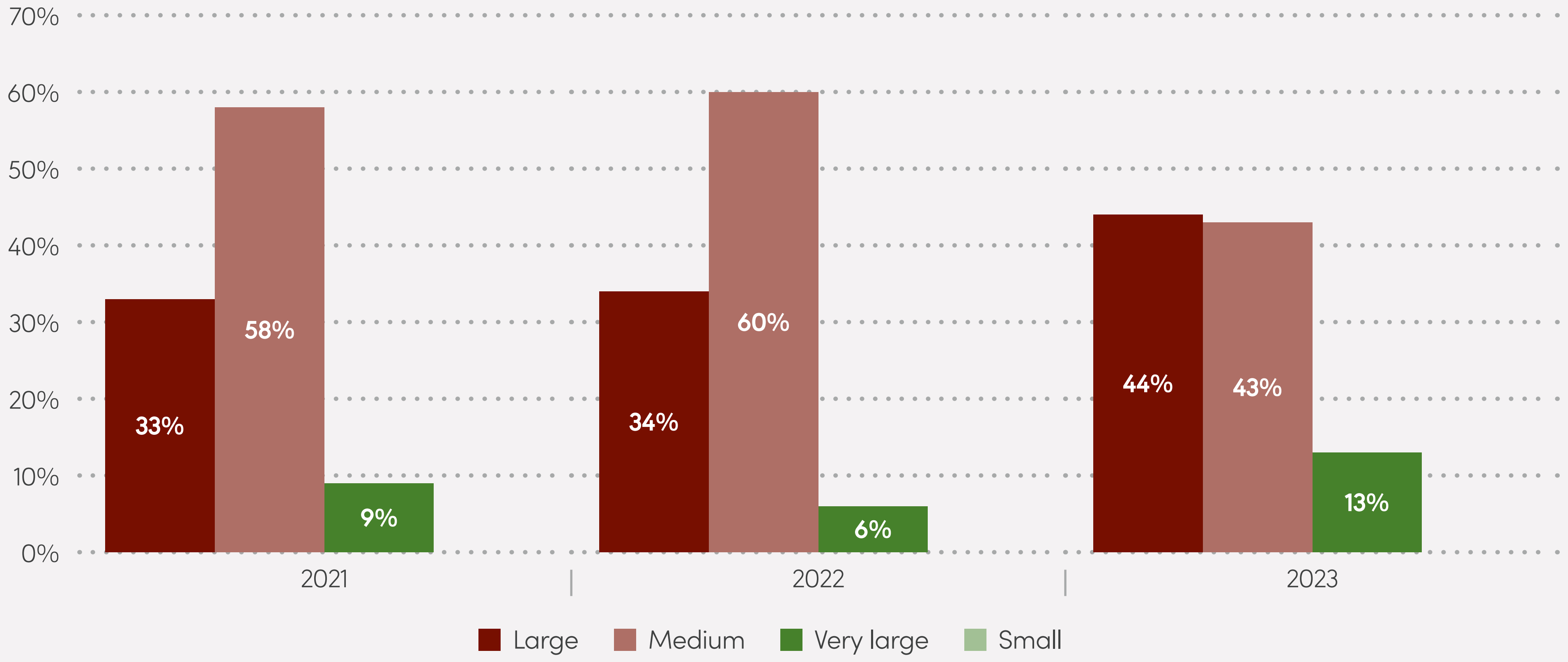
Risks by size of impact

Based on the execution of the Company's strategy, the Company and the Elektro Maribor Group are continuously striving to improve the maturity of the risk management system.

Number and average rating of major risks



Risks by size of impact

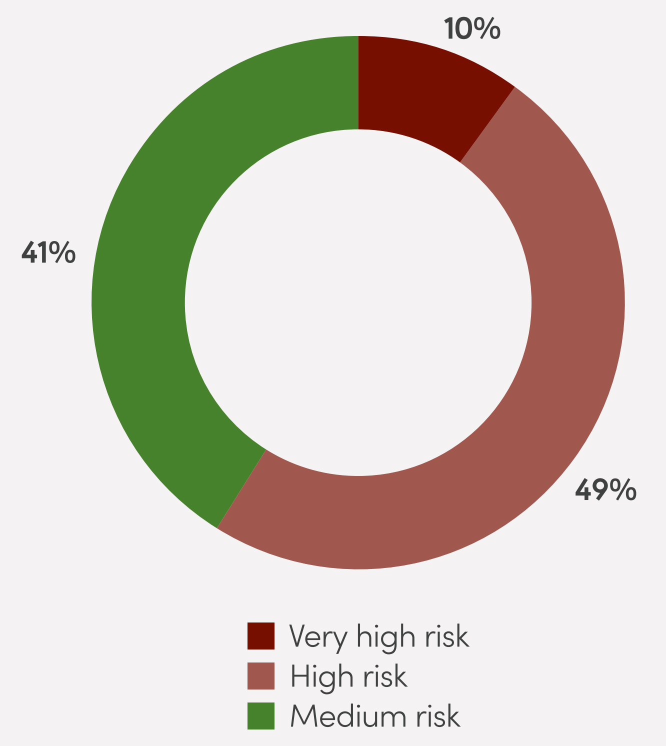


Reducing risks

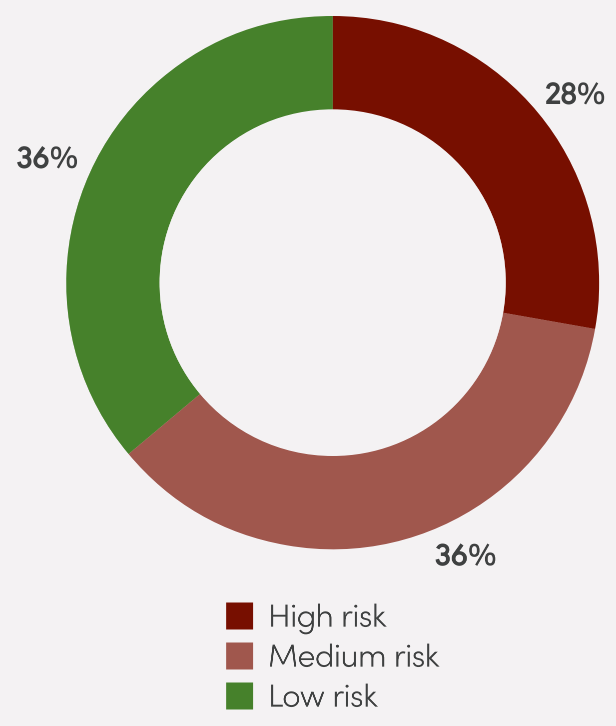
We reduce business, social, employment and natural risks through quality performance and development. We protect employees, the public and the environment from the risks associated with the use of energy technologies. We invest in the development and application of new technologies and promote energy efficiency and the use of renewable energy sources.

Embedded risk is an identified and assessed risk without any consideration of its management. Residual risk is an identified and assessed risk with consideration of its management.

Amount of embedded risk in 2023



Amount of residual risk in 2023



Major risk events in 2023

Unavailability of supplies – due to the impact of the pandemic, suppliers with existing contracts were unable to supply all the supplies needed. An additional problem with existing contracts was the significant increase in material prices. The material market situation is slowly normalising in the second half of 2023.

Environmental influences and weather events – in January and February, snow and high winds caused many problems on the network, and in July, strong wind storms across the Company's supply area caused severe failures on the electricity network, with consequences for the network's resilience, both at medium and low voltages. Risk management is identified in terms of the organisation of work to ensure that the power supply to customers at both medium and low voltage is maintained as soon as possible.

11.2.2 Managing major strategic risks

Regulator's policy and the policy of the manager of the State's equity investments

In the area of regulation, a new regulatory framework and a new billing methodology came into force in 2023. New Recommendations and Expectations, the 2023 Annual Investment Management Plan and the Corporate Governance Code were issued by the investment manager in 2023.

The Company manages risk by ensuring that the Management Board receives regular reports/responses from the relevant areas on the documents issued. The reports/responses are prepared by working groups from all areas of the Company. Each group is also actively involved in the public hearing processes for individual documents, which are usually coordinated at GIZ level.

Placing facilities in space

Placing distribution facilities is a process that depends to a large extent on stakeholders such as national authorities, local communities and civil society. The success of placement also depends to a large extent on other partners and consenting parties. These usually lengthy procedures result in unrealised facilities (110 kV MV Murska Sobota-Lendava), which are necessary for the reliable supply of electricity to users and the possible integration of new major user units and renewable sources.

To manage the risks in this area, we are monitoring the placement process particularly closely and proactively, actively communicating and engaging with relevant stakeholders, and holding meetings with municipal representatives to ensure that placement is carried out as quickly as possible with acceptable solutions.

Renewable integration – connection consents

The integration of renewables has continued to grow steadily in recent years. There are a number of identified risks to manage, both in terms of the number of consents granted and the ability to integrate them into the electricity grid.

In 2023, we took certain measures to tackle the backlog of consents for the connection of self-supply facilities:

- Involving students in the process of issuing consents for the connection of production facilities, connection agreements and informative estimates for the preparation of power analyses of the possibilities of connecting production facilities, as well as in administrative work;
- Staff working overtime to prepare power analyses and to issue connection consents for self-supply installations and other documents; and
- Various IT solutions were developed and implemented to speed up the preparation of power analyses.

Information and cyber security – business continuity

Cyber and information security risks are threats that can disrupt the Company's operations through IT system failures. Cyber threats can also lead to a loss of reputation and trust in the Company, especially in the event of a cyber-hacking attack. To this end, the Company's business continuity plans are regularly updated, security policies are revised, and employees are trained and made aware. Employee security awareness is particularly important, as statistics from around the world indicate that 95% of successful cyber-attacks are still the result of inattentive users of IT systems.

12 Company and group performance

12.1 ELECTRICITY DISTRIBUTION

12.1.1 Operating the distribution system[19]

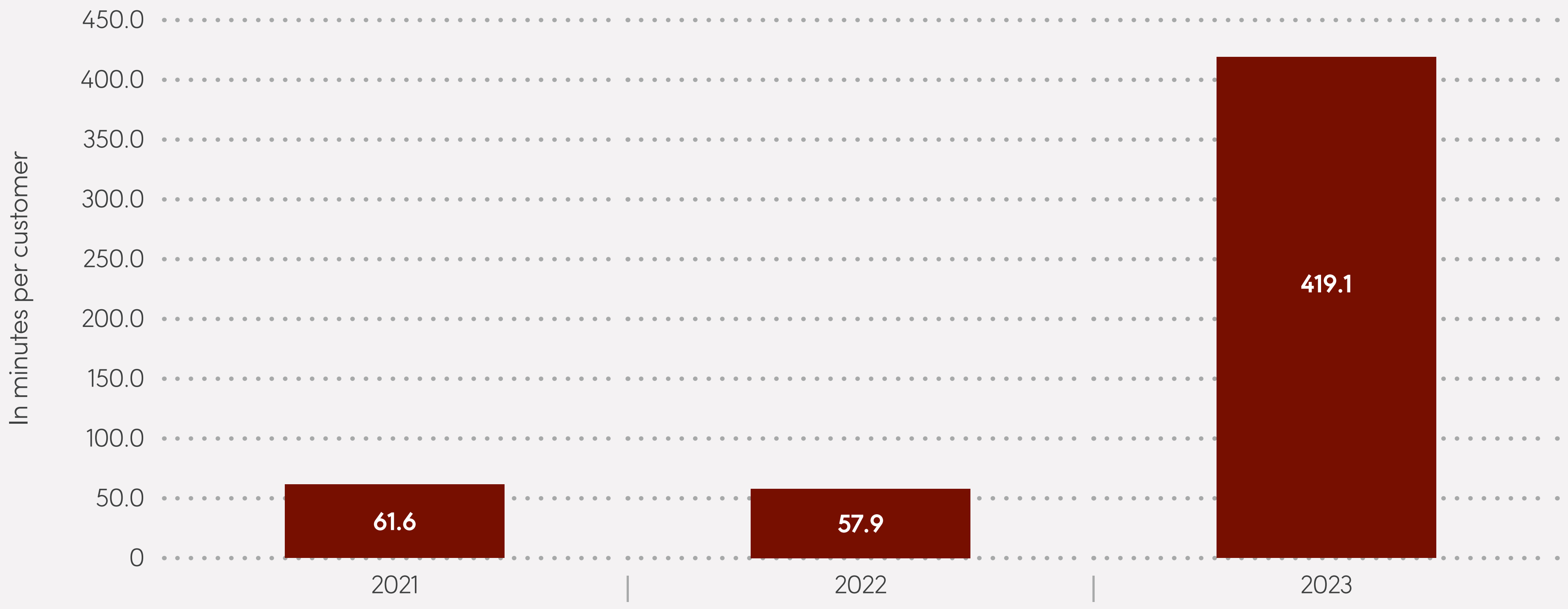
In 2023, the quality of electricity supply to customers in the electricity supply area, as measured by the SAIDI, SAIFI and MAIFI parameters, deteriorated significantly. The main contributors to the deterioration in network resilience are weather events, notably snow and harsh winds in January and February 2023 and strong wind storms in July 2023.

SAIDI, SAIFI and MAIFI are key indicators of power supply continuity prescribed by the Energy Agency[20]:

- **SAIDI** (System Average Interruption Duration Index) – an indicator of the average duration of interruptions in the system: it tells how long there was no electricity supply (on average per customer).
- **SAIFI** (System Average Interruption Frequency Index) – an indicator of the average frequency of interruptions in the system: it tells how many times there was no electricity supply in a year (on average per customer).
- **MAIFI** (Momentary Average Interruption Frequency Index) – an indicator of the average number of short interruptions of less than three minutes: it tells how many times in a year there was no short-term supply of electricity (on average per customer).

In 2023, the overall SAIDI indicator (composed of own causes, force majeure and external causes) for the entire Elektro Maribor supply area was 419.1 minutes/customer, which is 624% higher (worse) compared to the previous year.

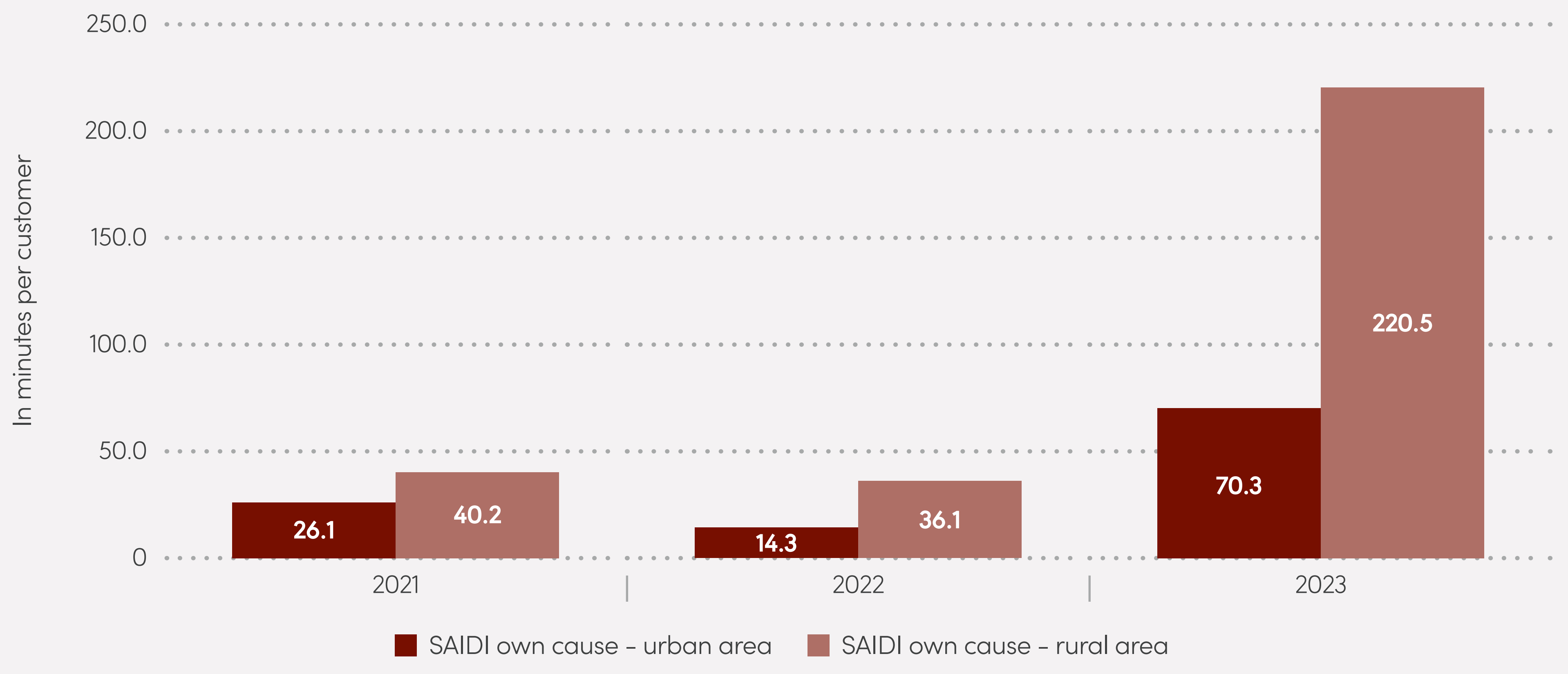
SAIDI total – average time longer than three minutes when there was no electricity supply (average per customer)



[19] GRI 417-2.
[20] Taken from: Energy Agency, *https://www.agen-rs.si*.

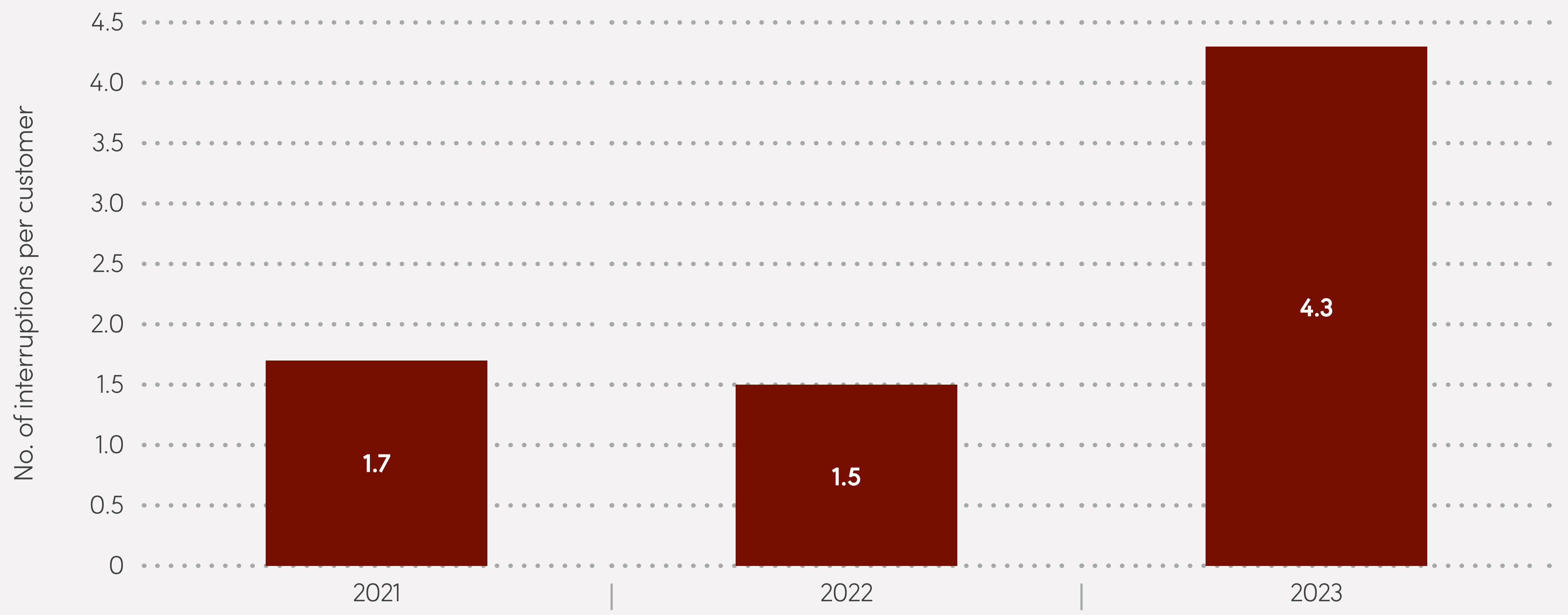
Looking at the own-cause outages for the SAIDI factor, separately for urban and rural areas, the results in 2023 are worse compared to 2022.

SAIDI for own cause, separately for urban and rural areas – average time of unplanned interruptions of more than three minutes when there was no electricity supply (average per customer)



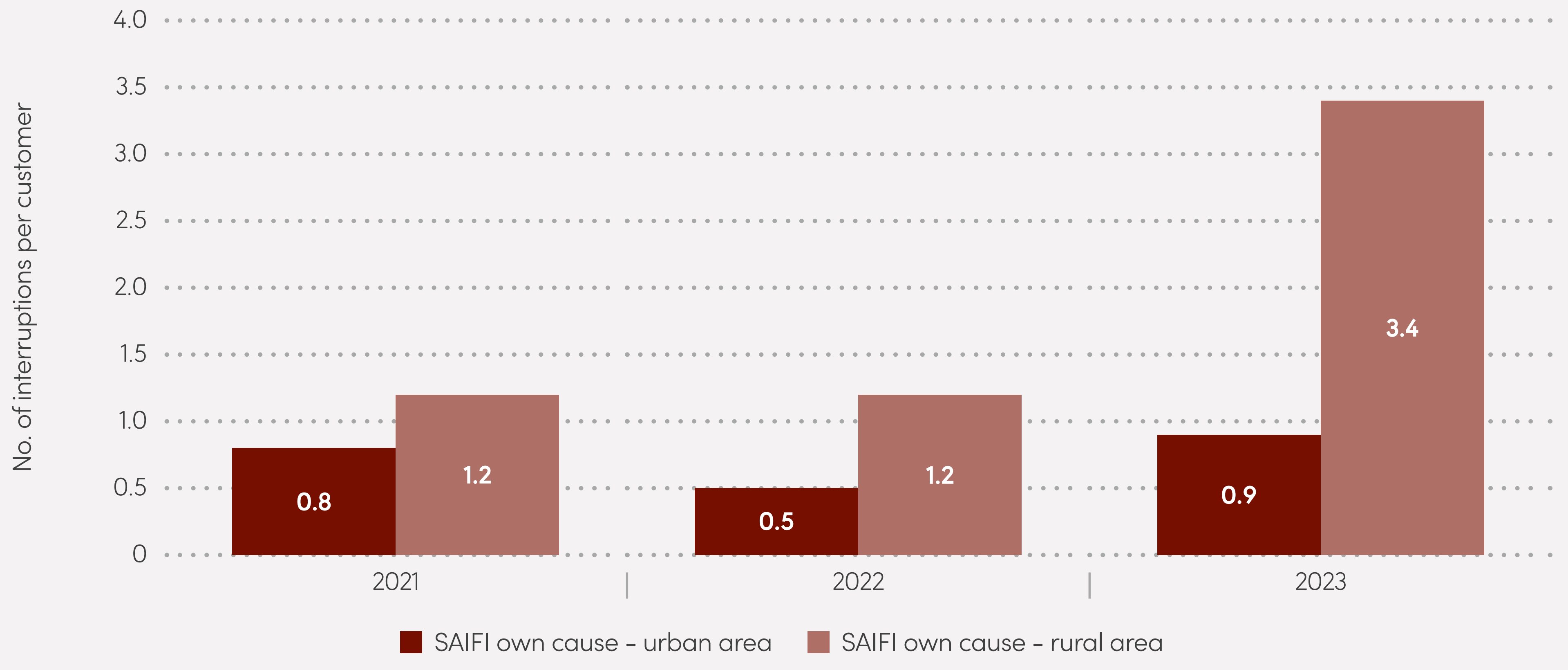
The overall SAIFI (composed of own causes, force majeure and external causes) achieved across the Elektro Maribor supply area in 2023 is 4.3 interruptions/customer, 193% higher (worse) than in 2022.

SAIFI total – average number of unplanned interruptions longer than three minutes (average per customer)



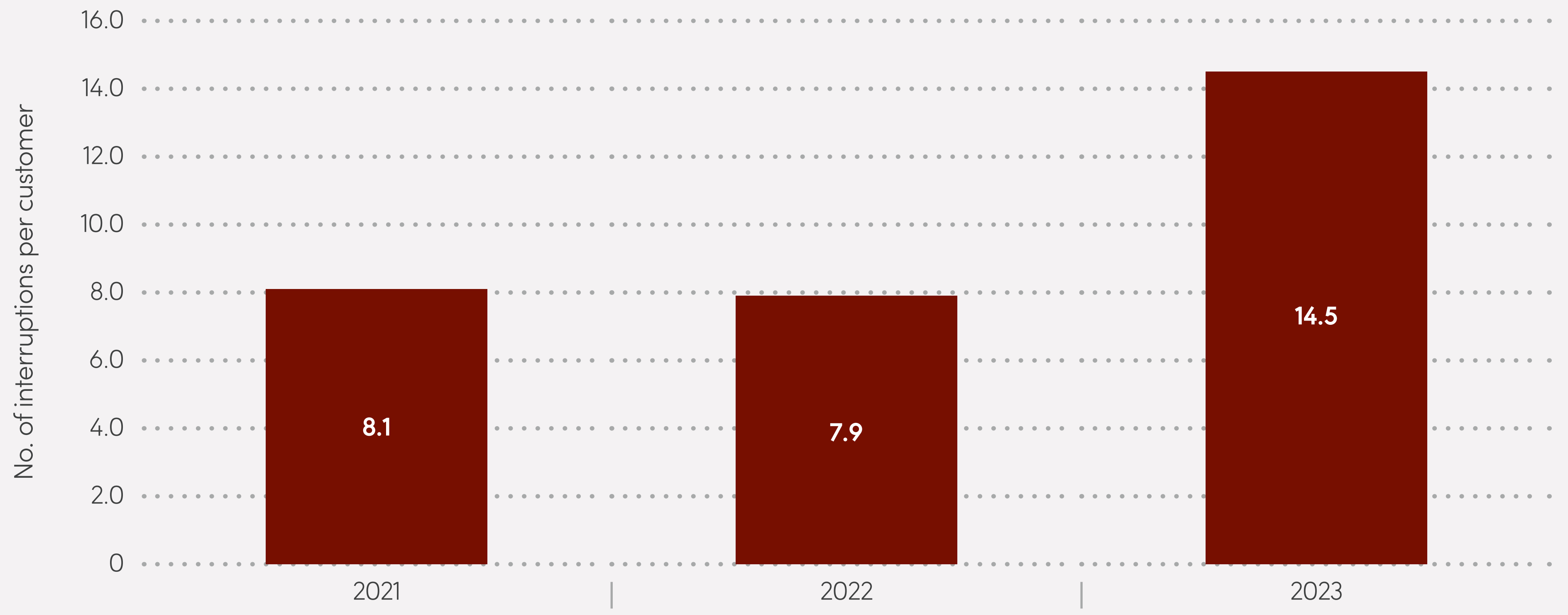
Looking at the own-cause outages for the SAIFI factor, separately for urban and rural areas, the results in 2023 are worse compared to 2022.

SAIFI for own cause, separately for urban and rural areas – average number of unplanned interruptions longer than three minutes (average per customer)



Comparing the MAIFI factor from 2022 and 2023, it can be observed that the factor in 2023 deteriorated by 84% and stands at 14.5 interruptions/customer.

MAIFI – average number of short interruptions of less than three minutes (average per customer)



12.1.2 Commercial quality[21]

Commercial quality is the quality of the non-technical services we provide to distribution network users. It is measured by the response time to deliver each service. Services provided to distribution network users are regulated by the Energy Agency through the following commercial quality standards:

- Guaranteed commercial quality standards, which guarantee the user a certain response time from the service provider (average time to activate the connection, fix a meter fault, respond to written questions and complaints).
- Commercial system quality standards, which guarantee the quality of certain services to the customer, with average values set for each service area (issuing connection consents and contracts, resolving voltage quality deviations and complaints).

In 2023, the standards "Average time taken to issue a connection consent" and "Average time taken to issue an LV connection contract" are underperforming, mainly due to the high volume of self-supply requests received.

In 2023, there were no requests for cash compensation in the commercial quality area, and we had no complaints in the commercial quality area.

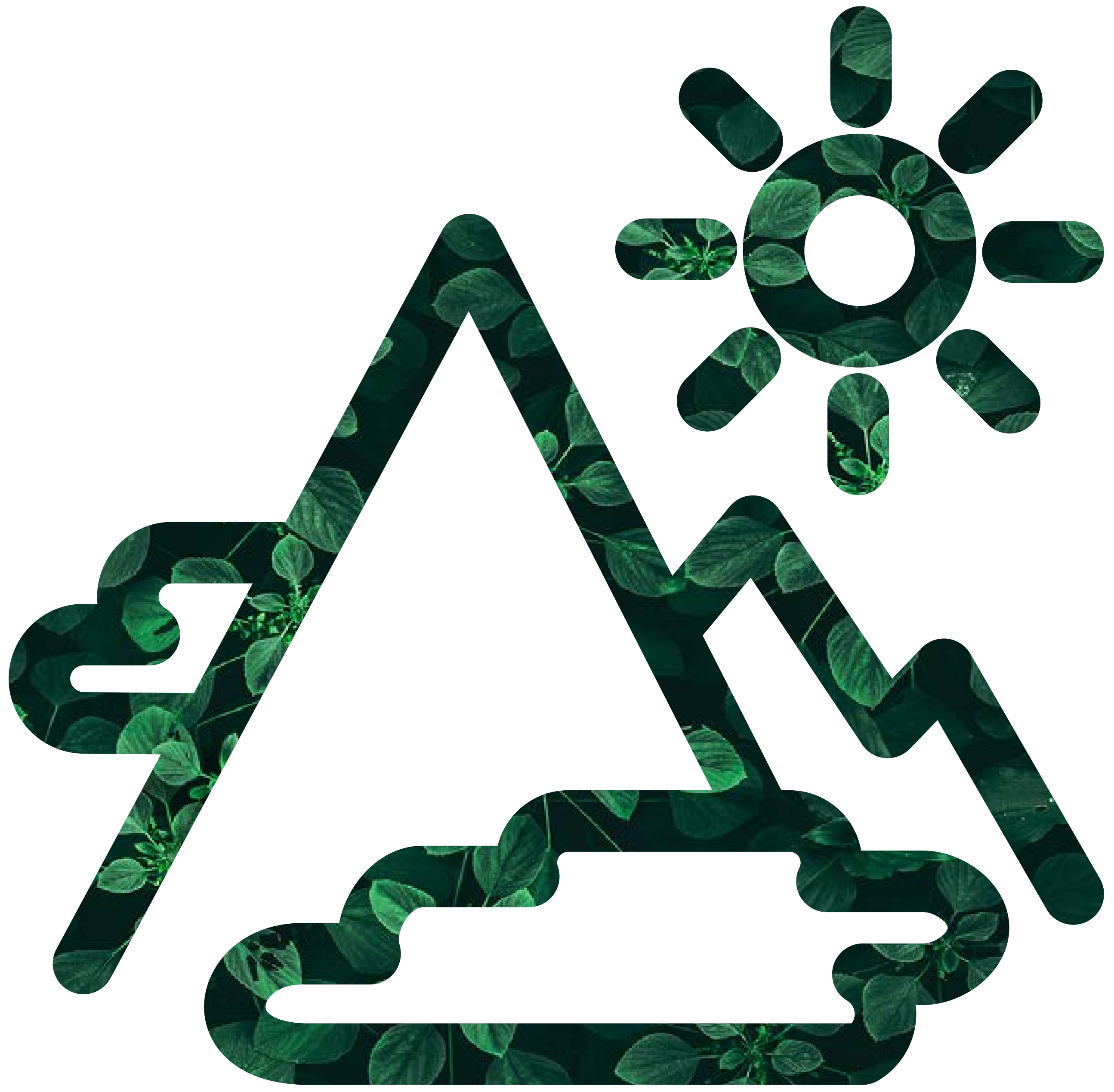
[21] GRI 417-2.

Sustainable energy sources

WE ARE COMMITTED TO ENERGY SELF-SUFFICIENCY.

As we pursue our low-carbon society goals, renewable energy sources account for an increasing share of the electricity we generate. The extremely rapid growth in electricity self-supply poses a demanding challenge for the distribution system, which we are addressing with advanced upgrades to the system.

In 2023, we successfully connected just over 4,000 new electricity producers to the grid. In total, just over 9,500 self-supply sources were integrated into our grid at the end of 2023.



12.1.3 Planning the development of the electricity distribution system and connecting customers

In 2023, there was a 12% increase in the volume of documents issued in the process of connecting users to the electricity distribution network and in the volume of other documents in the field of spatial planning.

Volume of documents issued

Title	2023	2022	2021
Preparation of guidelines to spatial planning acts	12	102	72
Commenting on spatial planning acts	129	79	74
Drawing up project conditions	1,301	1,652	1,690
Issuing opinions on project solutions	1,795	2,770	2,354
Drawing up connection consents	16,606	12,781	8,033
Concluding connection contracts	14,595*	9,951	6,592
Producing analyses for diffuse sources	6,236	8,797	3,422
Total	**40,674**	**36,132**	**22,237**

*Connection contracts are no longer concluded from 15 May 2023 due to the change of SONDSEE.

The biggest increase in the number of documents issued in 2023 is in the issuance of connection consents (30%).

Consents for the connection of production sources

	2023	2022	2021
Consents granted for the connection of production sources	6,594	5,910	2,682
Power of connection consents issued (kW)	227,678	178,620	49,608

In the case of granting consents for the connection of production sources in the Elektro Maribor area, there is a clear trend of refusal to connect production sources, which is solely due to the inability to integrate the production sources into the existing distribution network. The stability of the distribution network is also characterised by the simultaneous production and use of electricity at the points of connection of the production source. If the energy generated is not consumed at the connection points of the generating sources, electricity peaks are generated which, according to the laws of physics, often cause undesirable effects on the operation of the network. Such phenomena must be prevented and the distribution system kept within the prescribed limits. Even before the introduction of NET metering billing, the distribution network owned by Elektro Maribor had significantly more production sources connected at the metering point compared to other distribution companies, so the ability to integrate new production sources was lower to begin with, which is mainly reflected in the increasing trend of refusal to connect production sources.

Approvals for the connection of self-supply installations

	2023	2022	2021
Applications received for self-supply power plants	14,044	7,901	4,303
Consents granted for self-supply power plants	4,882	5,800	2,890
Rejecting self-supply power plants	2,897	2,712	116
Refusal rate	37.2%	31.9%	3.9%

In 2023, we issued 16,606 connection consents for off-take and off-take/production, of which 6,594 were for production installations. In 2023, the trend of increasing applications for connection consents for production installations continued, mainly for individual self-supply on residential premises. We received 78% more applications for consent to connect individual self-supply power plants in 2023 than in 2022, representing 23.14% of the total number of applications submitted for connection of individual self-supply power plants in Slovenia in 2023.

Extraordinary increase in applications for connections

In 2023, we received 78% more applications for connection of self-supply power plants than in 2022. The trend of connecting installations that use renewable sources from the environment to generate electricity and are also accessible to households continues to grow. This can be expected to continue in the future, which is why Elektro Maribor is investing in the development of the electricity distribution infrastructure to ensure that all users can switch to more environmentally friendly solutions.

12.1.4 Development of the distribution system

Application for calculating diffuse source analyses

To help resolve the backlog of applications for diffuse sources, we developed the application for calculating diffuse sources in such a way that the calculation of the analyses was automated as much as possible. The application contributed to improving the status of the low voltage network data, as all errors in the low voltage network model were systematically corrected. In addition to the core task of the application, additional services were developed, such as:

- Creating an LVN model that can be used in other applications;
- A method to calculate a representative maximum voltage for all measurement points supporting voltage measurements;
- Display of peak voltages in GIS;
- Calculation of the short-circuit power at all points in the low-voltage network;
- Display of short-circuit power in GIS; and
- Calculation of the available power using the SONDO and SONDSEE methods.

The app was also presented at the 16th CIGRE-CIRED conference.

Maximo Asset Manager (MAM) application to improve asset data entry

To improve data, reduce potential input errors and simplify the entry of assets, we developed the MAM app, which enables:

- checking for possible incorrect entries and links,
- multiple entry of equipment,
- automatically suggesting how to link assets,
- drawing up a template to make work easier and more accurate, and
- making it easier to divide sections.

The application is fully integrated with the SDMS GIS.

Low-voltage network health indicators

To facilitate decision-making on the order of investments and to determine the operational status of the network, we developed a test application to calculate indicators of the health of the low-voltage network (LVN) to determine the current technical condition of the LVN. In 2023, we test-calculated the indicators for a smaller set of LVNs. We also presented the calculation method in a paper at the 16th CIGRE-CIRED conference.

Determination of critical voltages in the network

The new GIS was used as a test bed to show the critical voltages in the network. These show the maximum voltage deviations from the values prescribed in SIST EN 50160 for maximum and minimum voltages. The application is one of the key elements to increase the network awareness..

Hosting capacity

We developed a tool to calculate the Hosting Capacity of production for all connection points of the Company-owned low-voltage grid. The results of the Hosting Capacity will be used to link to the Moj Elektro app, where users will be able to check the possibility of including a diffuse source at their metering point for future information.

CIM project

For the CIM project, the new Grid Intelligence Platform CIM repository, viewer and analyser were implemented. The CIM data now also includes the low-voltage grid.

CARVA project

The CARVA project was born out of the need to process crowd-sourced data and the increasing demand for its use. It is about setting up a platform for big data and analytics. We already started the preparation of the CARVA project documentation and a market survey of service providers and software providers. We set up a test environment to test some open source solutions. The environment contains a database for storing and processing time series, an ETL tool and a BI tool for displaying data.

Transition to the new GIS

As the existing GIS is already very outdated, slow and not adaptable to modern solutions, we started to upgrade the solution. In 2023, we implemented the new GIS in a test environment and provided training for the new GIS and explored the possibility of implementing the new data model in IBM Maximo.

12.1.5 Distribution system maintenance

Maintenance of electricity installations is carried out in accordance with the instructions for the maintenance of the electricity distribution network. The tasks we carry out in the course of maintenance to ensure the safe and reliable operation of the electricity system are:

- Carrying out any maintenance work prescribed in the distribution system maintenance instructions;
- Carrying out maintenance work in accordance with the maintenance manuals that form part of the maintenance instructions;
- Troubleshooting, measurements, tests, diagnostics to ensure quality, reliable, safe and trouble-free operation of the equipment and system at all voltage levels;
- Providing qualified contractors to carry out inspections of 110 kV overhead lines and rectify deficiencies on 110 kV overhead lines for services we do not perform ourselves;
- Providing qualified contractors to carry out clearance under the electricity grid for services we do not carry out ourselves;
- Thermography of the electricity distribution network to determine the condition and identify critical points to prevent faults during operation; and
- Ensuring quality maintenance on non-energy installations.

In 2023, we increased the quantities and physical scope of the installations to be maintained, compared to 2022, with:

- 29.8 km of MV cable ducts,
- 163.1 km of LV underground lines, and
- transformer substations of MV/0.4 kV, MV/0.95 kV and 0.95/0.4 kV for 10 transformer substations.

Compared to 2022, the length of the LV network in the distribution system of Elektro Maribor d.d. increased by 88.8 km or 0.7%, of which the length of underground lines increased by 163.1 km or 2% and the length of overhead lines decreased by 74.2 km or 1.6%.

In 2023, the share of direct costs for the maintenance of energy infrastructure (materials and services) was higher compared to 2022.

Quantities and physical extent of installations on the distribution system

	2023	2022	2021
HV and MV network (in km)			
HV overhead lines	227.5	227.5	227.5
MV overhead lines	2,776.3	2,792.5	2,814.8
HV cable ducts	8.3	8.3	8.3
MV cable ducts	1,366.7	1,336.8	1,294.2
Total HV network	**235.8**	**235.8**	**235.8**
Total MV network	**4,143.0**	**4,129.3**	**4,109.0**
LVN 1 kV + 0.4 kV + 0.2 kV (in km)			
LV overhead lines	4,625.3	4,699.5	4,807.1
LV underground lines	8,222.9	8,059.8	7,834.6
Total LV network	**12,848.1**	**12,759.3**	**12,641.7**
Total network (km)	**17,226.9**	**17,124.4**	**16,986.5**
DTS and TS (in pcs)			
DTS 110/MV kV, DS 110 kV	20	20	20
DTS MV/MV, DS MV (with control and protection)	9	9	9
TS MV/0.4 kV, TS MV/0.95 kV, TS 0.95/0.4 kV	3,574	3,564	3,553

Proportion of funding by maintenance group

	2023	2022	2021
Maintenance of energy infrastructure	60 %	51 %	48 %
Maintenance other	40 %	49 %	52 %
Total	**100 %**	**100 %**	**100 %**

Substation audits are carried out on transformer substations to increase the reliability and robustness of the power system. We carry out overhead line inspections on the entire overhead power network, both in-house and with an external contractor. The performance of tree cuttings is one of the indicators of the reliability of the power system.

Physical scope of maintenance

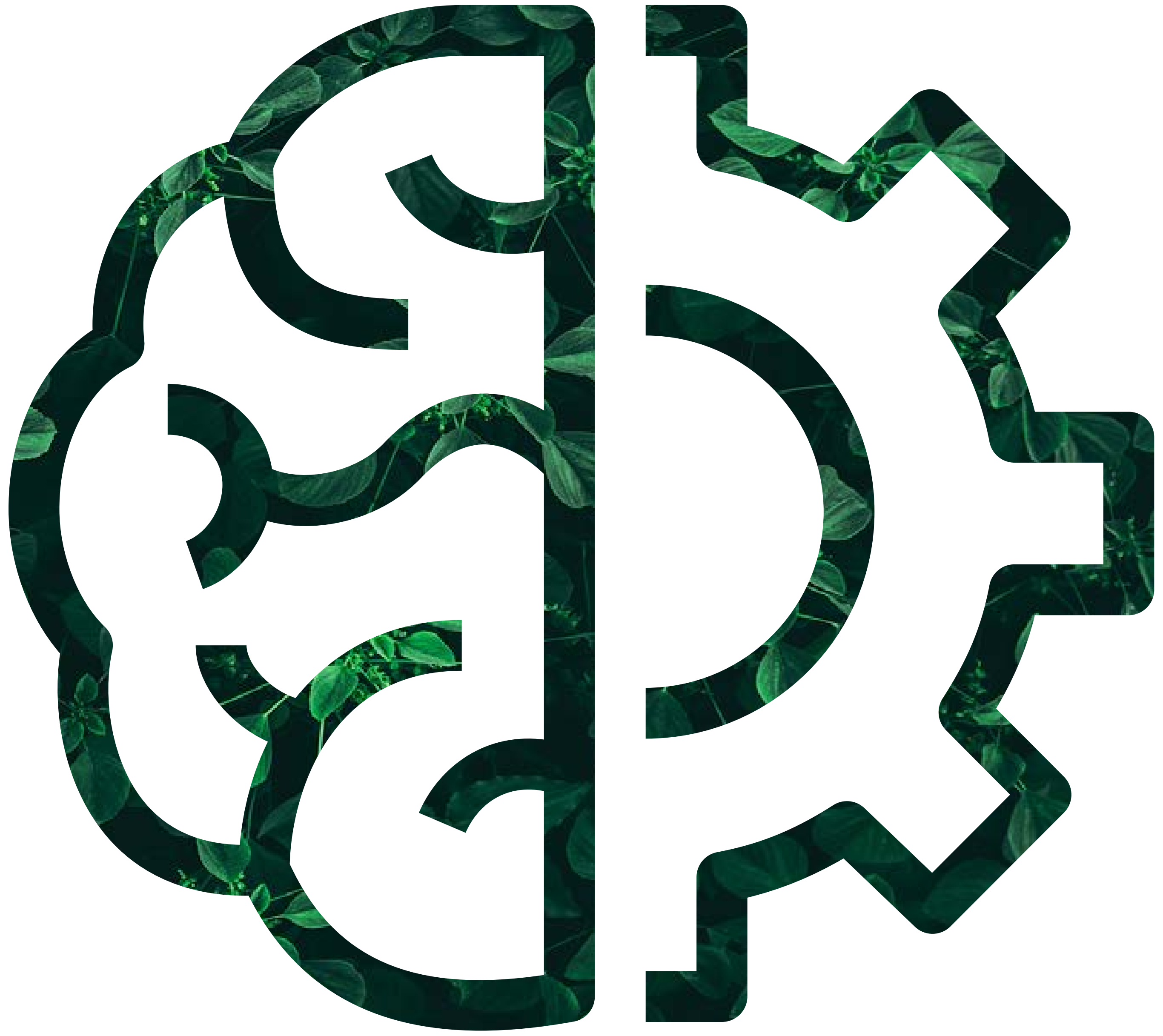
	2023	2022	2021
Substation audits (pcs)	1,042	750	868
Cuttings on HV, MV and LV networks (km)	236	273	344
Line inspections (km)	5,792	5,830	5,356
DTS and PTS checks (pcs)	336	336	336

Consumers are becoming producers

WE ARE PROVIDING SERVICES THE HIGHEST NUMBER OF USERS EVER.

Users (consumers and producers) are our first concern, as they need and expect a quality and reliable electricity supply from us every moment. Of course, users also include electricity producers, whose share is growing rapidly with the growth of so-called self-supply.

In 2023, we served our highest number of users ever, almost 226,000. We increased the number of users by just over 1,500 compared to 2022. We successfully balanced the needs of all our customers as well as many producers and ensured a quality electricity supply.



12.1.6 Access to the distribution system and billing for network use

In Elektro Maribor d.d., on the basis of the Act on the Methodology for Network Charges for Electricity Operators (hereinafter referred to as the Act) and subsequent amendments and supplements to the Act, we are implementing a reform of the billing for network usage and data services. Network tariffs are very important for the energy transition itself, they have to ensure efficient use of the network and they have to be simple, transparent, understandable and acceptable to users.

As of 1 July 2024, a new tariff system will come into force, with billing based on 15-minute measurements, five time blocks and a "negotiated power" system, and with billing for "excess power" in accordance with the new methodology for network charging adopted by the Energy Agency.

When introducing such large-scale changes, it is important to realise that this is not only an economic, legislative and technological challenge, but also a societal one that will affect every user, whether a household or a business customer, and therefore requires a holistic approach to information, both for employees and the public.

In the electricity distribution companies, together with the distribution operator, we prepared a ToR and three sub-projects (Meter Data Processing Platform, Network Charging, Single Entry Point Upgrade). Timelines and key milestones were prepared and risks were identified. Activities are on track. Regular communication with electricity suppliers and the Energy Agency is also ongoing.

On 30 June 2023, the project reached an important milestone in accordance with the Act, as by that date we had implemented the metering data processing platform, performed the agreed power calculations, upgraded the Moj Elektro web portal, prepared the specifications for the network charge billing itself, coordinated the necessary additional changes to the SONDSEE, conducted several training sessions for employees, prepared and published web content on the upcoming tariff system, and prepared the required reports for the Energy Agency. In December 2023, we conducted a mass test of the new billing and billing data transmission across all EDPs together with electricity suppliers.

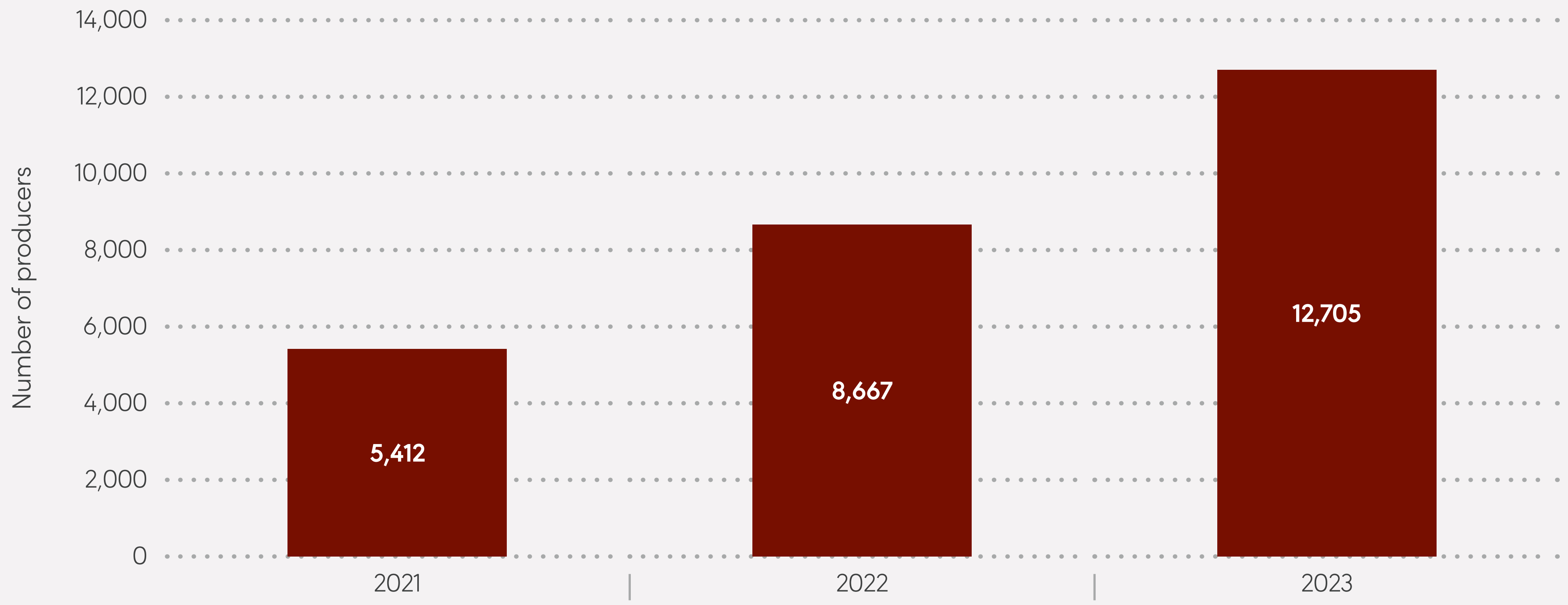
Users

At the end of 2023, we recorded our highest ever number of users (consumers and producers) at 225,955, an increase of 1,505 or 0.7% compared to 2022. Providing quality service to all users of the Company's distribution system is our core mission.

The number of customers (metering points of consumption and metering points of self-supply) is at an all-time high. At the end of 2023, there were 224,372 customers. In 2023, the number of customers increases by 1,333 or 0.6% compared to 2022.

The number of grid-integrated production sources is increasing at a high growth rate, which poses a significant challenge to the distribution system. At the end of 2023, the total number of producers was 12,705, of which 11,122 were self-supply (11,073 individual and 49 community), and 1,583 other producers. Compared to 2022, the total number of producers increased by 4,038 or 47%.

Number of producers connected to the distribution system (self-supply is also taken into account)



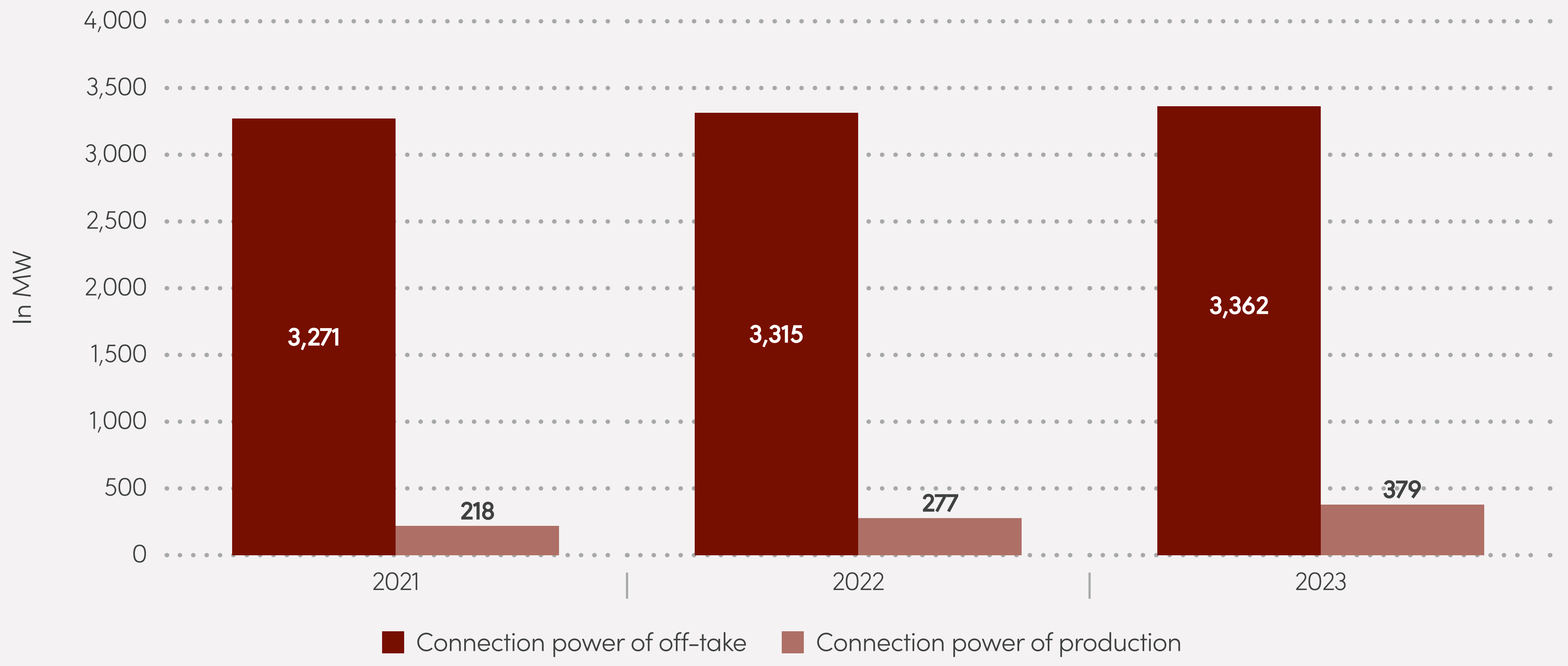
Connection capacity

The connection capacity of consumers was 3,362 MW, also the highest ever. The customer connection capacity increased by 47 MW compared to 2022 (15 MW on business and 32 MW on residential).

At the end of 2023, the connection capacity of production sources was also at an all-time high of 379 MW, 102 MW more than in 2022.

The total connection capacity of consumers and the connection capacity of producers have a significant impact on the required investments in the capacity of the electricity distribution network.

Connection power of consumption and production



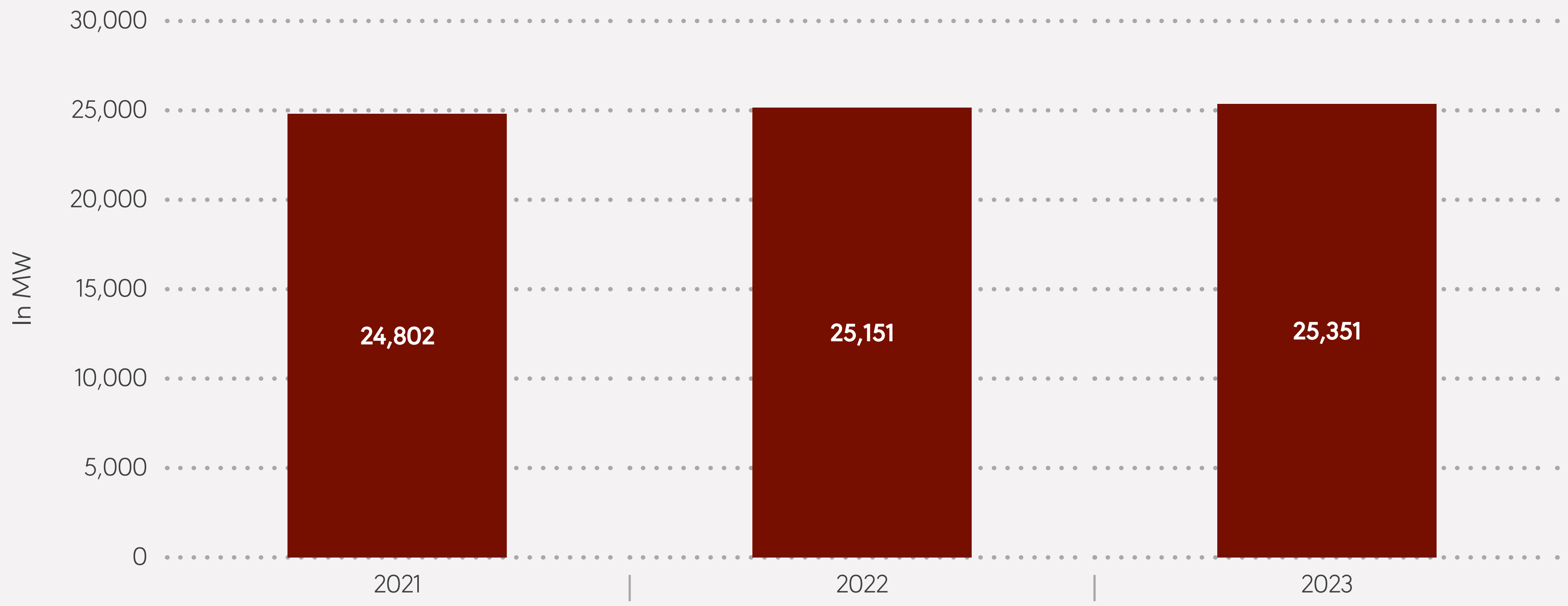
Calculated power

In 2023, the calculated power was the highest ever, 0.8% higher than in 2022.

Deviation of calculated power and energy in 2023 compared to 2022

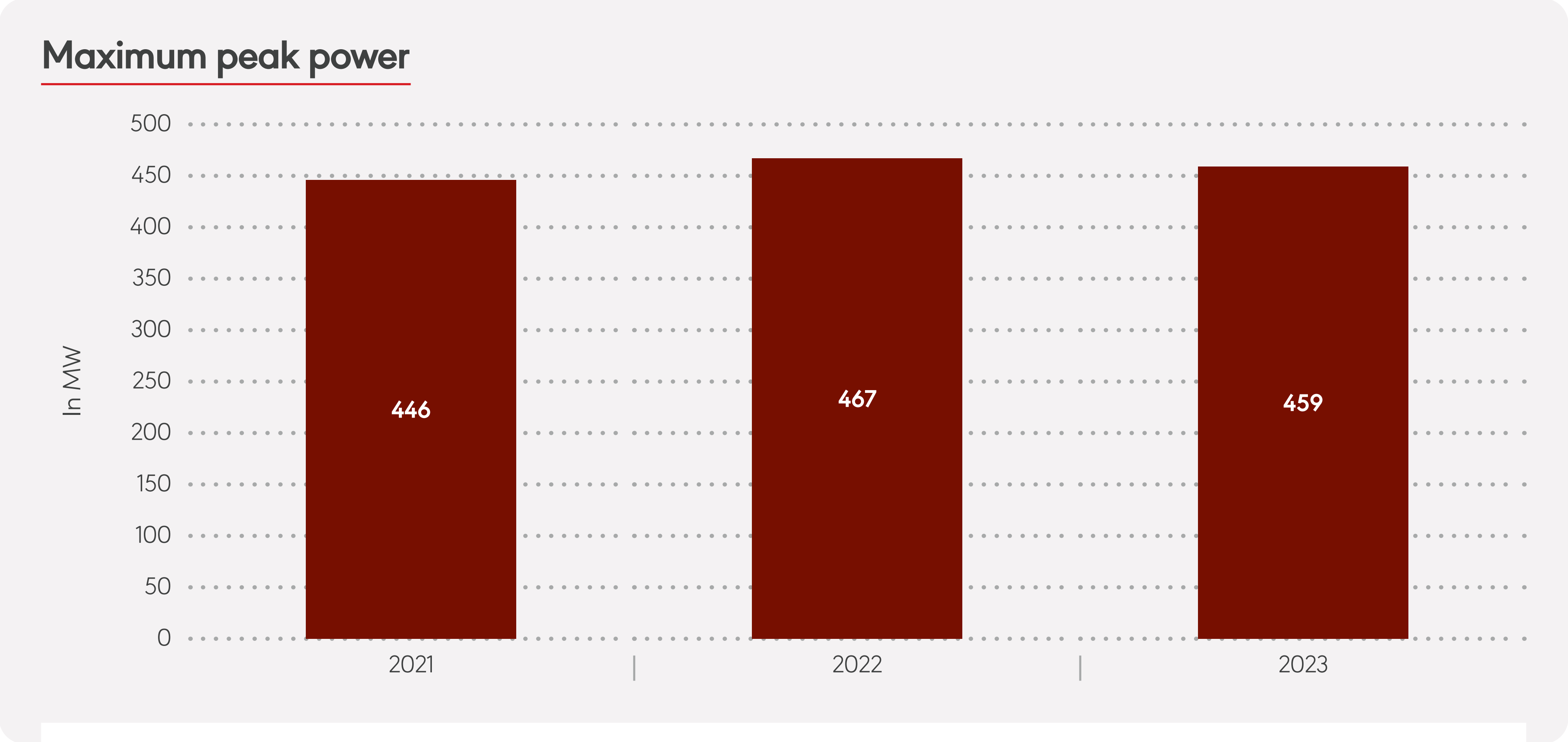
	Calculated power	Energy
Medium Voltage (MV)	-6.4 %	-6.0 %
Low Voltage (LV) - business consumption	0.9 %	-4.8 %
Households	1.7 %	-2.9 %
Total	**0.8 %**	**-4.6 %**

Total annual calculated power



Peak power

The system peak (hourly) power in 2023 was peaked on 8 February 2023 at 08:00 and amounted to 459 MW. In 2022, the peak was on 13 December 2022 at 9.00 a.m. and amounted to 467 MW, the highest ever. The system's quarter-hourly peak power was the highest on 7 February 2023 at 7.45 a.m. and amounted to 457 MW.

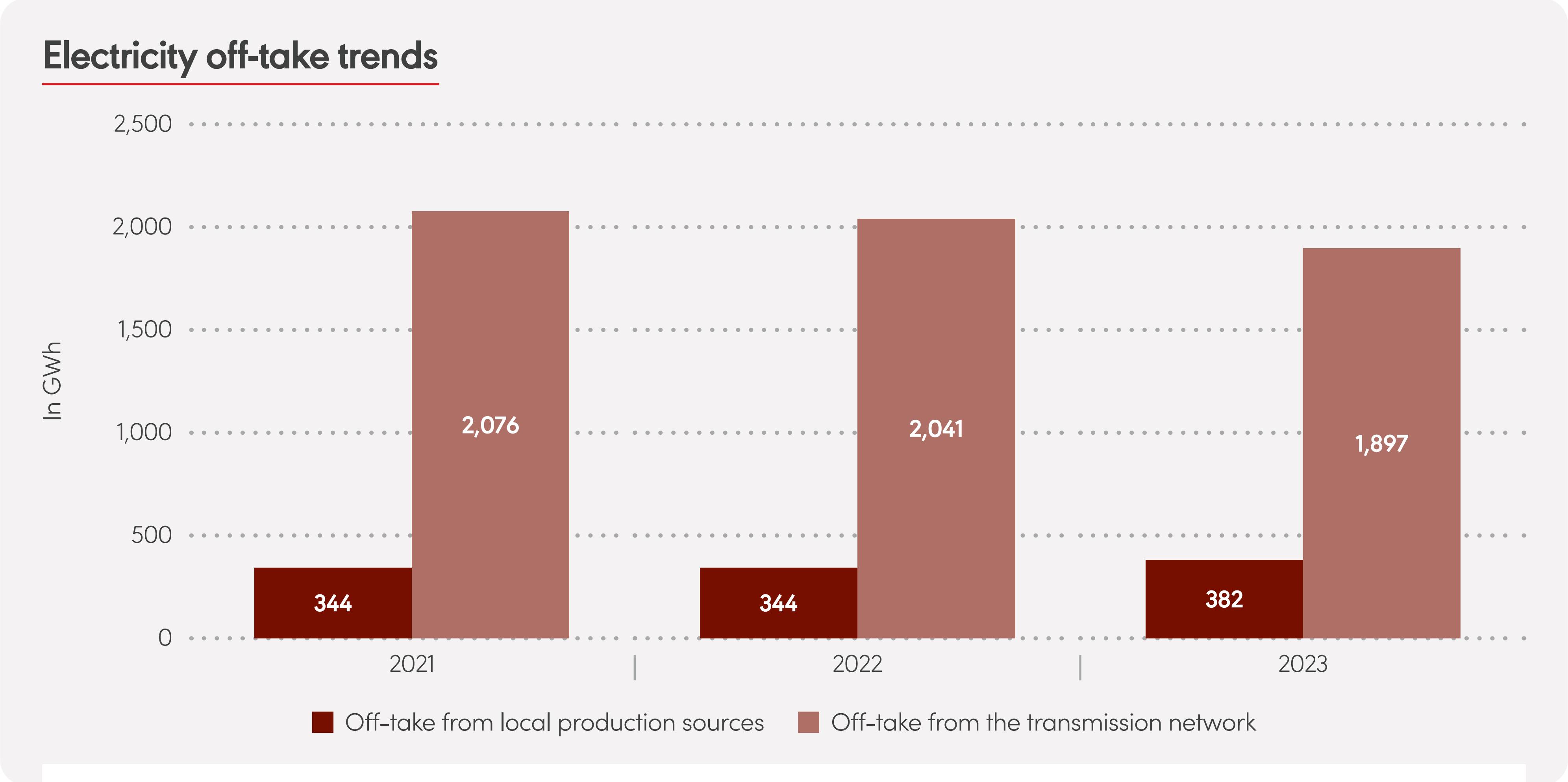


Peak power information is particularly important when planning the development of an electricity distribution system, which must also be sized according to peak power. If it grows, the network needs to be reinforced. The efforts of Elektro Maribor d.d. are also directed towards increasing the network's strength. The development of peak load is influenced mainly by climatic factors, economic activity and the increasing loads of existing and new customers and producers.

Energy off-take

The volume of all electricity in the system, i.e. offtake from the transmission grid and production sources, was 4.4% lower than in 2022. 1,897 GWh were taken from the transmission grid, 7.1% less than in 2022. 382 GWh were taken from local production sources (small hydro, solar, biomass and coproduction), 11% more than in 2022.

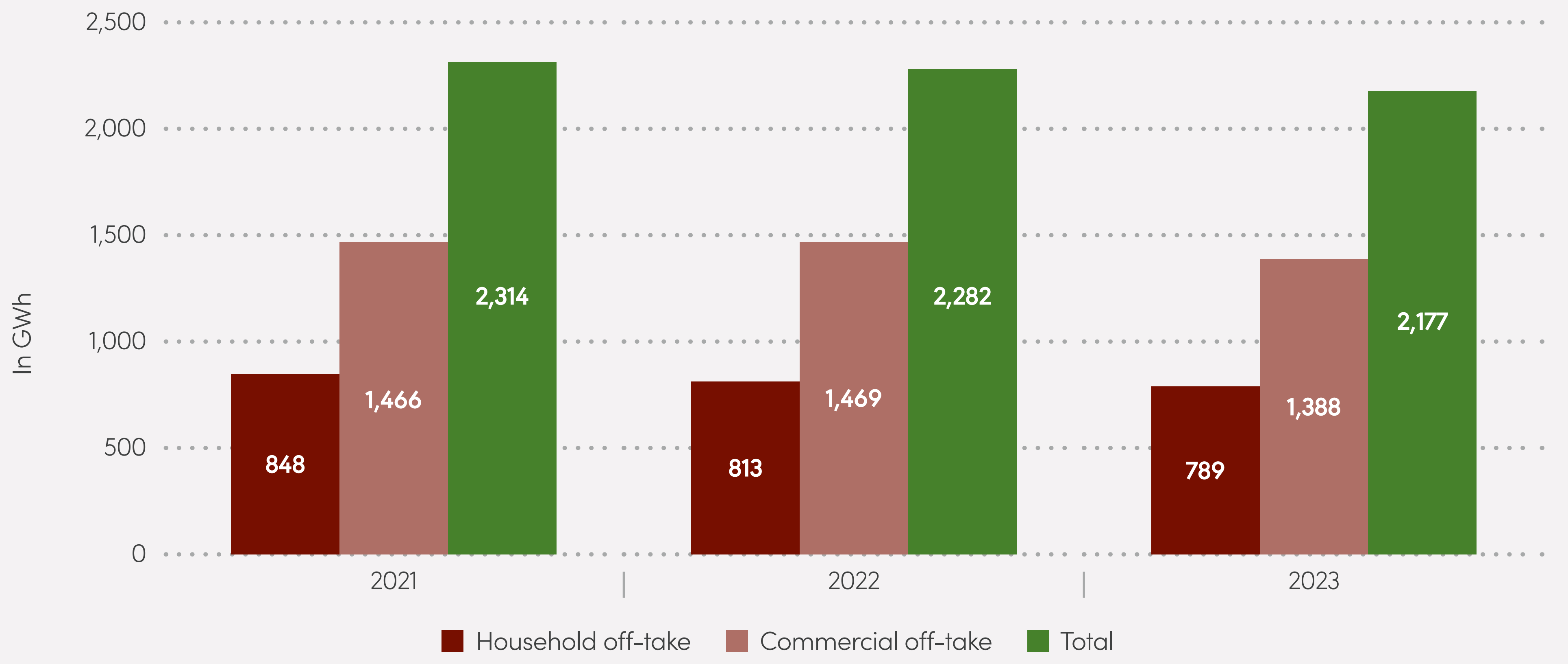
The ratio of energy taken from the transmission grid to production sources was 83:17, compared to 86:14 in 2022.



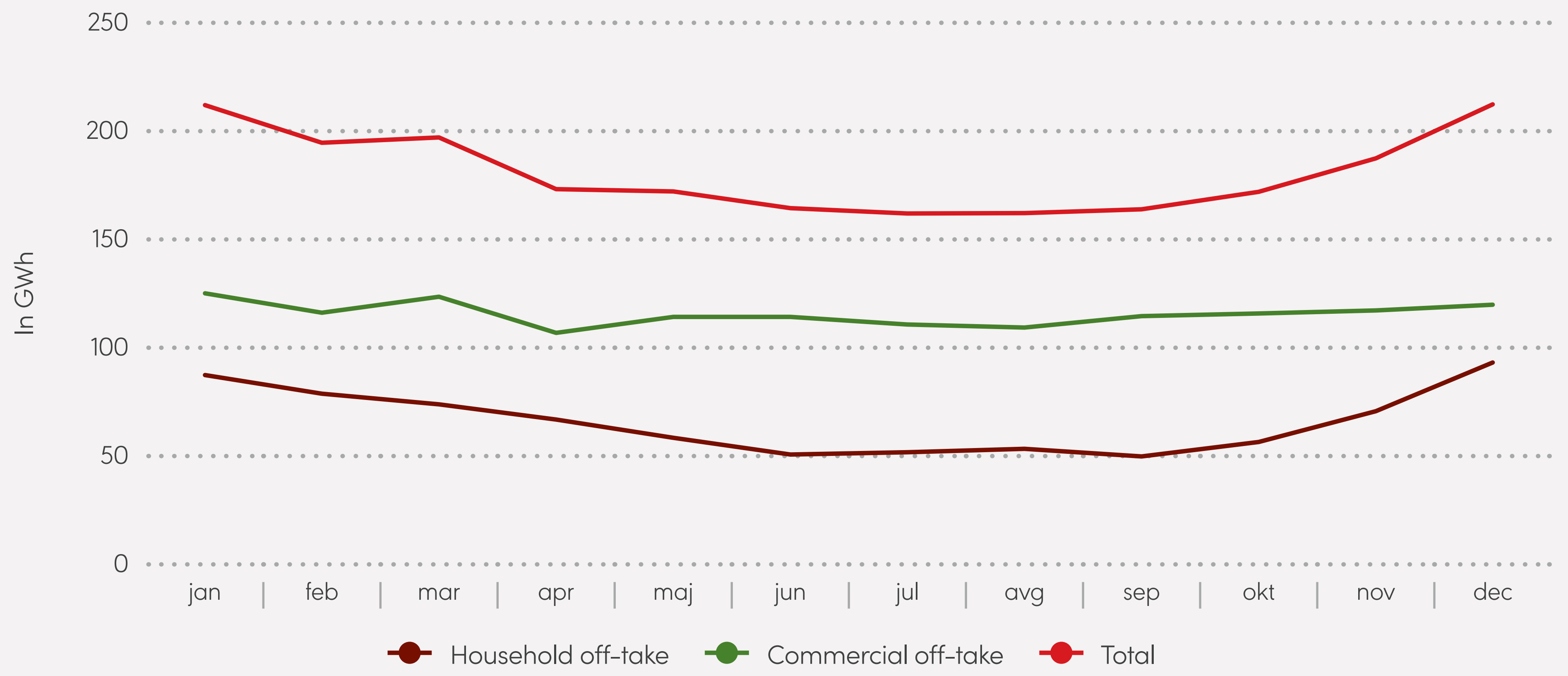
Distributed energy

Distributed energy in 2023 was 2,177 GWh, a decrease of 4.6% compared to 2022. Business electricity consumption was the second lowest in the last 14 years (MV: -6.0%, LV business: -4.8%).

Amount of energy distributed for business and household consumption

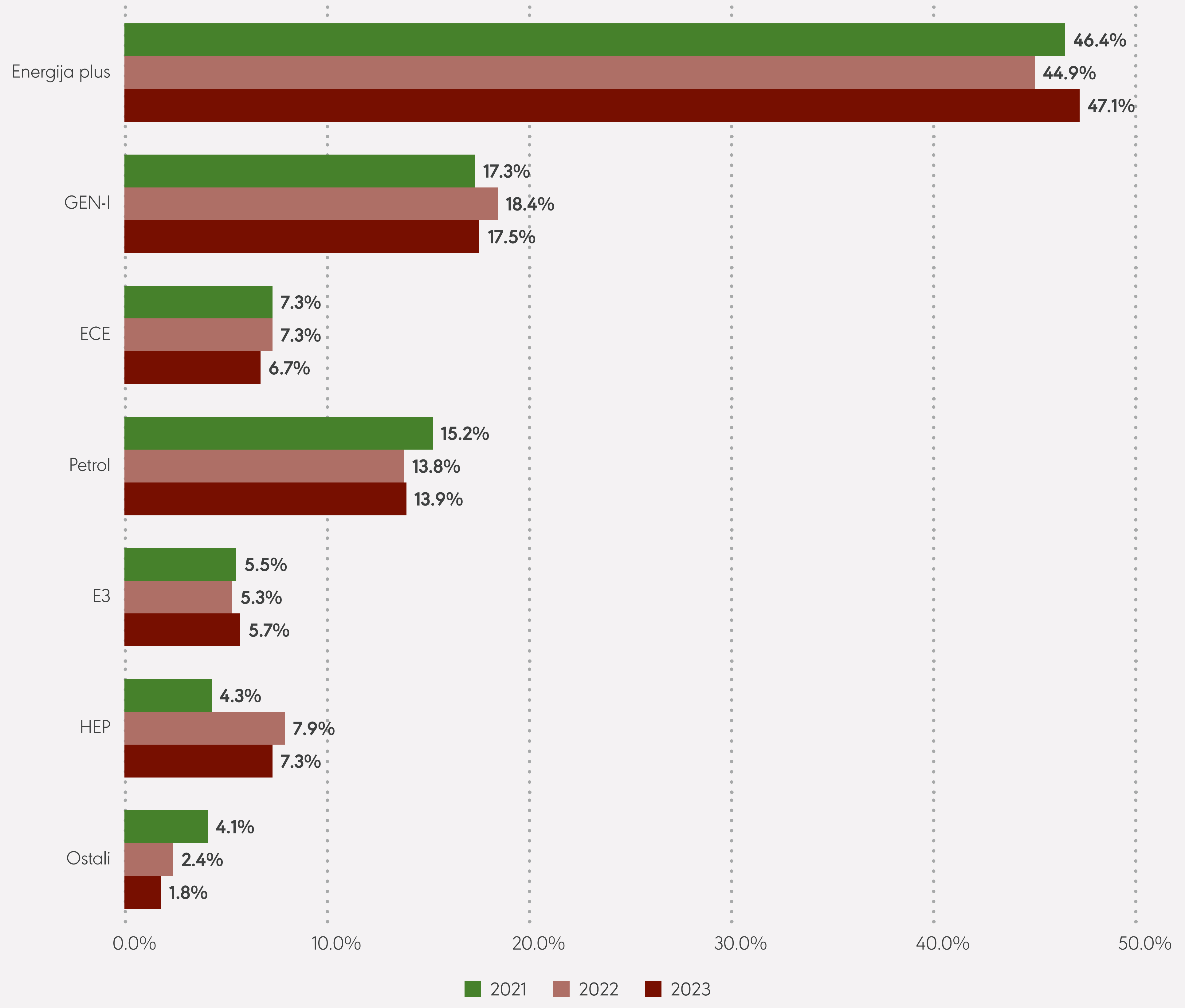


Monthly dynamics of distributed electricity for business and household consumption



In 2023, the six suppliers with the largest market share in the Elektro Maribor area supplied 98.2% of all distributed electricity.

Distributed electricity of Elektro Maribor d.d. in the area of the ELES Task Operator, by supplier

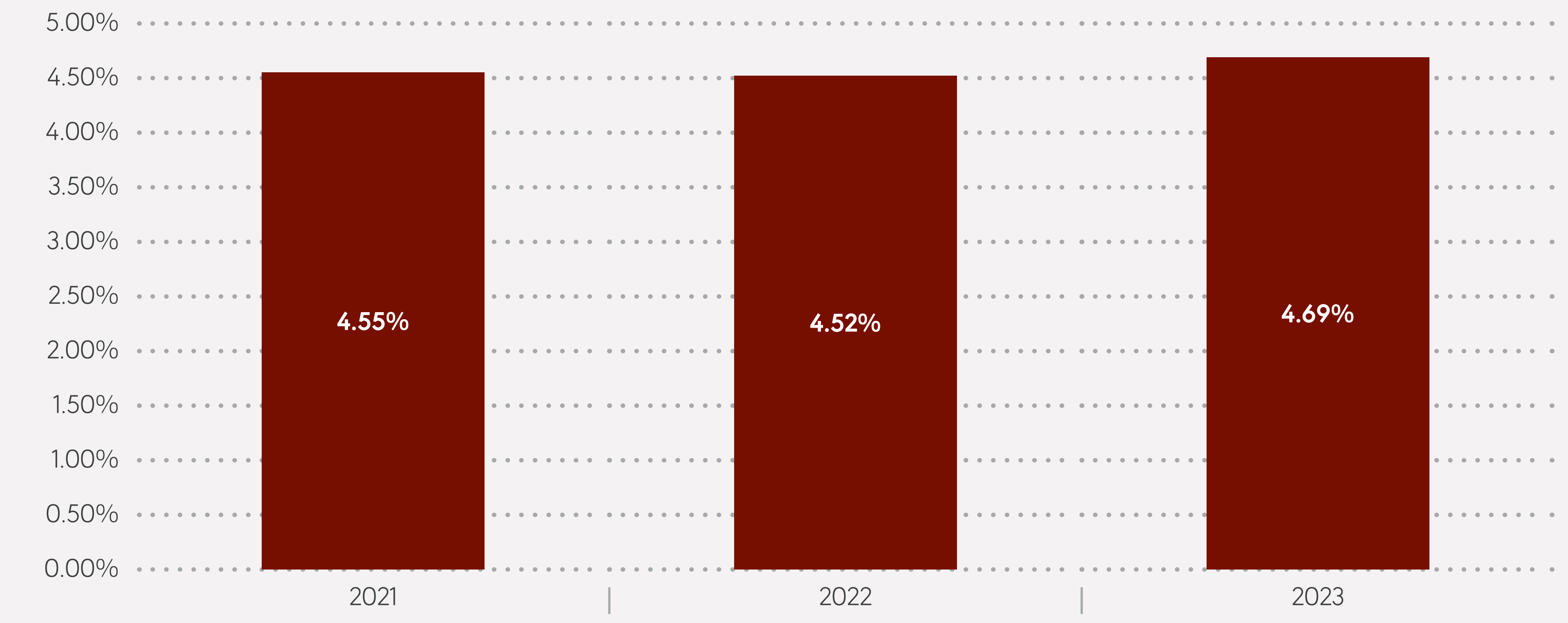


Electricity losses

Electricity losses are an important cost of operating distribution systems. They are defined as the difference between the measured quantities of electricity at the points of receipt from the transmission system to the distribution system and the production sources connected to the distribution system on the one hand, and the measured quantities of electricity at the transfer metering points of the final customers on the other. Losses are broadly divided into technical losses resulting from the transmission of energy through the distribution system and non-technical or commercial losses resulting from the misregistration of metering data, undue consumption of electricity and other causes where the source of the losses is not the flow of electricity through the network.

In 2023, the Energy Agency's recognised share of losses was 4.65%, and a share of 4.69% was achieved.

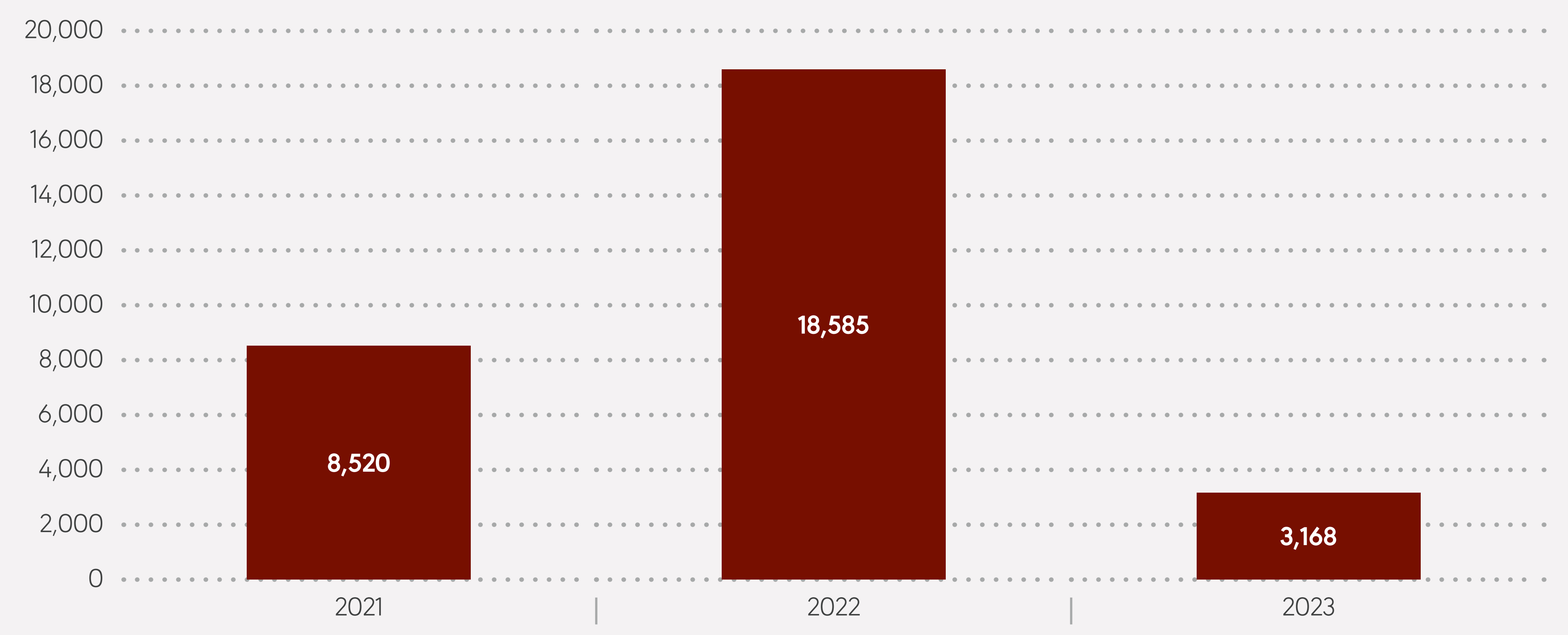
Evolution of the percentage of network losses in relation to distributed energy



Changes of suppliers

We switch suppliers within the legal deadlines. In 2023, 3,168 metering points in the distribution system of Elektro Maribor switched electricity supplier, including 1,037 residential and 2,131 commercial customers, representing 1.4% of the total number of metering points. The lower switching dynamics in 2023 is due to electricity price regulation.

Evolution of the number of changes of electricity supplier



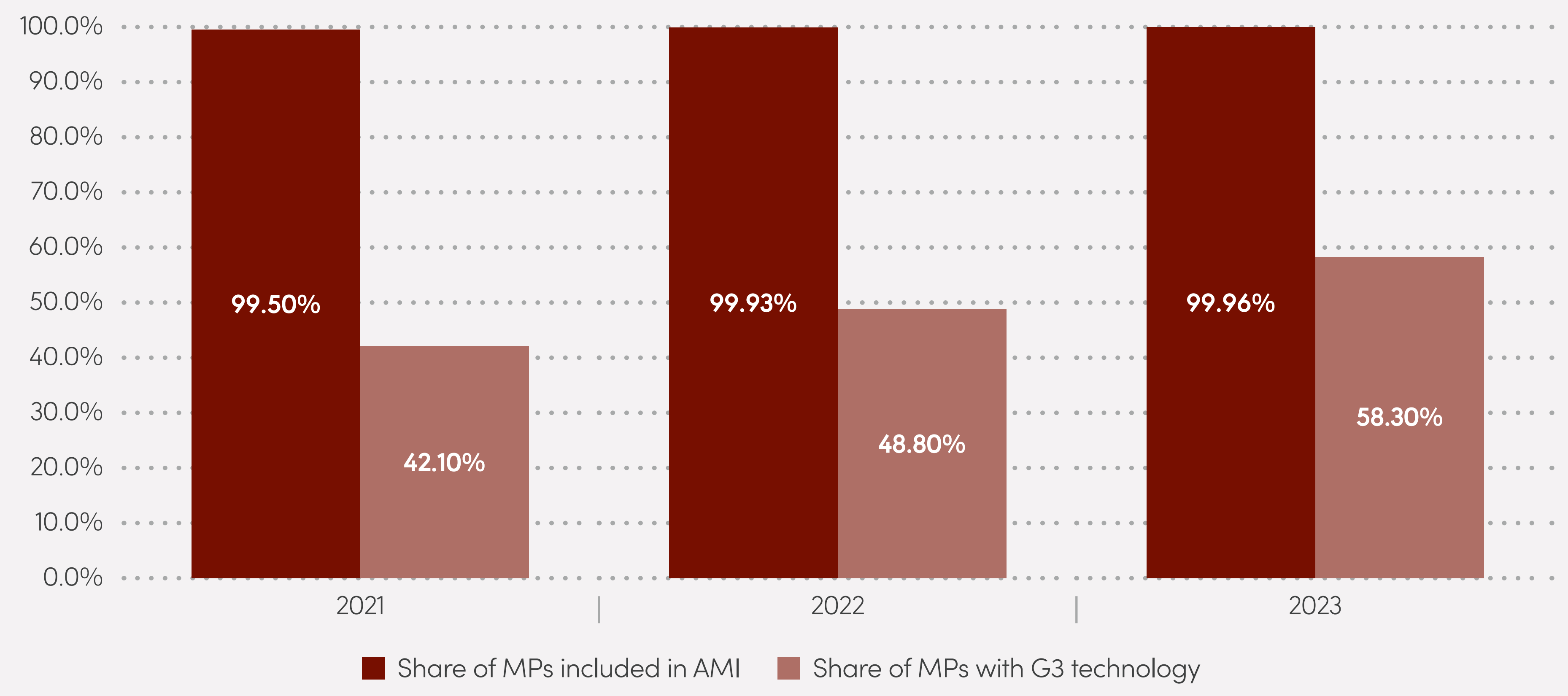
12.1.7 Metering electricity and providing metering data

Elektro Maribor d.d. successfully completed the first investment cycle of the Advanced Metering System (AMS) for low-voltage network users, where power is not metered, ahead of schedule.

99.96% of all metering points in Elektro Maribor's distribution area were included in the advanced metering system. The only remaining metering points are those where the advanced meters are no longer communicatively compatible with the established remote metering system, due to the transfer of the low-voltage network from one transformer station to another, and those where the introduction of interfering signals into the low-voltage network cannot be efficiently and cost-effectively eliminated, which will require the replacement of some of the installed meters with radio-communication meters. We enabled all these network users to pay for the electricity consumed according to the actual monthly metered quantities, to switch from single to dual or multi-tariff metering or vice versa at no cost for the metering equipment and to switch the circuit breaker back on in case of an overload (without the cost of replacing the main fuses).

In 2017, we completed the construction of an advanced measurement system with S-FSK PLC communication technology and switched to the more powerful multi-channel OFDM G3 PLC technology. The share of metering sites equipped with G3 and LTE meters was 58.3% at the end of 2023.

Proportion of metering points in advanced metering and share of meters with G3 technology



Due to the end of their useful life, 12,959 first-generation system meters were replaced by second-generation communication-compatible meters. During this period, a total of 16,495 new advanced meters with G3 PLC communication and 2,717 new advanced meters with 2G/4G radio communication were installed (end of lifetime and new customer connections).

For the purposes of network usage billing, contributions, electricity supply and control calculations, 2,687,068 electricity meter readings were provided from the metering centre. Only 0.6% of the total required readings were provided by manual readings.

12.1.8 Measurements and protection

In the area of maintenance, 263 measurements were carried out in 2023, including 74 tests on MV cables and 189 fault-finding measurements on cable ducts (152 LV and 37 MV cables). We also carried out two diagnostics on MV cables. We carried out 330 audits of protection and control devices (relays) and 70 inspections for network faults and failures of individual protection and control terminals. We participated in the reconstruction of two DTSs, DTS Ormož and DTS Rače. We were involved in the preparation of parameters for the integration of remote controlled isolation points and TSs. Four protection audits were carried out for external customers. In the area of 110 kV transmission line pole earthing, we carried out 56 measurements on four transmission lines.

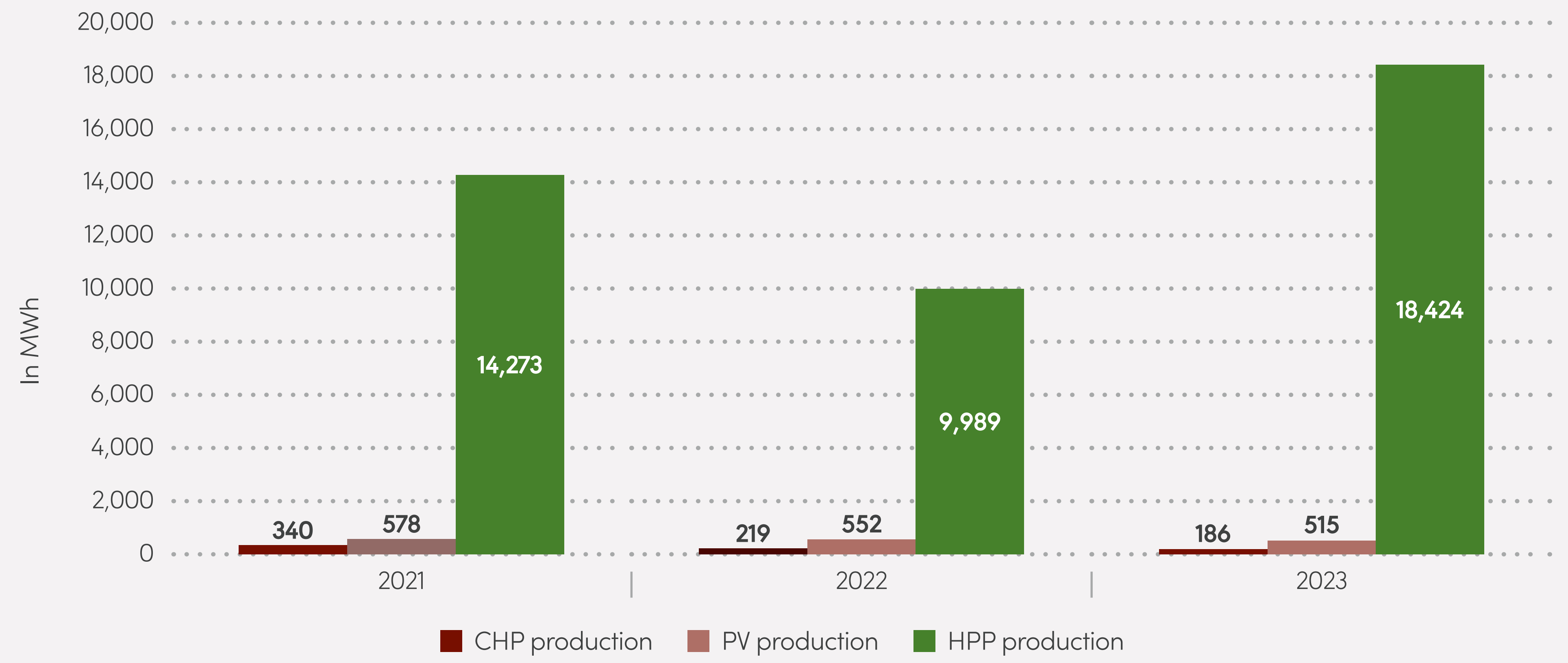
We performed 639 power quality measurements, 349 fewer than in 2022. This is mainly due to a decrease in the number of requests (71 requests) for measurements. For 204 measurements, we detected a deviation from the SIST EN50160 standard. The proportion of non-compliant measurements was 31.9%, slightly higher than in 2022. We dealt with 87 complaints related to the quality of the electricity supply, which is lower than in 2022.

12.2 ELECTRICITY PRODUCTION

In 2023, the Elektro Maribor Group generated 19,125 MWh of electricity from its own production facilities, which is 78% more than in 2022, and the highest ever electricity production due to the record production of hydroelectric power plants.

In 2023, the share of electricity generated from hydroelectric power was 96%, the share from photovoltaics 3% and the share from coproduction (CHP) 1%.

Electricity produced by hydroelectric (HPP), photovoltaic (PV) and coproduction (CHP) plants



In 2023, hydroelectric power plants recorded the highest production in May and the lowest in October. In 2023, the hydrology was extremely favourable, which is reflected in the production of each SHPPs, which was the highest since the start of operation of the SHPPs.

In 2023, the highest PV production was recorded in July and the lowest in January. Electricity production in PV power plants was slightly lower than average in 2023, also due to the decreasing efficiency of PV panels.

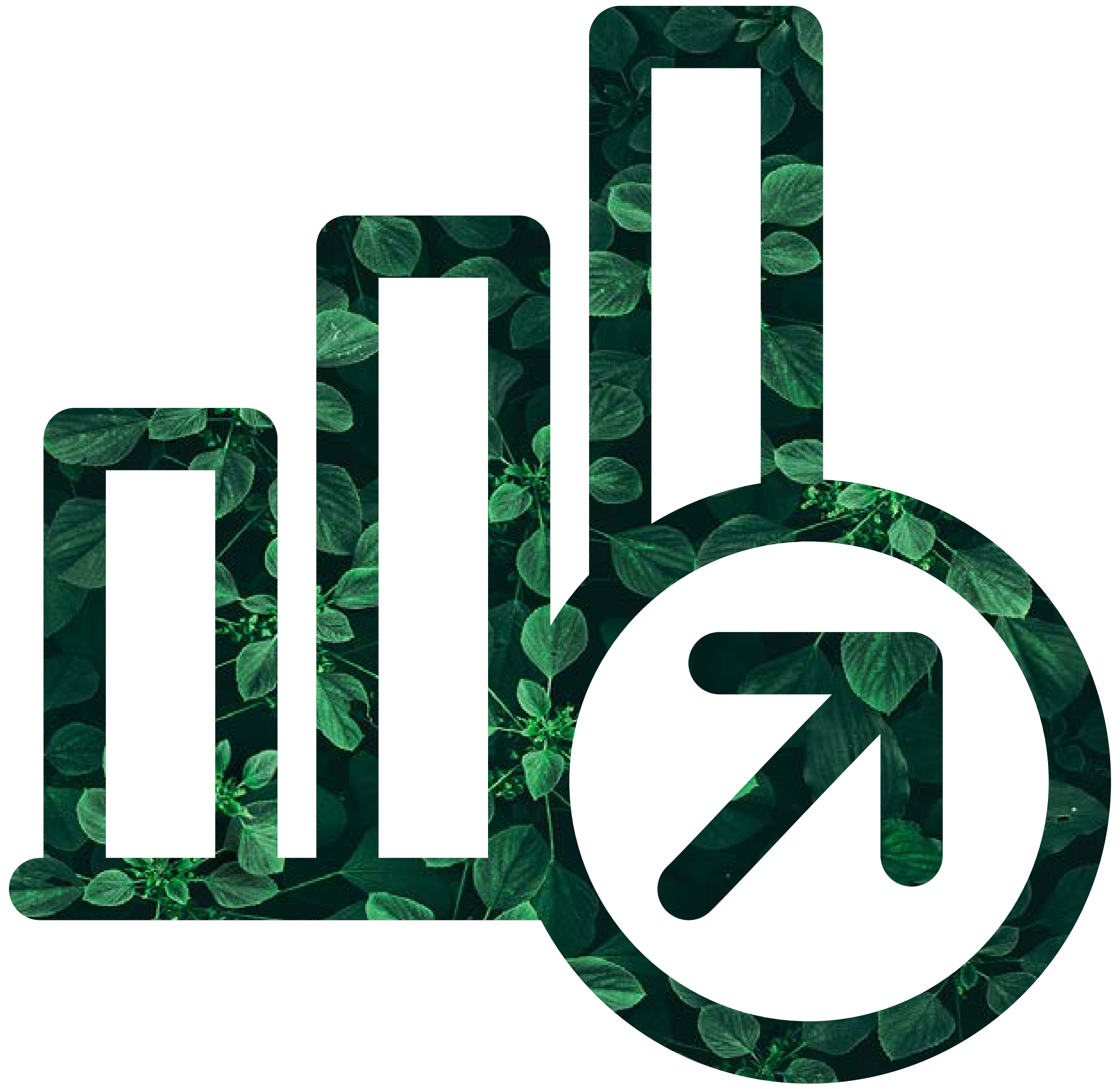
In 2023, electricity production from combined heat and power (CHP) amounted to 186 MWh. CHP produces high-efficiency heat and power (CHP) using natural gas.

Increasing sustainable investment

WE INCREASED OUR INVESTMENT BY ALMOST 30%.

In 2023, we secured record funding of just over EUR 37 million to reinforce and modernise the distribution network. Of this, the largest share is for sustainable capital investments, at almost EUR 33 million.

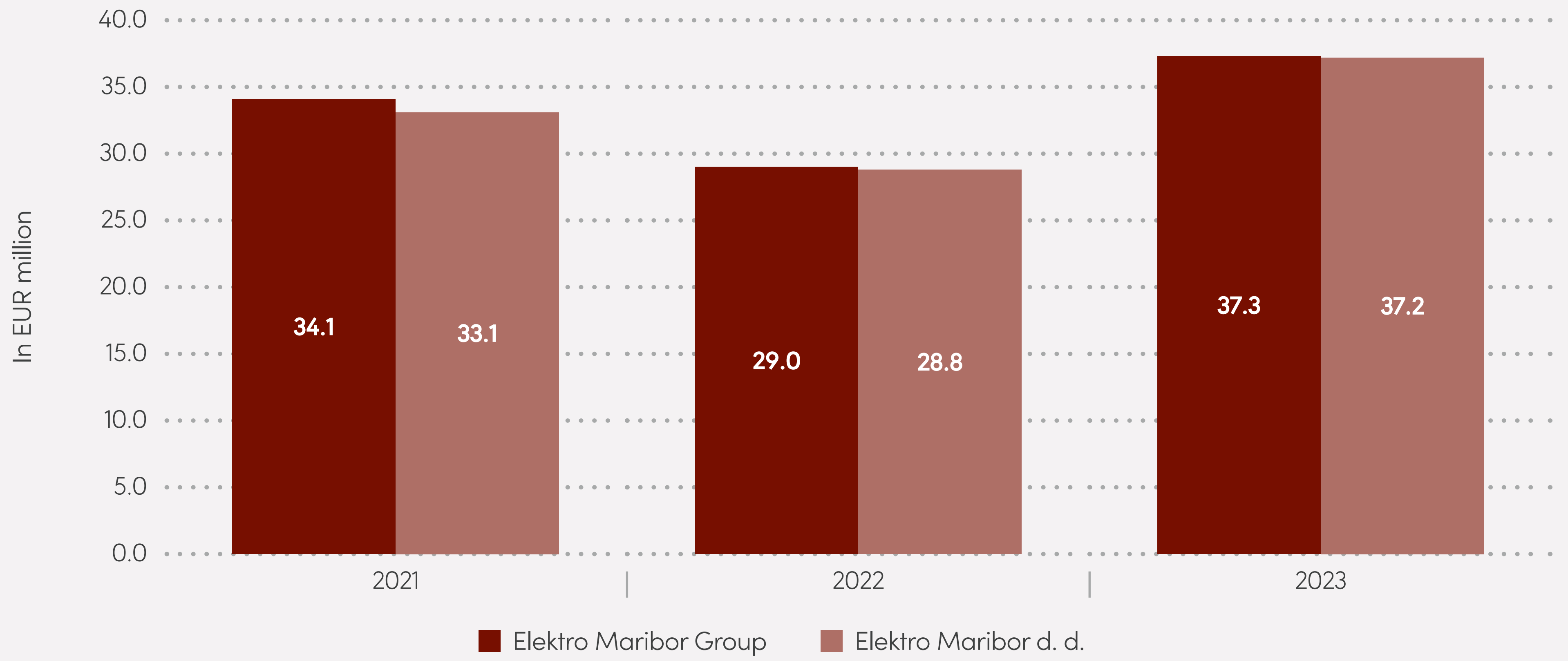
High investment is needed for a stronger, more robust and advanced distribution network, which is a key infrastructure for sustainable energy development and leads to an efficient green transition. Sustainable investments also include investments in assets, which we at Elektro Maribor use to help protect the environment.



12.3 INVESTMENTS[22]

In 2023, the Elektro Maribor Group made capital investments worth EUR 37.3 million, with capital investments in Elektro Maribor d.d. amounting to EUR 37.2 million, which is 29% more than in 2022. In Elektro Maribor d.d., capital investments in 2023 are also 13% higher than planned. This also results in higher investments in the distribution network. Comparing investments in the distribution network with 2022, they are 26.7% higher and 50.4% higher than planned for 2023.

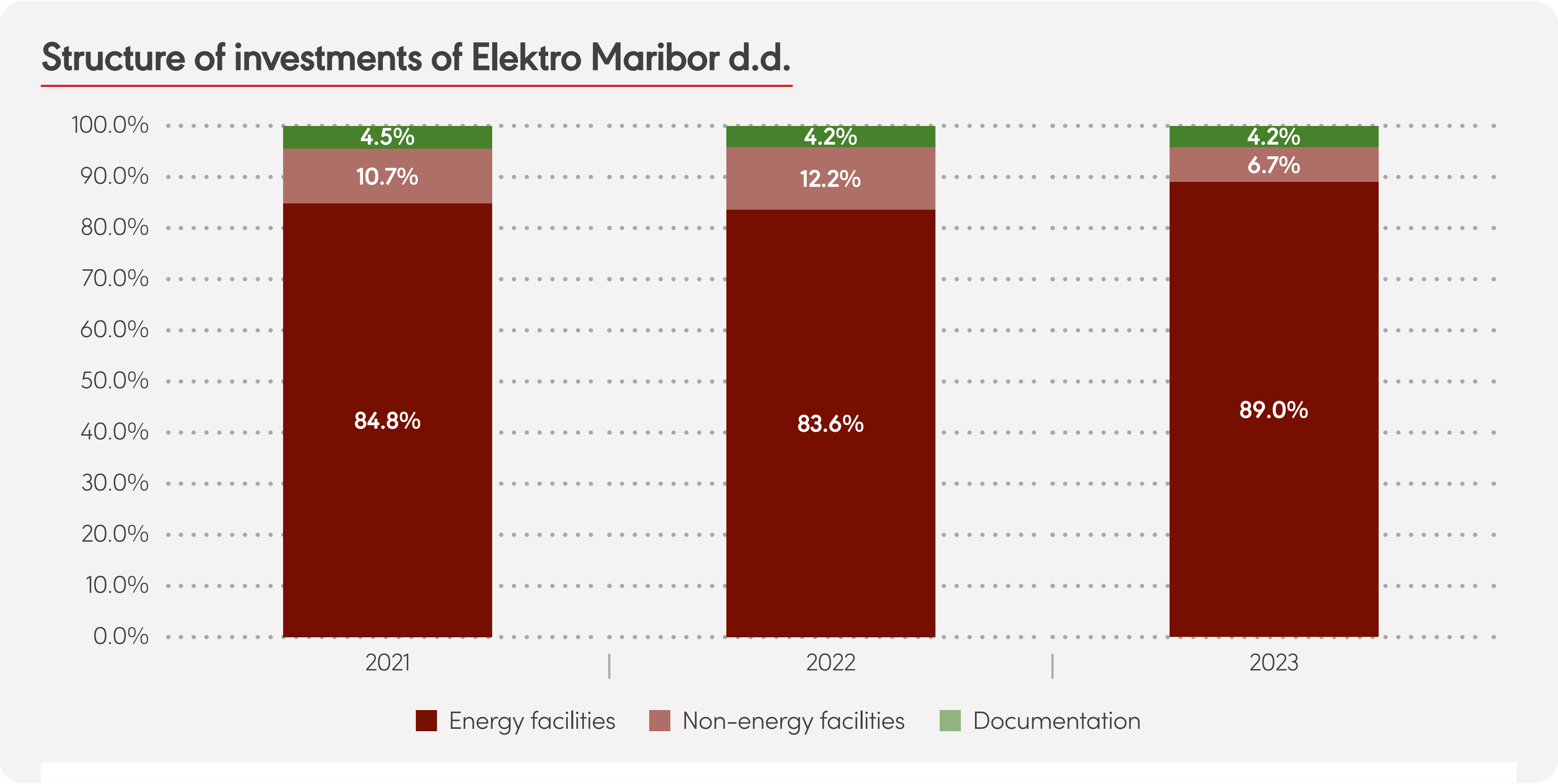
Investments by the Group and Elektro Maribor d.d.



Investments of Elektro Maribor d.d.

	2023		2022		2021	
	Quantities	Value in EUR	Quantities	Value in EUR	Quantities	Value in EUR
Network robustness		21,253,120		16,661,877		18,842,188
- MV	62.49 km	5,515,405	74.55 km	5,624,810	149.76 km	7,926,532
- LV	230.80 km	15,737,715	161.56 km	11,037,067	226.45 km	10,915,656
Network quality		1,252,543		1,498,077		1,421,621
- HV new		17,684		79,766		51,307
- TS new	15 pieces	1,234,859	27 pieces	1,418,311	25 pieces	1,370,314
Network forwardness and deliverability		3,174,610		2,321,175		3,764,271
Telecommunications		556,568		492,660		953,335
Business IT		1,475,383		2,288,983		1,113,461
Other energy investments		6,872,993		3,107,339		3,125,249
Other non-energy investments		1,026,218		1,225,306		2,433,994
Documentation		1,576,144		1,205,481		1,480,807
Total		**37,187,580**		**28,800,898**		**33,134,925**

[22] GRI 203-1.



12.3.1 Sustainable investments of Elektro Maribor d.d.

In 2023, EUR 32.9 million was earmarked for sustainable investments. We define sustainable investments as all investments in electricity infrastructure and investments in other assets that contribute to environmental protection. According to the Commission Delegated Regulation (EU) 2021/2178, 89% of all capital investments in 2023 are acceptable for the Taxonomy (*Taxonomy*).

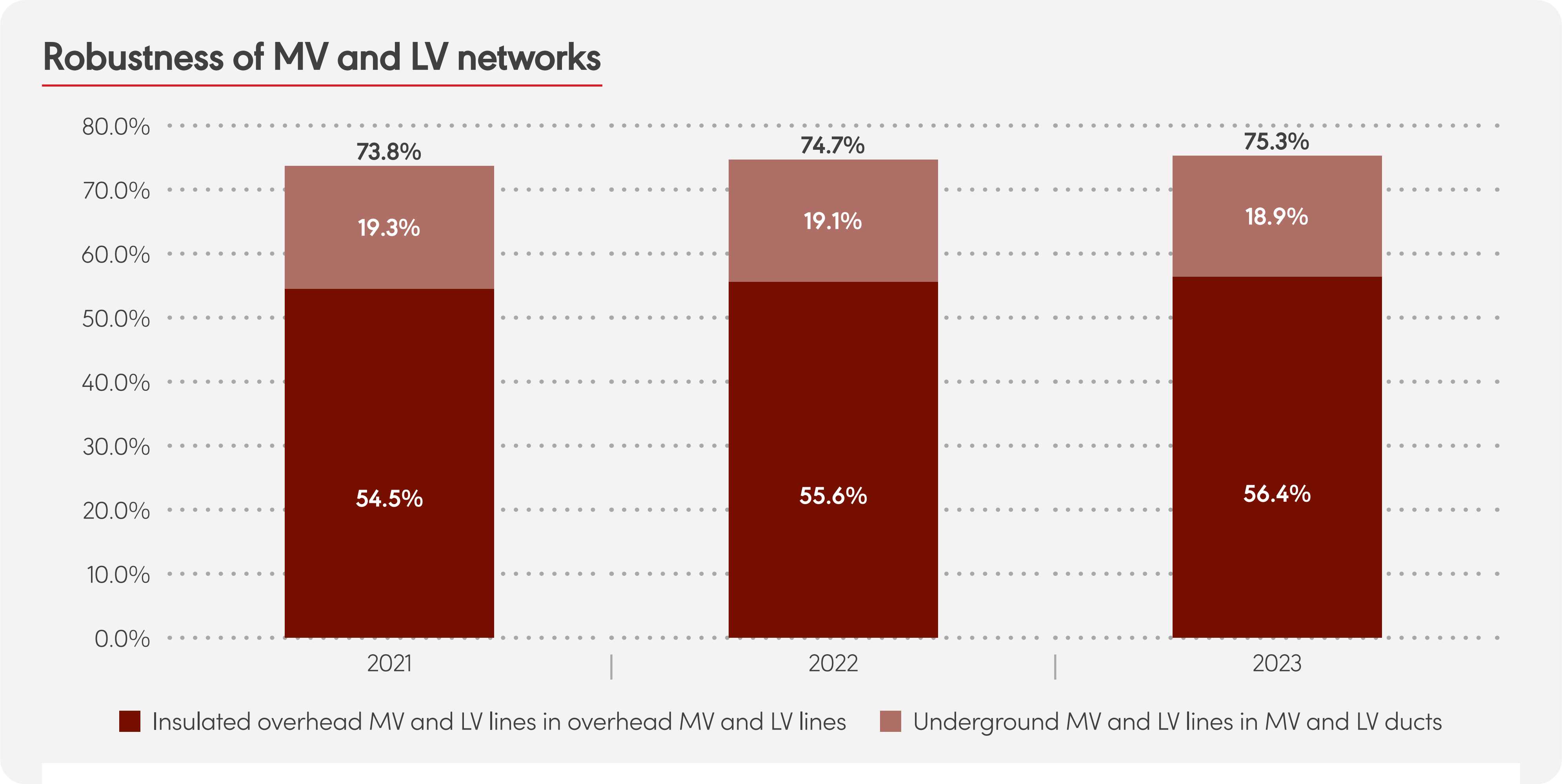
The electricity distribution network is the infrastructure for sustainable development and the backbone of the energy transition. Sustainable investment in the distribution system is key for a successful transition to a low-carbon society. The robustness, strength and flexibility of the electricity distribution system underpins the ability to transition to a low-carbon society. The development and deployment of new technologies alongside digitalisation, efficient network integration, optimisation of operation and control, and advanced metering systems, while individualising communication with users, are factors that will become even more important in the future.

Network robustness

We are also systematically increasing the robustness of the medium-voltage (MV) and low-voltage (LV) networks by laying underground low- and medium-voltage lines and insulating overhead low- and medium-voltage lines. In 2023, more than half of the total capital investment budget was allocated to increasing the robustness of the network, an increase of 27.6% compared to 2022.

In 2023, we reduced the total overhead MV and LV network by 90 km, while increasing underground MV and LV lines by 193 km. We increased the share of insulated overhead and underground MV and LV lines in total MV and LV lines, which is 75.3% (*EEI volume*).

As part of the investments, we replaced or rehabilitated 4,259 stands (3,419 in 2022), including 575 stands on the MV network and 3,684 stands on the LV network.



Network quality

We are working to increase the network's capacity by building MV/LV substations and new 110 kV connections. To improve voltage conditions and keep pace with increased electricity demand, we newly built 15 new substations in 2023 (27 in 2022).

More network power needed for the green transition

Sustainable and self-supply electricity production sources, which are increasing every year, as well as the growing electricity needs of our customers for heat pump heating and e-mobility, require higher installed and peak grid power. To ensure a reliable supply, we carefully plan and increase the capacity of the grid, upgrading it with advanced solutions.

Network forwardness and deliverability

In the context of grid forwardness and deliverability, we are investing in advanced metering, metering centres and remote disconnection points (RCSP). In 2023, we allocated 37% more resources to grid forwardness and deliverability compared to 2022.

In 2023, we installed 13 sets of remote-controlled disconnection points (16 in 2022). The coverage of remote-controlled disconnection points is 6.79%. We installed 75 metering centres (50 in 2022). Almost all metering points (*NMS*) in Elektro Maribor's distribution area have been integrated into the Advanced Metering System

Telecommunications and business IT

We are upgrading our telecommunications and IT infrastructure to meet the needs of flexible production and off-take, or the active role of users, and of course for the smooth management of distribution network elements.

The bulk of the capital investments we made in business IT relate to software upgrades (eIS upgrade to eIS 2.0, upgrade due to the new tariff system, expansion of the central data warehouse (CDWH), upgrade of the business process support information system (D365FO), software licences and integrations between different IT systems) and the replacement of outdated hardware with new hardware.

As part of our investment in telecommunications, we built 3 km of new fibre-optic network, upgraded software tools to meet the needs of our communications equipment and replaced worn-out firewalls. We connected remote locations with fibre-optic, radio and public mobile networks.

12.3.2 Other capital investments

Energy investments

As part of our other energy investments:

- 57 TSs were reconstructed, where equipment obsolescence, poor voltage conditions and the construction renovation itself were addressed;
- Complete reconstruction of the 110/20 kV Ormož DTS facility was completed, the facility is now in operation;
- Complete reconstruction of the 110/20 kV Rače DTS facility was completed, the facility is now in operation;
- Some minor reconstructions of other DTSs (lightning conductors, electrical installations);
- The operating reserve of distribution transformers was upgraded (31 units); and
- The necessary measuring equipment was supplied.

Non-energy investments

As part of the investment in non-energy facilities, we supplied the tools needed to work safely and smoothly, transport equipment and work facilities. As part of the work facilities, we upgraded the heating in the BU Ptuj building and sanitised the toilets in the administration building.

Documentation

The main activities were the acquisition of the right to construct the corridor and the stands of the planned transmission lines, and the preparation of the project for obtaining the construction permit (PGD) for the planned energy facilities: the 2 × 110 kV Murska Sobota-Lendava transmission line and the 2 × 110 kV Lenart-Radenci transmission line. A building permit for the 2 × 110 kV Murska Sobota-Lendava facility was obtained, but is not yet fully final. A lawsuit was filed with the Administrative Court of the Republic of Slovenia on the part of the route between SM47 and SM51.

We were intensively pursuing investment documentation for the implementation of medium- and low-voltage electricity facilities planned for the period 2023-2024.

12.3.3 Major investment projects in 2023

DTS 110/20 kV Ormož

In 2023, we completed the reconstruction of the DTS 110/20 kV Ormož facility. All phases of the reconstruction of the facility from the point of view of secondary equipment were carried out and completed. The facility is in operation. Minor finishing works, small power installations, intrusion and access control, video surveillance, as well as all necessary measurements, reports and expert opinion are still in progress.

DTS 110/20 kV DTS Rače

In DTS 110/20 kV Rače, all phases of the renovation of the facility from the secondary equipment point of view were carried out and completed. The facility is in operation. Minor finishing works, small power installations, intrusion and access control, video surveillance, as well as all necessary measurements, reports and expert opinion are still in progress.

2 × 110 kV DV Murska Sobota–Mačkovci

Following the partially final and partially complete construction permit, the construction of the transmission line was completed and the line was put into operation at the end of 2016. Subsequently, the construction permit between standing points (SP) 16 and 21 was revoked by a ruling of the Administrative Court of the Republic of Slovenia. A new construction permit was issued for this part in 2019 for the part of the route between SP 16 and 18 and for the part of the route between SP 20 and 21. In these circumstances, the Construction Inspectorate may also order the removal of this part of the transmission line or prohibit the use of the entire transmission line. In this case, the Administrative Court upheld the action brought by Elektro Maribor d.d. and annulled the decision of the Inspectorate for the Environment and Spatial Planning and returned the case to the Inspectorate for a retrial. The Company was invited by the Inspectorate to comment on the inspection findings. We replied to this invitation within the deadline (25 January 2023) and pointed out the shortcomings of the invitation.

In 2019, an initiative for the adoption of a National Spatial Plan (NSP) for the placement of an alternative route between SP 16 and 21 was prepared. As part of the preparation of the NSP, a study of alternatives, an environmental report and technical bases were prepared and publicly consulted from 11 October 2021 to 12 November 2021. Two public hearings were also organised during the public consultation. At the beginning of March 2022, the Ministry of the Environment and Spatial Planning and the Ministry of Infrastructure issued their positions on the comments and suggestions made during the public consultation. At the end of 2022, the archaeological surveys PAR 5-6 were completed in the area of the planned development, a report was prepared for the assessment of the archaeological potential and a new archaeological site Puconci – Archaeological Site Pri rimi (EID 1-30924) was registered. In September 2023, the Government of the Republic of Slovenia issued a decision on the most appropriate option, followed by the preparation of a geodetic plan and conceptual design and a hydrological hydraulic study. At this time, the process of completing the environmental report and the expert documents is ongoing. Taking into account all the necessary activities, the current projection for the adoption of the NSP is end 2024. The issuance of the building permit is expected in late 2025 or early 2026.

12.3.4 In-house investments

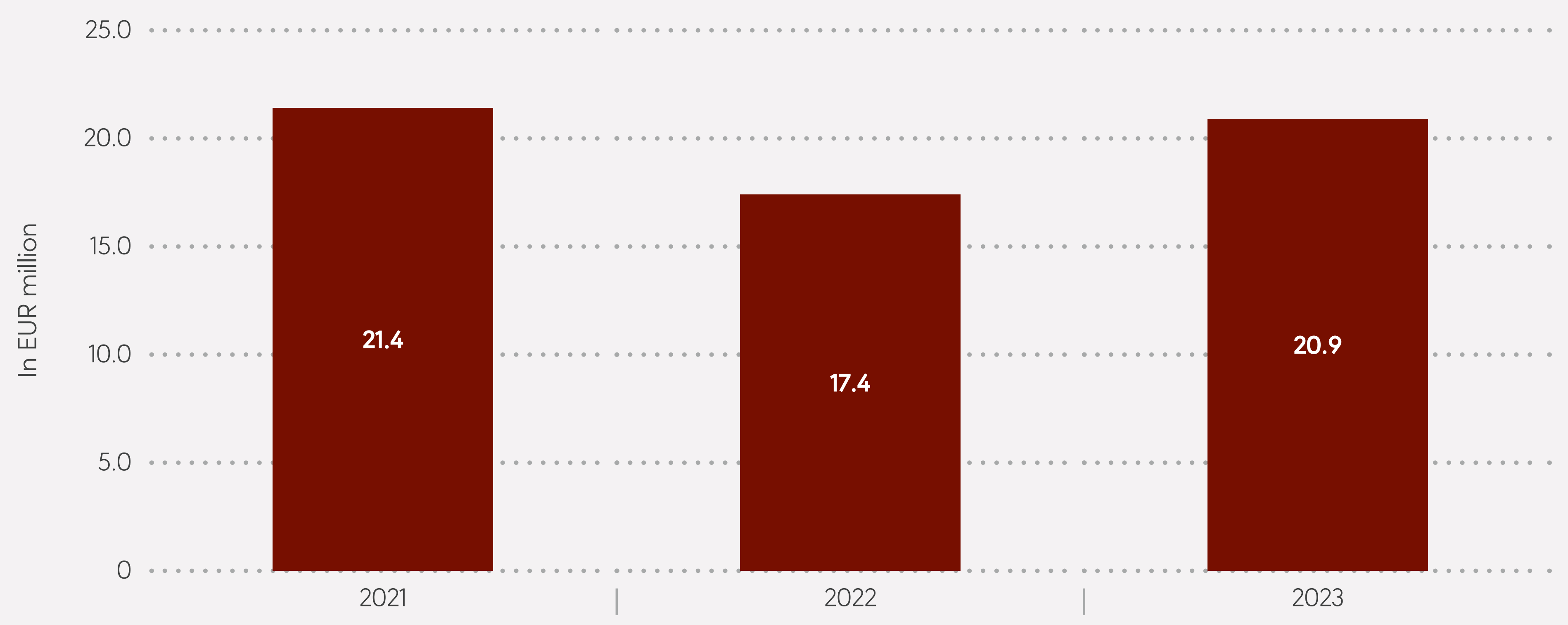
The Company carries out most of the electrical installation work for the construction of new electricity facilities in-house. In 2023, the value of capitalised own products and own services amounted to EUR 20.9 million and is 20% higher compared to 2022.

The share of investments carried out in-house in 2023 was 64.2% of investments in energy facilities, or 57.4% of total investments. The increase in the financial realisation of distribution facilities compared to the plan is attributable to the organisational and system measures we took in 2023 in the management of investments. We moved towards centralised management, direction and coordination of investment processes for all regional and service units. We developed coordinated approaches to achieve our objectives, with the aim of achieving greater and more effective involvement and coordination of external and internal contractors, as well as more effective control over the timely procurement of all types of materials and services needed in the management of investment projects. The fact that we reduced our presence on the market and redirected our own resources to the implementation of the Company's investments also contributed to the higher realisation of investments in distribution facilities.

Major investments in distribution facilities that we carried out in-house in 2023:

- Construction of transformer substations with integration into the MV network and the LV network: Kamnica 8, Beltinci 3, Sobota Maximus, Šalovci, Rankovci, Radizel 4, Dežno 2;
- First phase of the construction of the MV cable line DTS Podvelka – TS Lehen;
- Reconfigurations in LWNs Ljubstava 2, Čermožiše 3, Pacinje - Kicar, Panonska, Gačnik, Velika Nedelja, Motvarjevci Gmajna, Godeninci, Stiplovškova, etc.;
- Reconstruction of the 20 kV lines Duh Gradišče-Kozjak, Videm, Grad Slaveči, Spodnja Ščavnica-Drvanja; and
- Installation of new MV cable ducts Hotel-Obrtnik, from DTS Lenart to PL Lenart, Bodonci, Odranci-Črnec, Vaneča Škaper-Moščanci.

Income from own capital expenditure and internal realisations



12.4 MARKET SERVICES

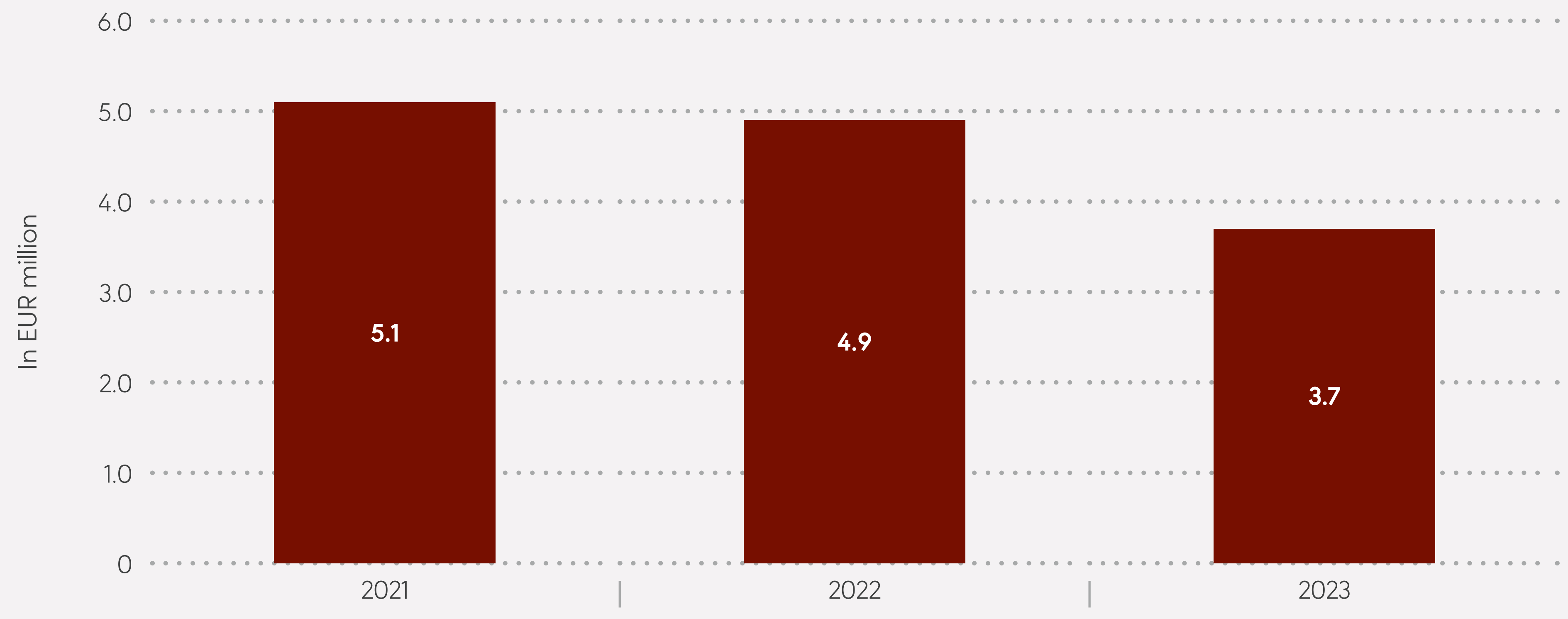
Elektro Maribor d.d. provides comprehensive services in the field of design, construction and maintenance of power facilities and installations. In accordance with standards and metrological regulations, we also carry out instrument inspections and electromagnetic radiation testing. We strive to maintain the professionalism, reliability and quality of our work.

In 2023, we realised revenues of EUR 3.7 million from the provision of services on the market, a 23% decrease compared to 2022 and 14% below plan. The lower financial realisation on the market is attributable to increased activity of own resources on own investment facilities and increased involvement of own resources in the repair of major breakdowns on the distribution network in 2023, especially in July.

The most important works that we successfully carried out in the market in 2023 are:

- Completion of the project for the reconstruction of MV and LV lines and the construction of public lighting in the area of the extension at Cesta Proletarskih brigad in Maribor;
- Completion of the construction of the new Izoelektro TS in Limbuš;
- Construction of new TSs in Kuštanovci Murexin, VAR, Bratonci, and installation of two new TSs for the connection of solar power plants in Lenart;
- Reconstruction of TS Pristan;
- Construction of the Paloma PIS MV cable duct;
- Reconfiguration of MV and LV electricity installations as part of the reconstruction of the Lent area; and
- LV connections for the needs of the OFEM youth festival, LV connection from TS Pristan for the company Mikro-Polo, LV connection for the Draženci farm.

Movement in turnover from the sale of services of Elektro Maribor d.d.



12.5 BUSINESS PERFORMANCE ANALYSIS[23]

In the performance analysis, we present the financial data of the current year of Elektro Maribor d.d. compared to the previous two-year period. Variances are explained with respect to 2022 and compared to the annual plan for 2023. Variances with respect to 2022 are explained in more detail in the accounting section of the report. (*Company's financial report*)

For the Elektro Maribor Group, we present the current year's financial data only in comparison with the previous two-year period, as we did not prepare pre-budget consolidated financial statements from a materiality perspective. Due to the significant increase in revenues from the sale of electricity generated by OVEN Elektro Maribor d.o.o., the materiality threshold was exceeded and we therefore consolidated the financial statements of both companies for 2023.

Revenue

In 2023, we generated EUR 9 million or 12% more revenue than in 2022 and EUR 5 million or 5% more than planned. The increase is mainly due to higher regulated revenues and revenues from capitalized own products and services. Regulated revenues represent the largest share of total revenues, accounting for 67%. In 2022, operating income was lower by EUR 16 million as a result of a reduction in the recognised rate of return on the regulatory asset base due to the Act on Emergency Measures to Mitigate the Impact of High Energy Prices. A lawsuit was filed by all EDPs against the Energy Agency in relation to the reduction in revenues. The outcome of the lawsuit is not yet foreseeable.

In 2023, the Elektro Maribor Group generated EUR 2 million or 2% lower revenues, mainly due to lower financial income. In 2022, the Group reported higher financial income from the sale of its 51% stake in the business.

Revenues of Elektro Maribor d.d. and the Elektro Maribor Group

	Elektro Maribor d. d.			Elektro Maribor Group		
In EUR	2023	2022	2021	2023	2022	2021
Operating income	88,738,588	69,974,196	88,139,374	94,135,184	71,116,090	88,236,181
Financial revenue	504,993	9,747,483	1,412,665	1,860,705	27,155,599	155,121
Other revenue	91,343	191,039	36,186	91,525	191,044	36,189
Total revenue	**89,334,924**	**79,912,718**	**89,588,226**	**96,087,414**	**98,462,733**	**88,427,491**

Costs and expenditure

The Company shows an increase of EUR 7 million or 9% in costs and expenses in 2023 compared to 2022, and an increase of EUR 7 million or 9% compared to the planned budget. In 2023, the main contributors to the increase in operating costs are price increases and unplanned damage restoration.

The Group shows a 2 million or 2% decrease in costs and expenses in 2023 compared to 2022, mainly due to lower financial expenses.

Costs and expenses of Elektro Maribor d.d. and the Elektro Maribor Group

	Elektro Maribor d, d,			Elektro Maribor Group		
In EUR	2023	2022	2021	2023	2022	2021
Operating costs and expenses	81,773,272	74,786,283	76,007,595	83,667,752	75,653,939	76,696,691
Financial expenditure	1,100,943	1,024,452	371,153	1,101,379	10,956,790	1,070,261
Other expenditure	95,317	369,513	95,661	100,739	369,540	95,678
Total costs and expenses	**82,969,532**	**76,180,248**	**76,474,408**	**84,869,870**	**86,980,269**	**77,862,630**

We are a labour-intensive business, so labour costs account for the largest share of operating costs (41%). In the Company's operating cost structure, the share of material costs increased by 4 percentage points and the share of write-downs decreased as a result of higher capital expenditure in 2023.

[23] GRI 201-1.

Net profit or loss

In 2023, the Company outperformed compared to 2022. In 2023, we report a net profit of EUR 2 million or 51% higher than in 2022 due to higher regulated revenues. Net profit is EUR 2 million or 21% lower than planned due to higher operating expenses.

In 2023, the Group's net profit is also higher than in 2022, by EUR 5 million or 78%.

Net profit of Elektro Maribor d.d. and Elektro Maribor Group

	Elektro Maribor d. d.			Elektro Maribor Group		
In EUR	2023	2022	2021	2023	2022	2021
Operating profit	6,965,316	–4,812,087	12,131,780	10,467,432	–4,537,849	11,539,490
Financial result	–595,950	8,723,032	1,041,513	759,326	16,198,809	–915,140
Other operating result	–3,974	–178,474	–59,475	–9,214	–178,496	–59,489
Taxes	–132,653	389,876	–1,394,256	–790,662	389,297	–1,404,229
Operating profit from discontinued operations	-	-	-	0	–6,012,589	421,741
Net profit or loss	**6,232,740**	**4,122,346**	**11,719,561**	**10,426,882**	**5,859,172**	**9,582,373**

Property situation

The Company's balance sheet total as at 31 December 2023 is EUR 12 million or 3% higher than in 2022 and EUR 3 million or 1% lower than planned. In 2023, the Company's non-current assets increased by EUR 12 million or 3% compared to 2022 due to higher capital expenditure. In 2023, non-current debt of EUR 14 million was incurred to finance the capital expenditure, resulting in an increase in non-current liabilities, which are EUR 5 million or 10% higher than in 2022.

The increase in current liabilities is due to the financial liabilities for the 2022 profit payout resulting from the small shareholder lawsuit.

The Group's balance sheet total at 31 December 2023 is EUR 18 million or 4% higher than in 2022. Non-current assets increased by EUR 13 million or 3% and current assets by EUR 5 million or 15%, mainly due to an increase in these items at the parent company.

Balance sheet total of Elektro Maribor d.d. and the Elektro Maribor Group

	Elektro Maribor d. d.			Elektro Maribor Group		
In EUR	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2023	31 Dec 2022	31 Dec 2021
Resources	**435,276,168**	**423,257,525**	**417,239,732**	**448,026,565**	**430,183,457**	**448,660,677**
Non-current assets / Non-current assets	403,449,955	391,322,103	380,546,680	411,135,754	397,981,376	376,066,574
Current assets	30,790,811	31,387,560	36,230,859	36,890,811	32,202,081	72,594,103
Current accrued income	1,035,401	547,862	462,193	-	-	-
Liabilities to sources of funds	**435,276,168**	**423,257,525**	**417,239,732**	**448,026,565**	**430,183,457**	**448,660,677**
Capital	308,062,518	305,456,722	303,178,613	319,126,030	312,326,095	308,111,741
Provisions and non-current accrued liabilities	38,541,178	38,101,034	40,299,987	-	-	-
Non-current liabilities	57,790,747	52,349,452	49,029,711	96,344,984	90,455,774	89,240,169
Current liabilities	29,804,524	23,818,142	23,620,959	32,555,550	27,401,588	51,308,767
Current accrued liabilities	1,077,201	3,532,175	1,110,462	-	-	-

The asset structure of the Company and the Group did not change significantly in 2023. Non-current assets represent the largest share. The Company's and the Group's liabilities to sources of funds as at 31 December 2023 reflect the way in which the assets are financed. The funding equity ratio (equity/liabilities to sources) of the Company and the Elektro Maribor Group decreased by 1.4 percentage points to 70.8% and 71.23%, respectively, in 2023 due to an increase in non-current and current liabilities in 2023 compared to 2022.

Structure of assets and liabilities of Elektro Maribor d.d. and the Elektro Maribor Group

	Elektro Maribor d. d.			Elektro Maribor Group		
Item in %	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2023	31 Dec 2022	31 Dec 2021
Non-current assets / Non-current assets	92.69	92.45	91.21	91.77	92.51	83.82
Current assets	7.07	7.42	8.68	8.23	7.49	16.18
Active accruals	0.24	0.13	0.11	-	-	-
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Capital	70.77	72.17	72.66	71.23	72.60	68.67
Provisions and non-current accrued liabilities	8.85	9.00	9.66	-	-	-
Non-current/long-term liabilities	13.28	12.37	11.75	21.50	21.03	19.89
Current liabilities	6.85	5.63	5.66	7.27	6.37	11.44
Current accrued liabilities	0.25	0.83	0.27	-	-	-
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Cash flow and financial performance

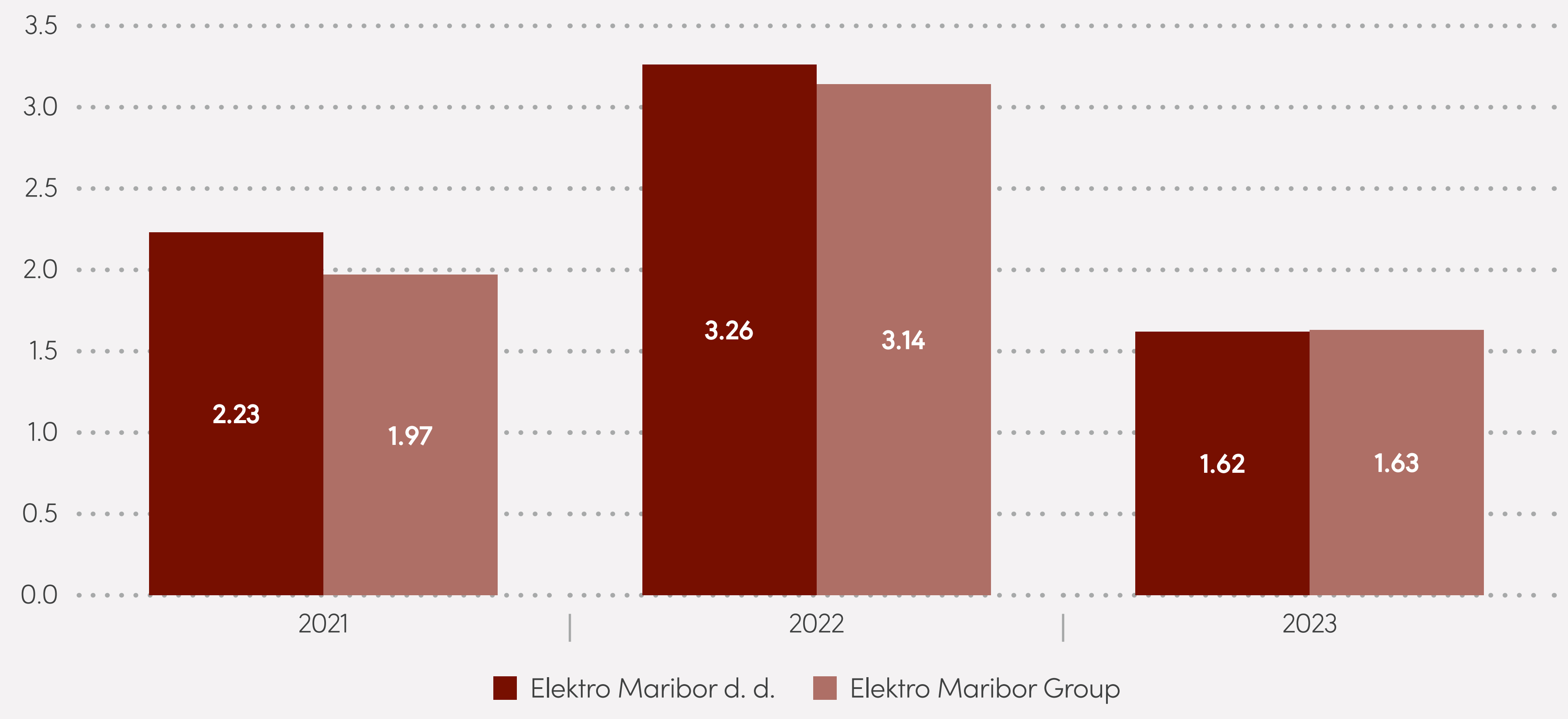
Elektro Maribor d.d. reports a cash balance of EUR 12 million at the end of 2023, a decrease of EUR 3 million or 19% compared to 2022 and an increase of EUR 6 million compared to the planned cash balance for 2023, mainly due to a higher opening balance.

Elektro Maribor Group had a cash balance of EUR 16 million at the end of 2023, an increase of EUR 1 million or 10% compared to 2022.

To finance capital investments, we took out a non-current loan of EUR 14 million in 2023, in line with the 2023 plan. The Company's gearing ratio increased by 0.9 percentage points in 2023 to 15% of total assets.

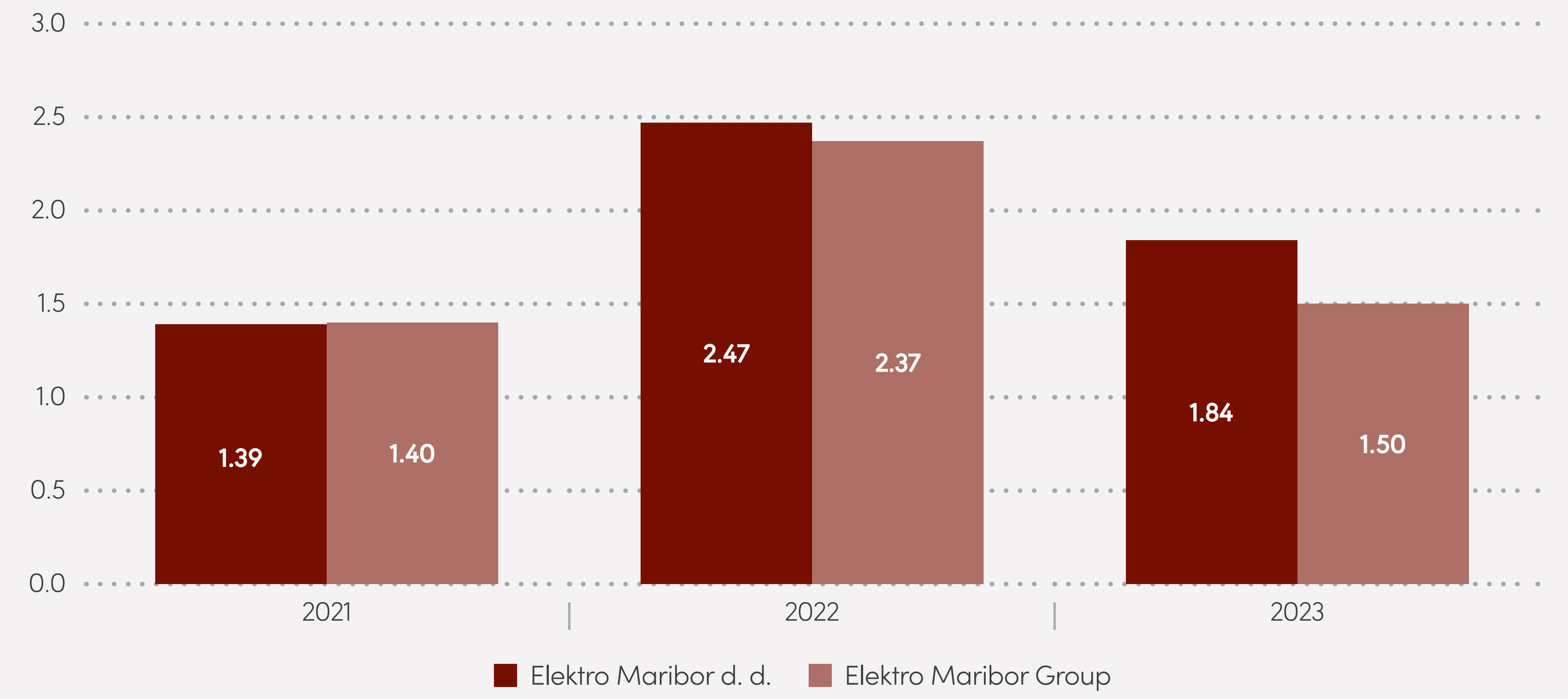
We monitor the indebtedness of the Company and the Group using the financial debt to EBITDA and net financial debt to EBITDA indicators. In 2023, despite the higher indebtedness, the values of the two ratios improved (decreased) mainly on account of higher EBITDA.

Financial debt / EBITDA of Elektro Maribor and the Group

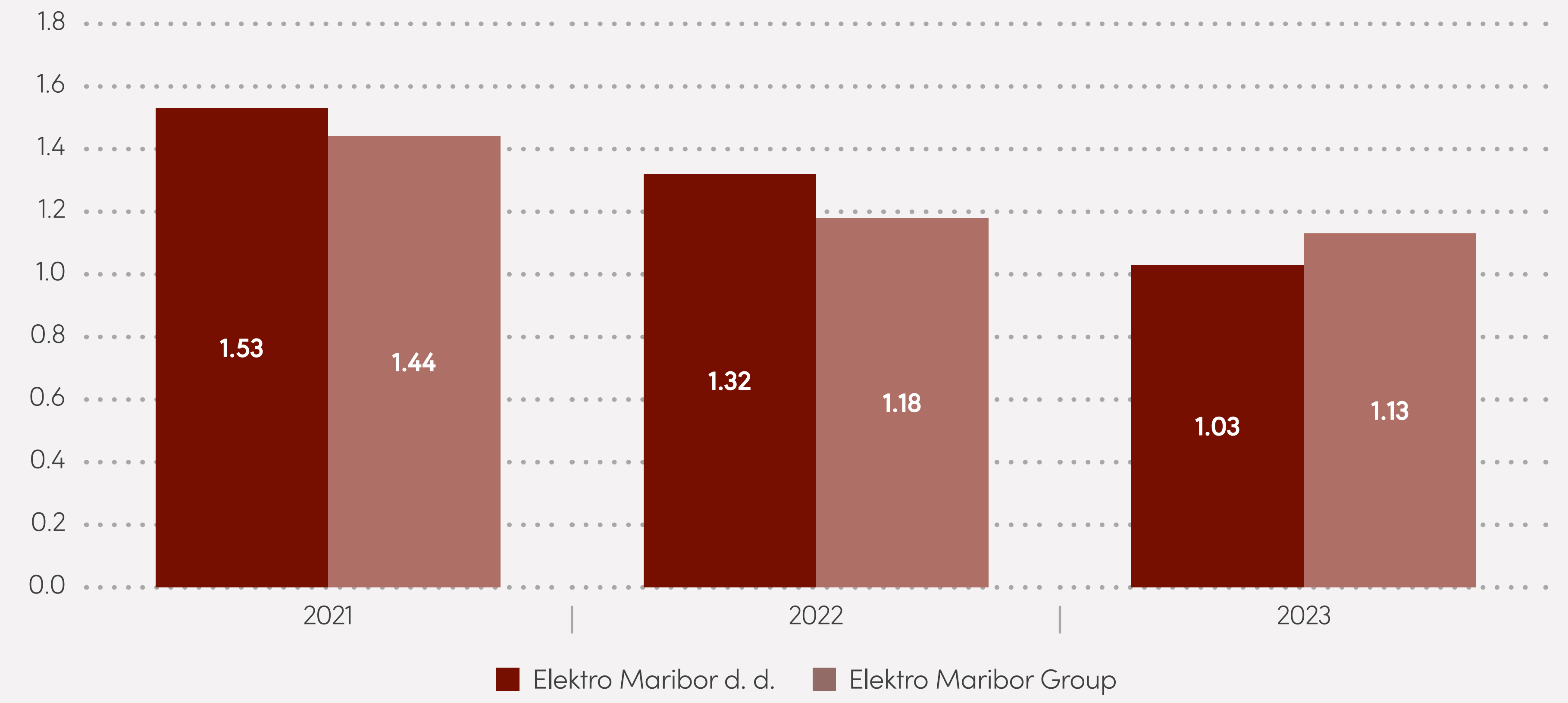


Liquidity is monitored by the current ratio, which shows the financing of current assets by current debts. The Company and the Group maintain good liquidity, despite the lower value of the ratio compared to previous years. A ratio value greater than 1 indicates that the Company has sufficient current assets to cover its current liabilities.

Net financial debt / EBITDA of the Company and the Elektro Maribor Group



Current liquidity ratio of the Company and the Elektro Maribor Group

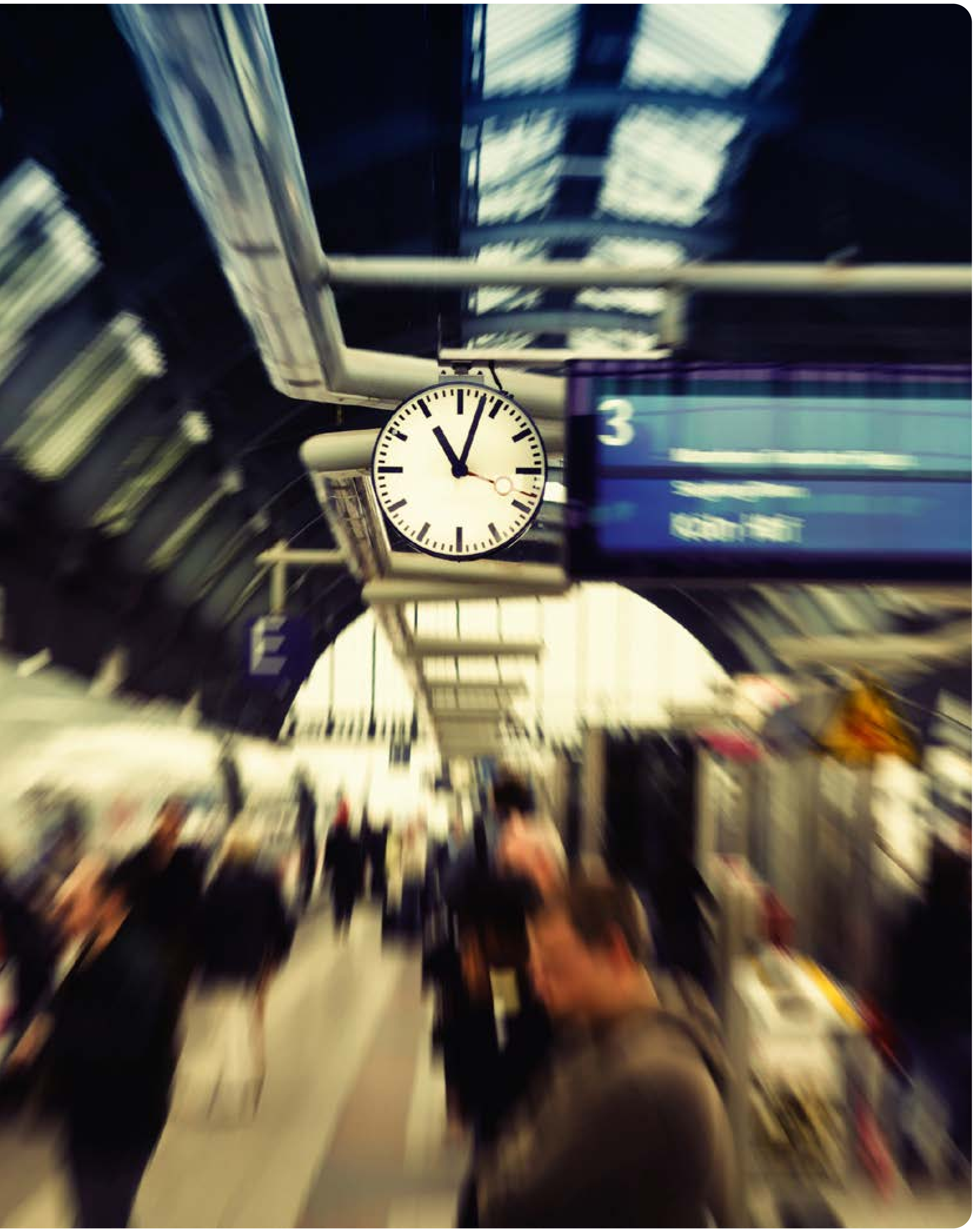


SUSTAINABILITY REPORT

02

THE GREEN TRANSITION IS A GUIDING PRINCIPLE FOR OUR DAILY ACTIONS AND OUR STRATEGY.

In 2023, we were committed to our sustainable development goals, which involve our employees, owners, business partners, as well as the local community, wider society and other stakeholders.



1 Statement of non-financial performance[24]

Sustainability reporting

The Annual Report of Elektro Maribor d.d. for 2023 (hereinafter referred to as the Annual Report), in accordance with Article 70c of the Companies Act, contains disclosures of non-financial information on environmental, social and human resources matters, on respect for human rights and on matters related to the fight against corruption and bribery.

The Company discloses information on non-financial performance based on the international sustainability reporting standards of the Global Reporting Initiative (GRI). For the first time, a GRI-compliant sustainability report was produced for the 2013 financial year. Information describing the Company's business model and policies on these matters, as well as the main risks and key non-financial performance indicators, is provided throughout the Annual Report and can be found in the cross-references to individual GRI indicators. The table of contents by GRI reporting standards and contact details are shown at the end of the Annual Report. No independent external opinion is provided for sustainability reporting.

In writing the report, we also took into account the Companies Act (ZGD-1), the Slovenian Accounting Standards (SRS) and the Recommendations and Expectations of the Slovenian state holding company Slovenski državni holding d.d. The annual report is prepared by individual professional departments within Elektro Maribor d.d. The responsibility for sustainability reporting lies with the Company's management.

The business section of the Annual Report compares individual outturn figures for a three-year period (2021 to 2023), while the accounting section shows figures for two years (2022 and 2023). The sustainability reporting does not contain any corrections compared to the previous reporting period.

In the context of non-financial reporting, we disclose key aspects of sustainable performance, covering the most important economic, social and environmental impacts of sustainable development and the stakeholders of Elektro Maribor d.d. In selecting the indicators and reporting aspects, we followed the principle of significance or materiality. We do not report on indicators and aspects of sustainability reporting that are not material.

Essential aspects of sustainability reporting

Economic impacts	Economic performance Indirect economic impacts Anti-corruption conduct
Societal (social) impacts	Recruitment Occupational health and safety Education Diversity and equal opportunities Non-discrimination Marketing and product labelling
Environmental impacts	Energy Emissions to air Wastewater and waste

[24] GRI 2-3 – 2-5, 2-14 – 2-16, 2-23 – 2-27, 3-1 – 3-3, 205-1 – 205-3, 406-1.

On our website we have published the Diversity Policy of Elektro Maribor d.d., which aims to ensure good and sustainable functioning of the management and supervisory body. More details on the business model and the Diversity Policy are presented in the section Governance Statement (*Governance Statement*) and the section Presentation of Elektro Maribor (*Presentation*).

At Elektro Maribor d.d., our risk management framework minimises the negative impact of risks on the achievement of our objectives and enhances the positive impact. We adopted a Risk Management Policy and, on the basis of a risk register, appointed risk managers for each risk. More information on risks is presented in more detail in the Risk Management chapter (*Risks*).

Environment

The Company has an Environmental Management Policy, which commits us to the principles of sustainable development. We protect the environment and care for nature in all our activities.

We demonstrate our commitment to environmental protection through the ISO 14001 environmental standard. We are aware of our social responsibility in creating the conditions for a green transformation in the wider environment, which is why we offer our customers an above-average proportion of advanced metering systems installed. We also look after the grid, providing an increasing proportion of underground as well as overhead lines and integrating an above-average number of renewable energy sources in our supply area. We give equal weight to environmental considerations as to business considerations in the planning, implementation and maintenance of the distribution network. We prevent risks to people, animals and plants and pollution of soil, water and air in all our activities. We minimise the use of natural resources in our business processes and strive to reduce waste.

We are also working to increase our own energy efficiency. Since 2011, we have been the first company in the sector to calculate our carbon footprint and take measures to manage it. In 2020, we introduced the ISO 50001 energy management system and integrated it into our quality system along with the rest of our standards. Key non-financial indicators and more detailed content are presented in the Environmental Impacts section (*Environmental Impacts*).

Social and human resources

Employee development and training, monitoring employee satisfaction and engagement, occupational health and safety, and workplace health promotion are key factors in managing employees.

The human resources policy of Elektro Maribor d.d. and the Elektro Maribor Group pursues the goal of placing the right people in the right positions in accordance with the applicable regulations and the development of key personnel.

Professionalism, performance, commitment, loyalty and commitment are important. We observe fundamental moral and ethical values, good relations between employees, maintain a positive climate and focus on the future and development. The foundations of Elektro Maribor d.d. are equal opportunities for all employees, respect for each other and opposition to all forms of violence.

Employees have the opportunity to demonstrate their expectations and interest in another area of work. We also follow a diversity policy in the placement of employees and strictly comply with the prohibition of discrimination against employees as laid down by applicable law. Key non-financial indicators and more detailed content are presented in the Employees section (*Employees*).

Respect for human rights

We adopted the Elektro Maribor d.d. Code of Ethical Business Conduct (hereinafter referred to as the Code), which is published on our website and is intended for and applies to all employees of the Company and other persons when they perform various tasks in the Company. Every employee is obliged to comply with the provisions of the Code and is also obliged to contribute to the elimination of perceived violations of human rights, especially in cases of discrimination based on all personal circumstances defined in the Code.

We have a designated Human Rights Commissioner to ensure a safe, respectful and productive working environment. We ensure that negative human rights impacts are identified, prevented and mitigated, and report on ways to reduce such impacts in the business process. We strive for social dialogue and respect for non-discrimination at all levels of business and interpersonal activities.

In 2023, by signing the Commitment to Respect Human Rights in Business Operations through the Ministry of Foreign and European Affairs, we joined other companies in the Republic of Slovenia that accept human rights as a fundamental value.

We will seek to expand our human rights work beyond Elektro Maribor d.d. by promoting it to our partners and suppliers.

Fight against corruption and bribery

We signed the Declaration on Fair Business and the Slovenian Corporate Integrity Guidelines, making us one of the ambassadors of corporate integrity.

We have a Fraud Prevention, Detection and Investigation Policy and a Fraud Prevention, Detection and Investigation Policy. We have an Integrity Plan for Elektro Maribor d.d., the primary purpose of which is to strengthen integrity and transparency and to prevent and eliminate corruption, conflicts of interest, illegal or other unethical conduct.

The components of the Integrity Plan are:

- Register of risks of corrupt, illegal or other unethical practices;
- Rules on the opening of boxes and the handling of reports addressed to the Corporate Integrity Officer; and
- Rules on the handling of gifts received.

In 2023, based on the Whistleblower Protection Act, Elektro Maribor d.d. appointed a whistleblower officer and adopted an internal act to establish an internal whistleblowing channel.

In 2023, we processed 11 applications for approval to carry out complementary work, public and political activities and business activities. We did not receive any applications for consent to participate in management and supervisory boards. We dealt with 16 reports of suspected unethical behaviour, but no cases of corruption or bribery were identified.

Taxonomy disclosures

Based on the Taxonomy Regulation (EU) 2020/852 and Delegated Regulation (EU) 2021/2178, we disclose information and indicators for environmentally sustainable activities. The disclosure includes data from Elektro Maribor d.d. for the year 2023, which is considered the second reporting year under the Taxonomy Regulation. The calculation of the indicators and disclosures is based on a study and our understanding of the European taxonomy legislation, which will be further developed in the coming years.

The Taxonomy Regulation sets the following environmental objectives:

- mitigating climate change,
- adapting to climate change,
- sustainable use and protection of water and marine resources,
- transition to a circular economy,
- pollution prevention and control, and
- protecting and conserving biodiversity and ecosystems.

According to the Taxonomy Regulation, an environmentally sustainable economic activity is one that contributes significantly to one or more environmental objectives, does not significantly harm them, is carried out in compliance with minimum safeguards and meets the technical criteria of Regulation (EU) 2021/2139.

Elektro Maribor d.d. belongs to the energy sector, which plays a key role in the objective of mitigating climate change. In accordance with Article 16 of the Taxonomy Regulation, Elektro Maribor d.d. carries out enabling activities that facilitate the energy sector's transition towards electricity from renewable sources or low-carbon electricity.

The economic activities of Elektro Maribor d.d. are defined in accordance with the European Regulation (EC) No 1893/2006 on NACE Rev.2 and NACE Rev.2 (NACE Rev.2) 2008. The use of NACE Rev.2 allows Member States to further subdivide the classification for national needs. The Slovenian version of this classification is managed by the Statistical Office of the Republic of Slovenia, which produced the Standard Industrial Classification of Activities (SIC 2008). Up to and including the four-digit classification code, the breakdown in SIC 2008 is identical to the NACE Rev.2 breakdown.

In Elektro Maribor d.d., we identified activity 4.9 Transmission and distribution of electricity as an acceptable activity for taxonomy in accordance with the Technical Criteria of Regulation (EU) 2021/2139. The construction and maintenance of assets or facilities forming part of the electricity distribution network is an important prerequisite for the exercise of this economic activity. Therefore, in addition to the main activity of the Company (D35.13), we included in this activity other activities of the Company carried out on the market and relating to the construction and maintenance of electricity distribution facilities not owned by Elektro Maribor d.d. (F42.22, C33.14, E38.31). The data for the calculation are extracted from the financial statements of Elektro Maribor d.d.

In the Elektro Maribor Group, in accordance with the Technical Criteria of Regulation (EU) 2021/2139, we identified, in addition to the already acceptable activities of Elektro Maribor d.d., the activity 4.5. Generation of electricity from hydropower, which is also acceptable for the taxonomy. We fully included the activity of the subsidiary OVEN Elektro Maribor d.o.o. (C35.11). The data for the calculation are extracted from the financial statements of the Elektro Maribor Group.

Share of revenues from products and services related to economic activities aligned with the taxonomy – 2023 disclosure for Elektro Maribor d.d.

				Criteria for material contribution						Criteria for non-material contribution									
Economic activities	Tags	Value of revenue	Revenue share	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum protection measures	Taxonomy-aligned revenue share 2023	Taxonomy-aligned revenue share 2022	Category Enabling (E) or Transitional (T) activity
		EUR	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E/T
A. ACTIVITIES ACCEPTABLE FOR THE TAXONOMY																			
A.1 Environmentally sustainable activities (aligned with the taxonomy)		63,116,046	98.5%														98.5%	98.2%	
4.9. Transmission and distribution of electricity	(D35.13, F42.22, C33.14, E38.31)	63,116,046	98.5%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	98.5%	98.2%	0
Revenue from environmentally sustainable activities (aligned with the taxonomy) (A.1)		63,116,046	98.5%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	98.5%	98.2%	0
A.2 Activities acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)		0																	
-	-	-																	
Revenue from activities that are acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)	/	0	0.0%														0.0%	0.0%	/
Total (A.1 + A.2)	/	63,116,046	98.5%														98.5%	98.2%	/
B. ACTIVITIES NOT ACCEPTABLE FOR THE TAXONOMY																			
Revenue from activities not acceptable to the taxonomy (B)	/	969,299	1.5%																
Total (A + B)	/	64,085,345	100.0%																

To calculate the share of revenues from activities acceptable for the taxonomy that are environmentally sustainable, we took into account the value of net sales revenues from activities acceptable for the taxonomy in the numerator. The denominator includes all net revenues of Elektro Maribor d.d.

The proportion of revenue acceptable for taxonomy did not changed significantly in 2023 compared to 2022, when it was 98.2%.

Share of investments in working capital in products or services related to economic activities aligned with the taxonomy – 2023 disclosure for Elektro Maribor d.d.

				Criteria for material contribution						Criteria for non-material contribution									
Economic activities	Tags	Value of working capital investment	Working capital investment share	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum protection measures	Taxonomy-aligned working capital investment share 2023	Taxonomy-aligned working capital investment share 2022	Category Enabling (E) or Transitional (T) activity
		EUR	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E/T
A. ACTIVITIES ACCEPTABLE FOR THE TAXONOMY																			
A.1 Environmentally sustainable activities (aligned with the taxonomy)		27,893,177	74.2%														74.2%	74.9%	
4.9. Transmission and distribution of electricity	(D35.13, F42.22, C33.14, E38.31)	27,893,177	74.2%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	74.2%	74.9%	0
Working capital investment from environmentally sustainable activities (aligned with the taxonomy) (A.1)		27,893,177	74.2%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	74.2%	74.9%	0
A.2 Activities acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)		0																	
-	-	-																	
Working capital investment from activities that are acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)	/	0	0.0%														0.0%	0.0%	/
Total (A.1 + A.2)	/	27,893,177	74.2%														74.2%	74.9%	/
B. ACTIVITIES NOT ACCEPTABLE FOR THE TAXONOMY																			
Working capital investment from activities not acceptable to the taxonomy (B)	/	9,678,143	25.8%																
Total (A + B)	/	37,571,320	100.0%																

In calculating the proportion of CAPEX acceptable for the taxonomy that is environmentally sustainable, we took into account the value of operating costs from the Company's activities acceptable for the taxonomy in the numerator. The denominator includes all operating costs of Elektro Maribor d.d., except for depreciation and amortisation costs and costs related to the implementation of own-account investments.

The share of environmentally sustainable fixed investment aligned with the taxonomy did not changed significantly in 2023 compared to 2022, when it was 74.9%.

Share of fixed asset investments in products or services related to economic activities aligned with the taxonomy – 2023 disclosure for Elektro Maribor d.d.

				Criteria for material contribution						Criteria for non-material contribution									
Economic activities	Tags	Value of fixed asset investments	Fixed asset investments share	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum protection measures	Taxonomy-aligned fixed asset investments share 2023	Taxonomy-aligned fixed asset investments share 2022	Category Enabling (E) or Transitional (T) activity
		EUR	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E/T
A. ACTIVITIES ACCEPTABLE FOR THE TAXONOMY																			
A.1 Environmentally sustainable activities (aligned with the taxonomy)		33,001,835	88.7%														88.7%	82.5%	
4.9. Transmission and distribution of electricity	D.35.13	33,001,835	88.7%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	88.7%	82.5%	0
Fixed asset investments from environmentally sustainable activities (aligned with the taxonomy) (A.1)		33,001,835	88.7%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	88.7%	82.5%	0
A.2 Activities acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)		0																	
-	-	-																	
Fixed asset investments from activities that are acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)	/	0	0.0%														0.0%	0.0%	/
Total (A.1 + A.2)	/	33,001,835	88.7%														88.7%	82.5%	/
B. ACTIVITIES NOT ACCEPTABLE FOR THE TAXONOMY																			
Fixed asset investments from activities not acceptable to the taxonomy (B)	/	4,185,746	11.3%																
Total (A + B)	/	37,187,580	100.0%																

In the calculation of the proportion of CAPEX acceptable for the taxonomy that is environmentally sustainable, we took into account the value of the investments arising from the Company's core business in the numerator. The denominator includes all capital investments made by Elektro Maribor d.d.

In 2023, we increased the share of investments in environmentally sustainable activities aligned with the taxonomy by EUR 9.2 million or 6.26 percentage points compared to 2022.

Share of revenues from products and services related to economic activities aligned with the taxonomy – 2023 disclosure for the Elektro Maribor Group

				Criteria for material contribution						Criteria for non-material contribution									
Economic activities	Tags	Value of revenue	Revenue share	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum protection measures	Taxonomy-aligned revenue share 2023	Taxonomy-aligned revenue share 2022	Category Enabling (E) or Transitional (T) activity
		EUR	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E/T
A. ACTIVITIES ACCEPTABLE FOR THE TAXONOMY																			
A.1 Environmentally sustainable activities (aligned with the taxonomy)		68,520,074	98.6%														98.6%	98.4%	
4.9. Transmission and distribution of electricity	(D35.13, F42.22, C33.14, E38.31)	63,116,046	90.9%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	90.9%	97.2%	0
4.5. Generating electricity from hydropower	D35.13	5,404,028	10.9%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	10.9%	1.1%	0
Revenue from environmentally sustainable activities (aligned with the taxonomy) (A.1)		68,520,074	98.6%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	98.6%	98.4%	0
A.2 Activities acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)		0																	
-	-	-																	
Revenue from activities that are acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)	/	0	0.0%														0.0%	0.0%	/
Total (A,1 + A,2)	/	68,520,074	98.6%														98.6%	98.4%	/
B. ACTIVITIES NOT ACCEPTABLE FOR THE TAXONOMY																			
Revenue from activities not acceptable to the taxonomy (B)	/	941,626	1.4%																
Total (A + B)	/	69,461,700	100.0%																

To calculate the share of revenues from activities acceptable for the taxonomy that are environmentally sustainable, the numerator takes into account the value of net sales revenues from the activities of the Elektro Maribor Group that are acceptable for the taxonomy. In the denominator, all net revenues of the Elektro Maribor Group are taken into account.

The share of revenues from products and services related to economic activities aligned with the taxonomy did not change significantly in 2023 compared to 2022, when it was 98.4%.

Share of investments in working capital in products or services related to economic activities aligned with the taxonomy – 2023 disclosure for the Elektro Maribor Group

				Criteria for material contribution						Criteria for non-material contribution									
Economic activities	Tags	Value of working capital investment	Working capital investment share	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum protection measures	Taxonomy-aligned working capital investment share 2023	Taxonomy-aligned working capital investment share 2022	Category Enabling (E) or Transitional (T) activity
		EUR	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E/T
A. ACTIVITIES ACCEPTABLE FOR THE TAXONOMY																			
A.1 Environmentally sustainable activities (aligned with the taxonomy)		29,155,771	74.7%														74.7%	76.4%	
4.9. Transmission and distribution of electricity	(D35.13, F42.22, C33.14, E38.31)	27,893,177	71.4%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	71.4%	74.9%	0
4.5. Generating electricity from hydropower	D.35.13	1,262,594	3.2%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	3.2%	2.5%	0
Working capital investment from environmentally sustainable activities (aligned with the taxonomy) (A.1)		**29,155,771**	**74.7%**	**100.0%**	**/**	**/**	**/**	**/**	**/**	**YES**	**YES**	**/**	**YES**	**YES**	**YES**	**YES**	**74.7%**	**76.4%**	**0**
A.2 Activities acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)		0																	
-	-	-																	
Working capital investment from activities that are acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)	**/**	**0**	**0.0%**														**0.0%**	**0.0%**	**/**
Total (A.1 + A.2)	/	29,155,771	74.7%														74.7%	76.4%	/
B. ACTIVITIES NOT ACCEPTABLE FOR THE TAXONOMY																			
Working capital investment from activities not acceptable to the taxonomy (B)	**/**	**9,896,941**	**25.3%**																
Total (A + B)	/	39,054,712	100.0%																

In the calculation of the proportion of CAPEX acceptable for the taxonomy that is environmentally sustainable, we took into account in the numerator the value of operating costs from the Group's identified activities that are acceptable for the taxonomy. The denominator includes all operating costs of the Elektro Maribor Group, except for depreciation and amortisation costs and costs related to the implementation of own-account investments.

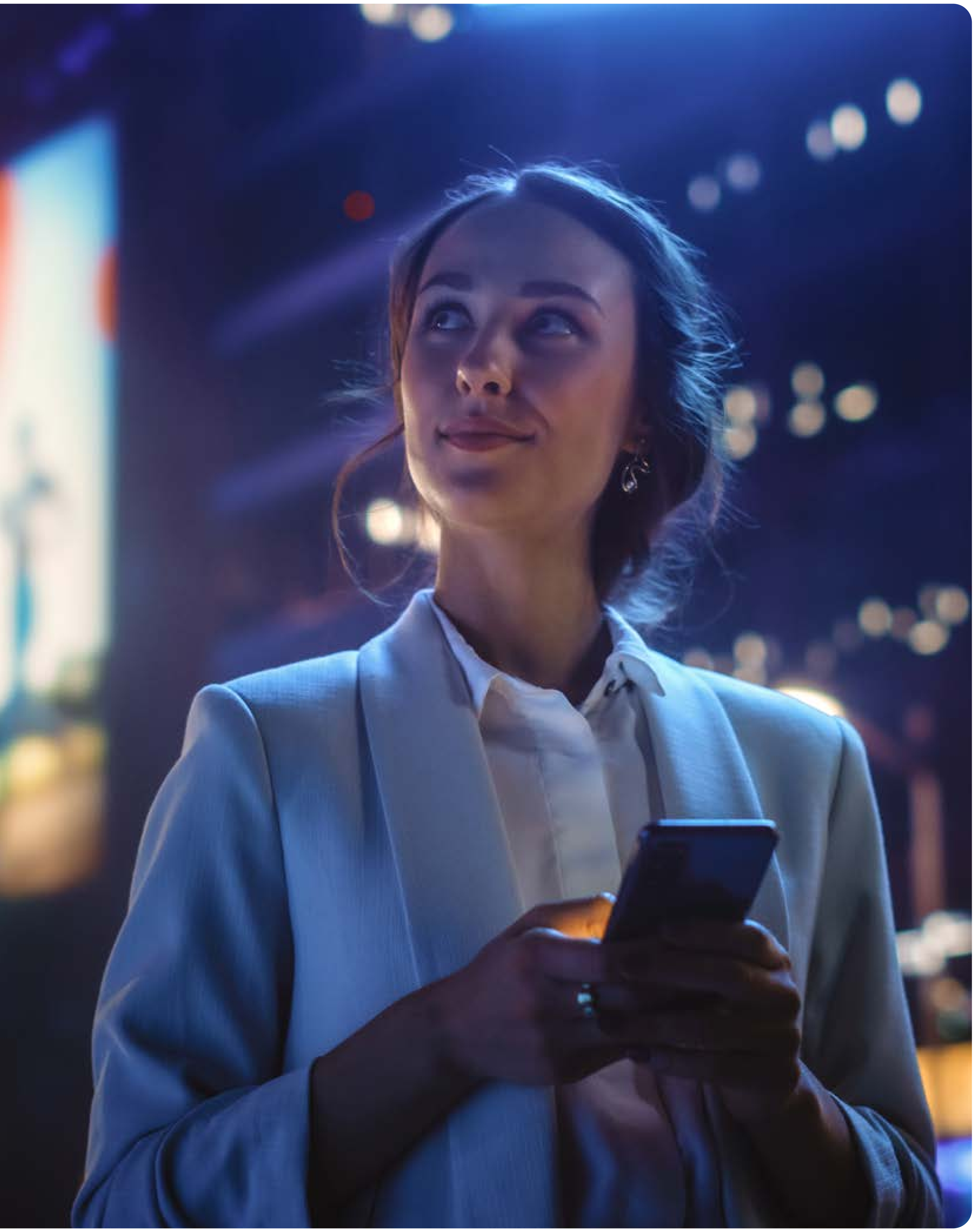
The share of environmentally sustainable fixed investment aligned with the taxonomy was slightly lower in 2023 compared to 2022, when it was 76.4%.

Share of fixed asset investments in products or services related to economic activities aligned with the taxonomy – 2023 disclosure for the Elektro Maribor Group

				Criteria for material contribution						Criteria for non-material contribution									
Economic activities	Tags	Value of fixed asset investments	Fixed asset investments share	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum protection measures	Taxonomy-aligned fixed asset investments share 2023	Taxonomy-aligned fixed asset investments share 2022	Category Enabling (E) or Transitional (T) activity
		EUR	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E/T
A. ACTIVITIES ACCEPTABLE FOR THE TAXONOMY																			
A.1 Environmentally sustainable activities (aligned with the taxonomy)		33,141,331	88.8%														88.8%	82.1%	
4.9. Transmission and distribution of electricity	D.35.13	33,001,835	88.4%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	88.4%	82.1%	0
4.5. Generating electricity from hydropower	D.35.11	139,496	0.4%														0.4%	0.0%	
Fixed asset investments from environmentally sustainable activities (aligned with the taxonomy) (A.1)		33,141,331	88.8%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	88.8%	82.1%	0
A.2 Activities acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)		0																	
-	-	-																	
Fixed asset investments from activities that are acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)	/	0	0.0%														0.0%	0.0%	/
Total (A.1 + A.2)	/	33,141,331	88.8%														88.8%	82.1%	/
B. ACTIVITIES NOT ACCEPTABLE FOR THE TAXONOMY																			
Fixed asset investments from activities not acceptable to the taxonomy (B)	/	4,196,146	11.2%																
Total (A + B)	/	37,337,477	100.0%																

In the calculation of the proportion of CAPEX acceptable for the taxonomy that is environmentally sustainable, the numerator takes into account the value of investments from the core business of Elektro Maribor d.d. and OVEN Elektro Maribor d.o.o. The denominator includes all capital investments of the Elektro Maribor Group.

In 2023, we increased the share of investments in environmentally sustainable activities aligned with the taxonomy by EUR 9.4 million, or 6.7 percentage points, compared to 2022.



2 Shareholders of Elektro Maribor d. d.[25]

Sustainable and competitive business and operations, maintenance and development of the electricity distribution system and the provision of quality electricity services for a better quality of life, while promoting economic development, are key factors in the Company's mission. By pursuing the Company's mission, we are fulfilling our Corporate Social Responsibility.

The Company operates in a social and natural environment, which means that in all our business activities we act in a socially responsible manner, pursuing our business objectives, taking into account sustainable development goals, improving the quality of work and life of our employees, the local communities in which we are present and society at large, while at the same time taking into account the interests of our shareholders.

We work with stakeholders who are important because of the activities we carry out in the social and natural environment, because of our location and operations in the local environment, because of ownership and legislation, and because of our plans for the direction of development of the Company, services and the industry as a whole.

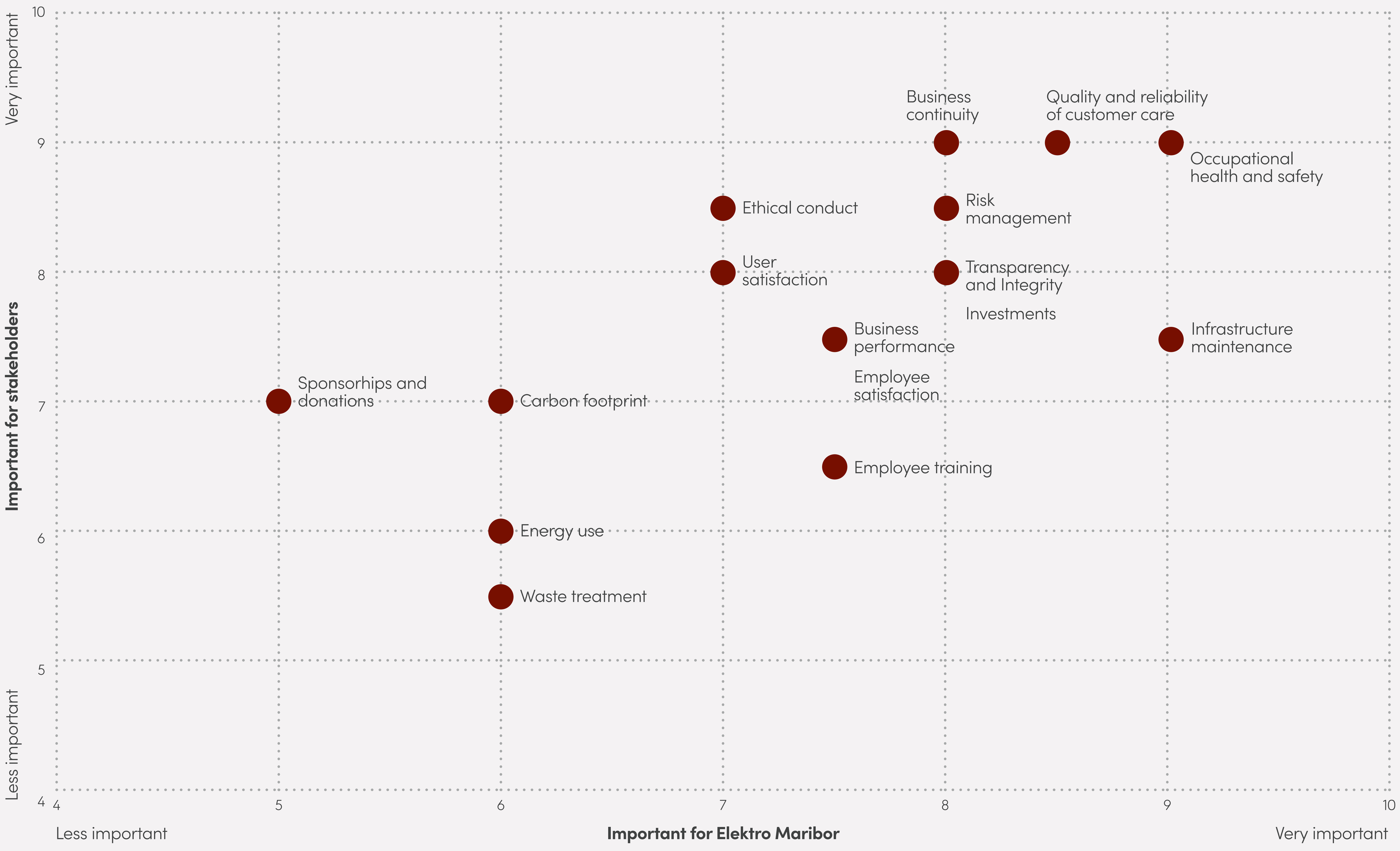
Elektro Maribor's key stakeholders

[25] GRI 2-29.

Materiality matrix

The materiality matrix is a tool for managing stakeholder relations. Through our engagement with stakeholders to date, we have identified and highlighted the topics that are important for engagement. The synergies of interest between the Company and stakeholders are identified. In areas where we share similar interests with stakeholders, there is a greater chance of achieving common goals. The matrix identifies key sustainability areas.

Materiality matrix



Stakeholder involvement

The table below shows how stakeholders are involved. We are committed to fair and balanced engagement and two-way communication with stakeholders.

Stakeholder involvement

Shareholders	Form of involvement
Distribution system users	Personal contacts Electronic and conventional mail Call centre eStoritve and Moj Elektro web and mobile apps Announcements of disconnections on the radio Website Surveys
Employees	Participation in governance (works council, trade union, supervisory board) Working meetings Discussions with management Personal contacts Emails and telephone conversations Intranet site Staff meetings Measuring organisational climate Internal eInfotok portal and (management) messages to employees
Shareholders	General Meeting Shareholder information in accordance with the Governance Policy
Suppliers/business partners	Calls for tenders and offers Working meetings Negotiations Emails and telephone conversations
Financial communities	Reporting
Regulator and national institutions	Reporting to the Energy Agency Reporting to the Ministry of the Environment, Climate and Energy Reporting to competent authorities
Local communities and civil society	Participation in the preparation and evaluation of the development plan Joint projects with local communities Direct contacts Emails and telephone conversations
Media	Press conferences Website Answers to press questions, statements, press releases
Professional associations and knowledge institutions	Joint projects Professional networking Education Supporting/recognising student achievement

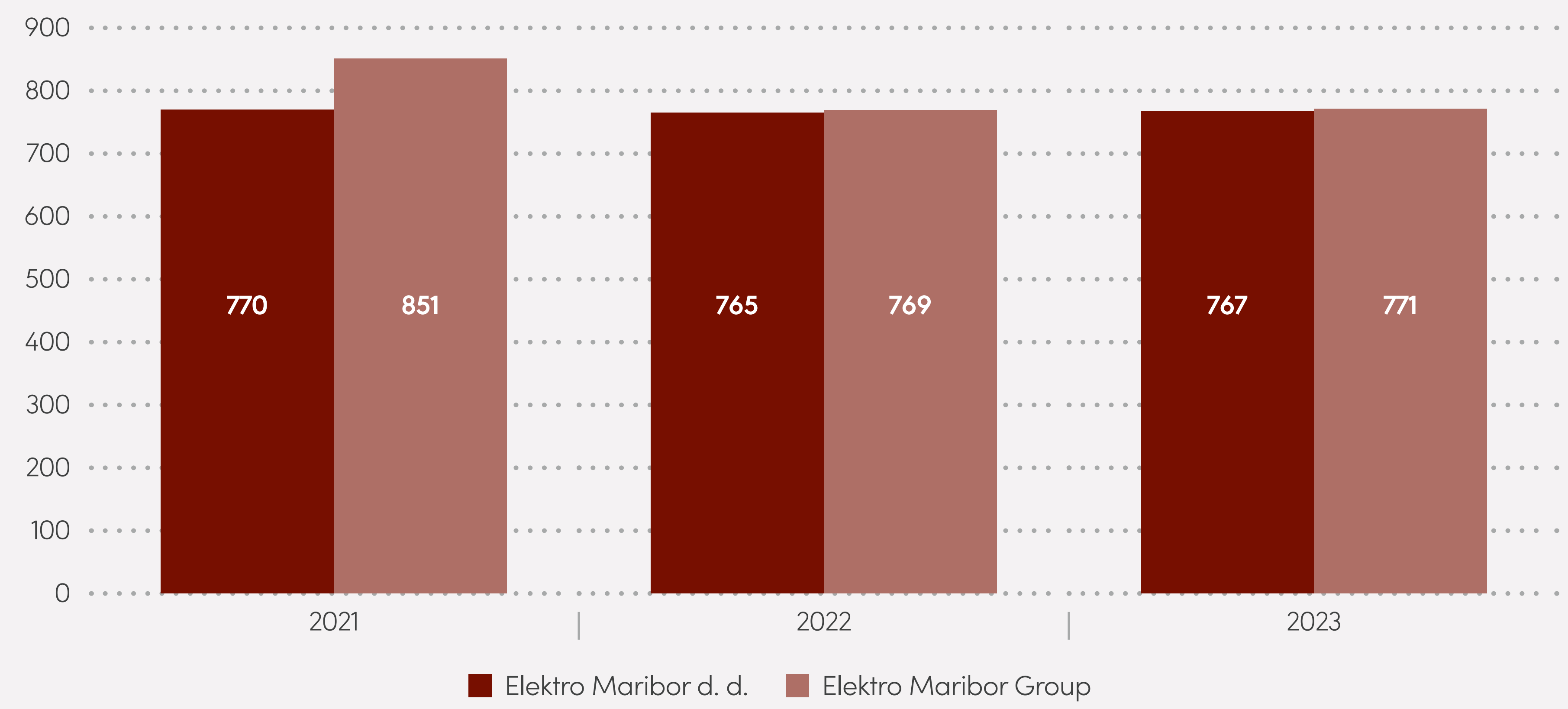
3 Staff

Staff fluctuation and composition[26]

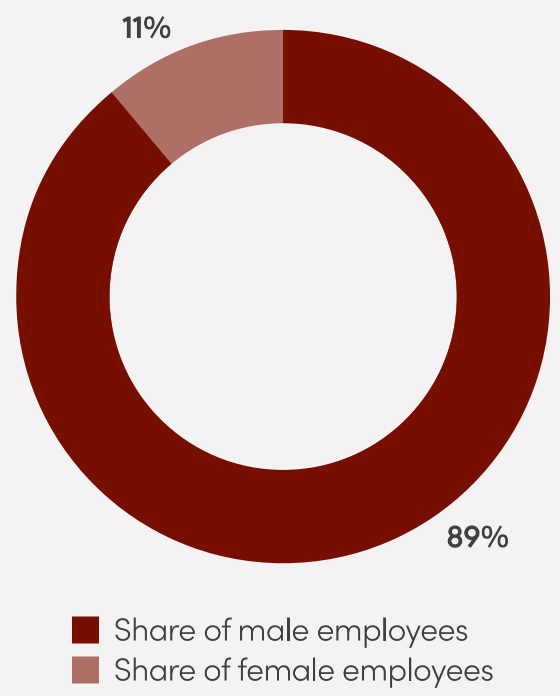
At the end of 2023, the number of employees in the Elektro Maribor Group was 771, an increase of two employees compared to 2022. The number of employees in Elektro Maribor was 767, an increase of two employees compared to 2022 and five employees less than planned.

At the end of 2023, men accounted for the largest share of employees in the Company and the Elektro Maribor Group, at 89%. At the end of 2023, Elektro Maribor d.d. employed 680 men and 87 women.

Staff at the end of the year



Share of employees in 2023 by gender in the Company and the Elektro Maribor Group



[26] GRI 2-7, 2-30, 401-1, 405-1.

In 2023, Elektro Maribor d.d. saw a slight increase in the number of arrivals and departures of employees compared to 2022. Employee turnover was 7.3%, an increase of 2.8 percentage points compared to 2022.

Number of employees by duration and type of employment

	2023 Elektro Maribor Group	2023 Elektro Maribor d. d.	2022 Elektro Maribor Group	2022 Elektro Maribor d. d.	2021 Elektro Maribor Group	2021 Elektro Maribor d. d.
Permanent employment	739	735	747	744	830	751
Fixed-term employment	32	32	22	21	21	19
Full-time employment	757	753	753	750	761	756
Part-time employment	14	14	16	15	15	14

Staff movements

	2023 Elektro Maribor Group	2023 Elektro Maribor d. d.	2022 Elektro Maribor Group	2022 Elektro Maribor d. d.	2021 Elektro Maribor Group	2021 Elektro Maribor d. d.
Number of arrivals	**59**	**58**	**33**	**30**	**132**	**125**
– men	51	50	29	27	126	122
– women	8	8	4	3	6	3
– age up to 30 years	41	41	10	10	50	48
– age 31 to 50	13	12	20	18	62	58
– age over 50	6	5	3	2	19	19
Number of departures	**57**	**56**	**38**	**35**	**114**	**110**
– men	54	53	34	32	111	108
– women	3	3	4	3	3	2
– age up to 30 years	7	7	3	3	32	32
– age 30-50 years	15	15	10	8	43	41
– age over 50	35	34	25	24	38	37

The average age of employees at Elektro Maribor d.d. decreased by 1.1 years. The average length of service at Elektro Maribor d.d. also decreased by 1.1 years.

Average age and length of service

	2023 Elektro Maribor Group	2023 Elektro Maribor d. d.	2022 Elektro Maribor Group	2022 Elektro Maribor d. d.	2021 Elektro Maribor Group	2021 Elektro Maribor d. d.
Age up to 30 years	110	110	94	94	99	95
Ages 31 to 50	394	392	402	400	452	398
Age 51+	267	265	273	271	300	277
Average age of employees (in years)	47.4	44.5	47.4	45.6	38.9	45.5
Average length of service of employees (in years)	24.6	22.5	25.3	23.6	22.8	23.7

The share of employees covered by collective agreements in Elektro Maribor d.d. at the end of 2023 is 98.6%, which is at the same level as in previous years.

In 2023, Elektro Maribor d.d. had 51 employees with a recognised disability, which is at the same level as in previous years.

Staff training[27]

Depending on the needs of the work process, employees are involved in educational programmes and functional training, which are important for both professional and personal development. Employees attended various seminars, conferences and workshops, all with the aim of improving their competences in their field of work.

The Distribution Academy of Elektro Maribor brings together employees, distribution professionals, customers and institutions to transfer and expand knowledge, skills and competences among employees. It also builds a relationship with society and the environment based on new technologies and energy awareness.

In 2023, the Distribution Academy of Elektro Maribor held more than 25 events in the field of education, training and raising the profile of Elektro Maribor in the energy and social environment through professional conferences and events.

Among the important events were the organisation of a professional workshop in cooperation with the Energy and Climate Agency for Podravje on the topic "Energy Communities in Slovenia", participation in career markets and job fairs, and professional excursions for energy students at the Distribution Academy.

In order to strengthen and transfer internal knowledge, we trained operational staff in the use of aggregators in the distribution network and in the field of remote communications, which are an important element of data transmission for advanced metering and network visibility. The new tariff system was the basis for organising in-house training for experts in the field of consumption and expert discussions on dynamic tariff procedures for customers. In the area of soft skills, leadership workshops were held.

We launched a training programme for a new generation of supervisors in the electricity sector who will take over the operational management of the distribution business.

Also in 2023, staff members completed all their labour training examinations. This gives the Company a new generation of foremen who will be able to take over the operational management of the distribution business.

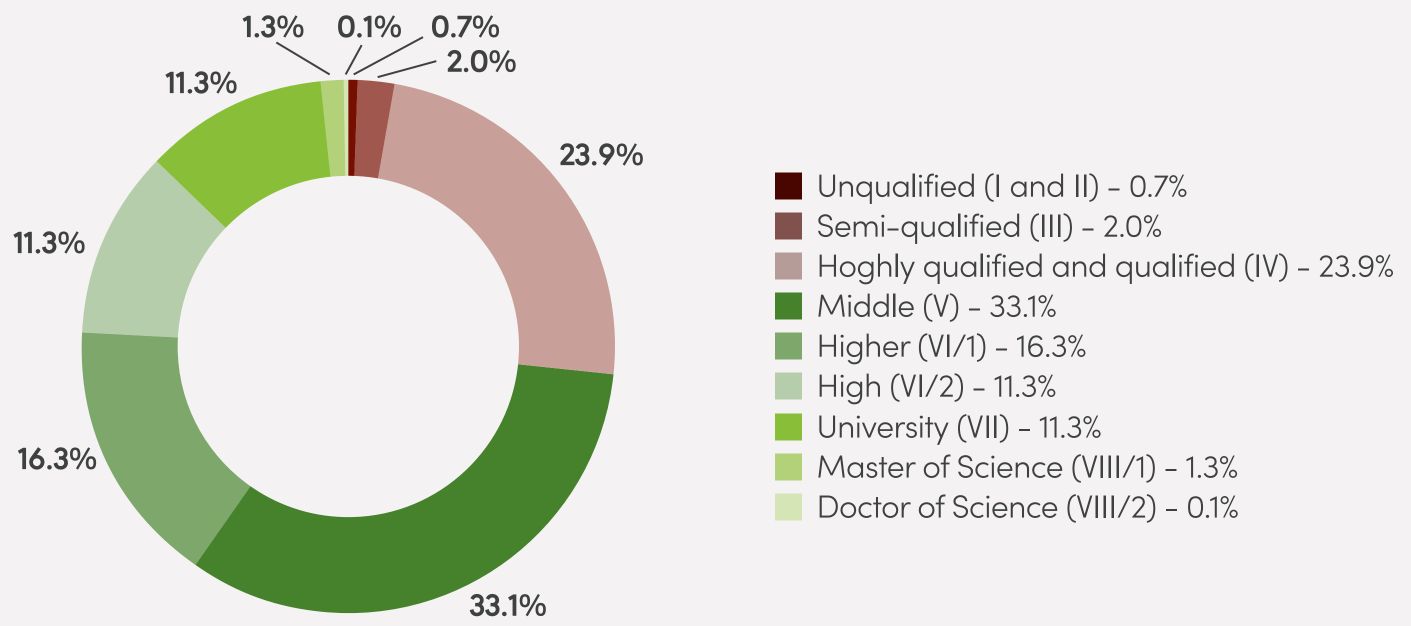
[27] GRI 404-1.

Staff training

	2023 Elektro Maribor Group	2023 Elektro Maribor d. d.	2022 Elektro Maribor Group	2022 Elektro Maribor d. d.	2021 Elektro Maribor Group	2021 Elektro Maribor d. d.
Number of participants in training	496	495	638	634	585	525
Number of employees who attended training courses	305	304	273	269	247	211
Number of hours of training	3,576	3,544	6,309	6,221	4,917	4,525
Employees as a percentage of total employees in training hours	38.9 %	38.9 %	35.0 %	34.6 %	27.0 %	25.3 %
Training attendance as a percentage of headcount by situation	64.3 %	64.5 %	83.0 %	82.9 %	68.7 %	68.2 %
Average number of hours of training per employee in hours	4.56	4.54	8.08	8.00	5.38	5.42

Note: The figures do not include periodic training in occupational health and safety for all employees.

Educational structure in 2023 in Elektro Maribor d.d.



Employee innovation

We embrace innovation as the cornerstone of a modern energy company and sustainable business. Innovation is an important building block of our new sustainability strategy to achieve the green transition. Employees express creativity through innovative proposals, which can take the form of a useful suggestion, a fresh idea or a striking project. The Company's innovation is supported by a platform where the innovation process is defined and the platform is accessible to all employees. In 2023, 43 innovative proposals were made by employees, a decrease of 14% compared to 2022.

Number of proposals: Useful proposal / fresh idea / impact project

	2023	2022	2021
Number of proposals	43	50	65

In identifying the most successful proposals, we place particular emphasis on innovative proposals that support the strategic objectives of Elektro Maribor d.d. Successful and promising innovative proposals in 2023 include:

- calculating and using objective indicators of network health,
- an application for displaying the installation capacity of distributed resources,
- proposing changes to the innovation reward process and the innovation platform,
- content on information security.

In 2023, the innovation proposals related to the areas of distribution processes, engineering, new technologies, business processes and the HR function.

Rewarding employees[28]

We motivate our employees through appropriate communication, praise, recognition and monetary rewards. Employees are rewarded on the basis of their annual performance and efficiency, their responsiveness on days with declared extreme weather conditions outside regular working hours and/or in the event of accidents, their active participation in projects, their achievements and the recognition of the most successful innovative proposals.

At the annual face-to-face meeting, employees are given personal objectives that support the Company's strategic goals. Managers assess the achievement of the annual targets to identify the truly best individuals. The best individuals in the Company were rewarded with performance awards in 2023. Also in 2023, we conducted annual personal performance discussions involving all employees.

The most successful innovative employee proposals were rewarded with cash prizes.

Employee insurance

Employees are covered by the second pension pillar. Premiums are paid by the Company in a proportion of the maximum premium. Employees have the option of voluntarily choosing whether to contribute their own additional share of the premium.

On average, 764 employees were covered by collective accident insurance. The average number of employees covered by collective health insurance was 609.

Taking parental leave

In 2023, 44 employees (40 men and 4 women) took parental leave.

Working with young people[29]

83 pupils and 9 students received practical training through work. In 2023, we had 20 scholarship holders.

Socially responsible employer

In 2022, we were awarded the "Socially Responsible Employer" accession certificate by the Ekvilib Institute.

The certificate is based on the principles and essential contents of the ISO 26000 standard for corporate social responsibility and is the first certificate in Slovenia based on an international standard that comprehensively addresses the area of corporate social responsibility, with an emphasis on the relationship to employees. The areas covered by the certificate include: organisational management, intergenerational cooperation, reconciliation of professional, family and private life, and the importance of health and safety in the workplace.

In the process of obtaining the Socially Responsible Employer accession certificate, the Company implemented the activities of the Core Actions and set itself an action plan of organisational actions for the period 2022-2025.

In 2023, we continued our activities in the area of corporate social responsibility and sustainable development, with a focus on our employees. We implemented and built on the core and organisational measures within the Socially Responsible Employer (DOD) and Family Friendly Company (DPP) certifications.

Additionally selected organisational social responsibility measures:

- Corporate social responsibility and sustainable development strategy;
- Paperless business;
- Organisation's code of conduct;
- Social responsibility training programmes for all employees;
- Additional bonuses to increase employees' social security;
- Light pollution;
- Improvements/innovations in work processes;
- Taking social competences into account in the selection and promotion of managers.

[28] GRI 2-19 – 2-21, 201-3, 401-2, 404-3.
[29] GRI 2-8.

A family-friendly company

We have been implementing our family-friendly policy for many years and have put it into practice by adopting the measures of the Family Friendly Company certificate, including:

- Periodic staff meetings with the Company's top management;
- Flexible working hours and a children's time bonus (an extra day off work in the first three years of primary school and when a child is being introduced to kindergarten); in 2023, 99 employees took the extra day off (89 of them on the first day of school);
- When planning annual leave, we also take into account the ability of immediate family members to take leave;
- Free anonymous psychological counselling for employees and their family members.

In 2023, we conducted a SiOK survey among our employees on their satisfaction with the Family Friendly Company certification. The employee satisfaction index for the implementation of the measures of the Family Friendly Company certification in 2023 was 3.32, an increase of 0.08 compared to 2022.

Communicating with employees

Communication with and between employees is an important factor in a company's business. Satisfied and motivated employees who know what is happening and why, both within the Company and in the wider environment, are essential for business. Effective communication is an ongoing process between the Company and all employees. It is important that managers are aware of their responsibilities, i.e. what, how and when to convey information, impressions and ideas.

Communication with and between employees takes place through channels chosen according to the content of the message and the recipient. Mass communication is used to communicate information about work, events and information directly related to work or society. The channels of mass communication are:

- Working meetings – with the CEO, area directors, directors of each regional or service unit;
- Letters from the CEO – informing employees of major events, milestones such as the end of the year; thanking them for extra work in the event of major accidents, outstanding achievements of athletes, etc.;
- Email – keeping staff informed, sending and coordinating content quickly;
- *www.elektro-maribor.si* – a wide range of information and news about the Company;
- Intranet – shared content, documents and notices, calls for tender;
- DNA – an application to manage the management of meetings, tasks, circulars, policies;
- eInfotok, our internal news portal – we publish news, our job vacancies, tips for better interpersonal communication and events;
- weekly tips for better relationships; and
- bulletin boards – announcements, eInfotok, tips for better relationships, classified ads.

The two social partners, the Trade Union and the Works Council, which represent the interests of the Company's employees, also communicated with employees through their own channels (e-mail) on current issues and developments.

To make news faster and always available to employees, we created the eInfotok news portal, which employees can access via the intranet. It is where we publish news, our job vacancies, tips for better interpersonal communication and events.

Employee satisfaction and organisational climate

Employee satisfaction and organisational climate have been monitored at Elektro Maribor d.d. since 2005. In 2023, 402 employees completed a questionnaire (quantitative survey method) consisting of individual statements grouped into categories, namely attitude to quality, innovation and initiative, motivation and commitment, organisational loyalty, internal relations, professional competence and learning, knowledge of mission and vision, goals, leadership, organisation, internal communication and information, career development, reward, satisfaction, comparative questions and additional questions on systems.

Compared to 2022, the climate is on average 0.04 points higher. The satisfaction index is rated lower compared to the national average (-0.36). The overall average satisfaction is rated slightly higher compared to 2022 (0.01).

Employee satisfaction and organisational climate index

	2023	2022	2021
Employee satisfaction index	3.24	3.23	3.50
Organisational climate index	2.95	2.91	3.21

Respect for human rights as a fundamental value

At Elektro Maribor, we strive to create a work environment where employees feel comfortable and have the opportunity to learn new skills and develop their careers. We also take a number of measures to ensure health and safety in the workplace. In 2023, we reinforced our values of mutual respect by signing a special Commitment to Respect Human Rights in Business and appointing a Human Rights Officer.

Occupational safety and health[30]

Ensuring a safe and healthy working environment for our employees is a key challenge for the Company and we took steps to maintain a working environment that ensures maximum health and psycho-physical safety, with the help of all employees. Occupational health and safety and fire protection measures were regulated in accordance with the guidelines of the acquired ISO 45001:2018 standard. Employees' responsibility for their own safety is promoted through appropriate occupational health and safety training, procurement of appropriate work equipment and personal protective equipment, periodic medical check-ups and other health promotion activities.

At the beginning of 2023, we started the activities of inspection of work equipment, inspection and functional tests of the installed active fire protection systems and renewal of fire safety risk assessments, where we carried out tasks in compliance with the legislation and in accordance with the guidelines and requirements of ISO 45001:2018, which defines the requirements for occupational safety and health, with the help of external institutions.

We successfully completed the Certified Standard Audit, which is integrated with other standards into a single management system. No non-conformities were identified by the external auditors, which means that we are fully compliant with the requirements of the standard and the legislation. In addition to internal and external stakeholders of the occupational safety and health system, internal auditors, internal audit, works council, trade union and inspection services, human resources and the GIZ Safety and Health Task Force were involved in the activities and implementation of the occupational safety and health policies. All of these contributed to ensuring a safe and effective occupational safety system.

The new developments (legislation, changes in the occupancy of individual jobs, work and personal protective equipment) that we observed over the past period were included in the 11th revision of the Safety Statement with Risk Assessment, which was presented to workers' representatives, trade union representatives and the Company's management. The challenges we will face in the future will be based on communication, consultation and cooperation with the Company's stakeholders. In line with the medical risk assessment, we provided periodic medical examinations, preliminary medical examinations for new employees, targeted medical examinations and follow-up medical examinations. Unfortunately, the other side of the epidemic of the past period has been revealed, confirming the predictions of the medical experts that the consequences of the epidemic will become apparent after some time, as can be seen already from the current work capacity assessments and the increased number of work restrictions of the employees.

[30] GRI 403-9.

To reduce absenteeism, we took preventive measures and carried out vaccinations against tick-borne meningoencephalitis and health promotion programmes for employees at the workplace. We extended our cooperation with an external provider of rapid psychological counselling. From 2022, we are providing our employees with an additional collective health insurance "Specialist", with the aim of increasing employee health security and reducing absenteeism. As part of the promotion of health at work, height-adjustable tables were provided for those with back problems, and various exercise and other activities were organised as part of the Elektro Maribor Sports Association.

In accordance with the requirements of ISO 45001:2018, the Company records all work-related accidents and dangerous occurrences that happen to employees. We recorded 28 occupational accidents and 11 hazardous occurrences. The number of occupational accidents increased compared to 2022. The majority of work accidents were of a minor nature and caused by mechanical factors, none were related to electric shock or arc flash.

Number of accidents at work

	2023	2022	2021
Number of accidents	28	18	22

In 2023, we saw a 5% reduction in total working days lost due to accidents at work and sickness absence compared to 2022.

Number of working days lost

	2023	2022	2021
Number of total working days lost	15,749	16,582	14,396
- due to accidents at work	983	924	535
- due to sickness absence	14,766	15,658	13,861
Percentage of days lost due to accidents at work (%)	0.52	0.49	0.26
Percentage of days lost due to sickness absence (%)	7.84	8.35	6.78

We carried out on-site inspections of work teams to ensure compliance with safe working practices. We also checked the use of work and personal protective equipment and carried out breathalyser tests.

In the area of fire protection, we carry out regular inspections of automatic fire detection systems (APZ) and fire extinguishers. The basis for issuing a report on the trouble-free operation of an installed active fire protection system is the relevant technical documentation required by law or by the system inspector. The maintenance of the APZ is carried out in accordance with the manufacturer's instructions. A fire drill was carried out to evacuate employees and visitors from the office buildings of Elektro Maribor.

4 Cooperation with local communities and users

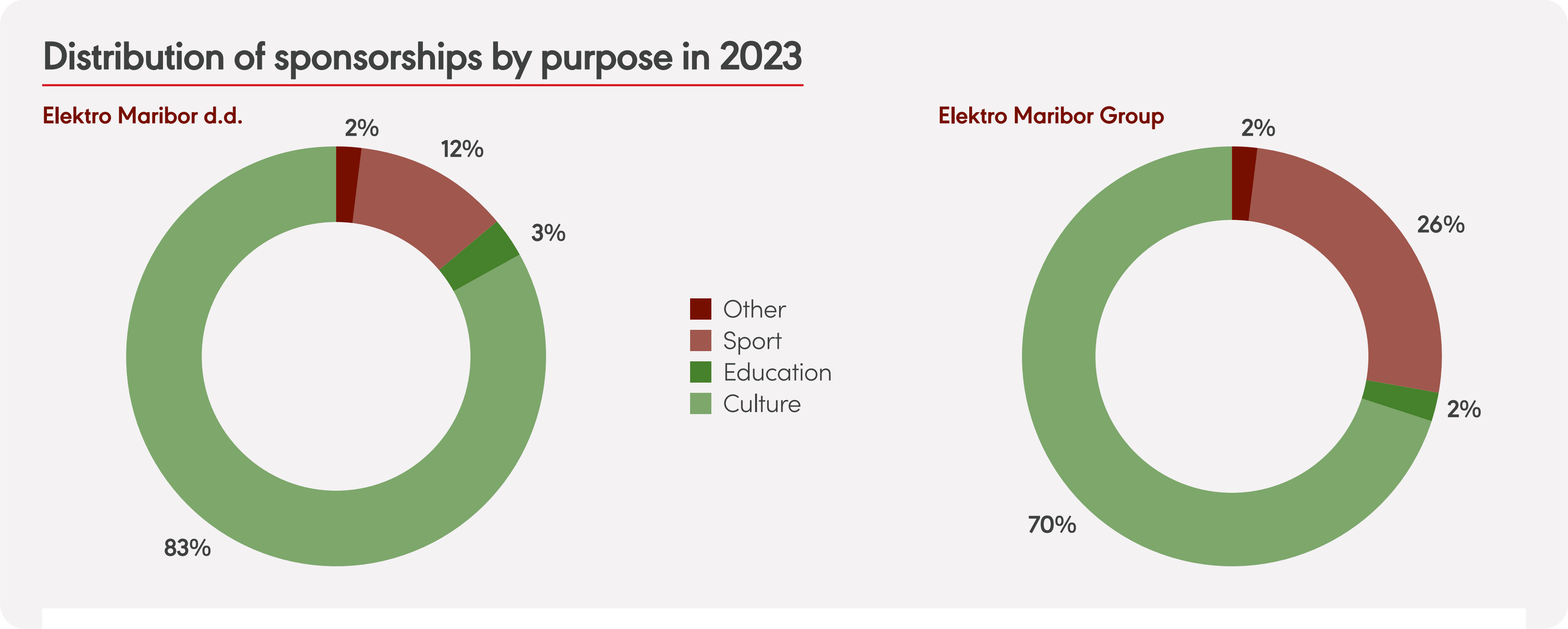
Sponsorships, donations[31]

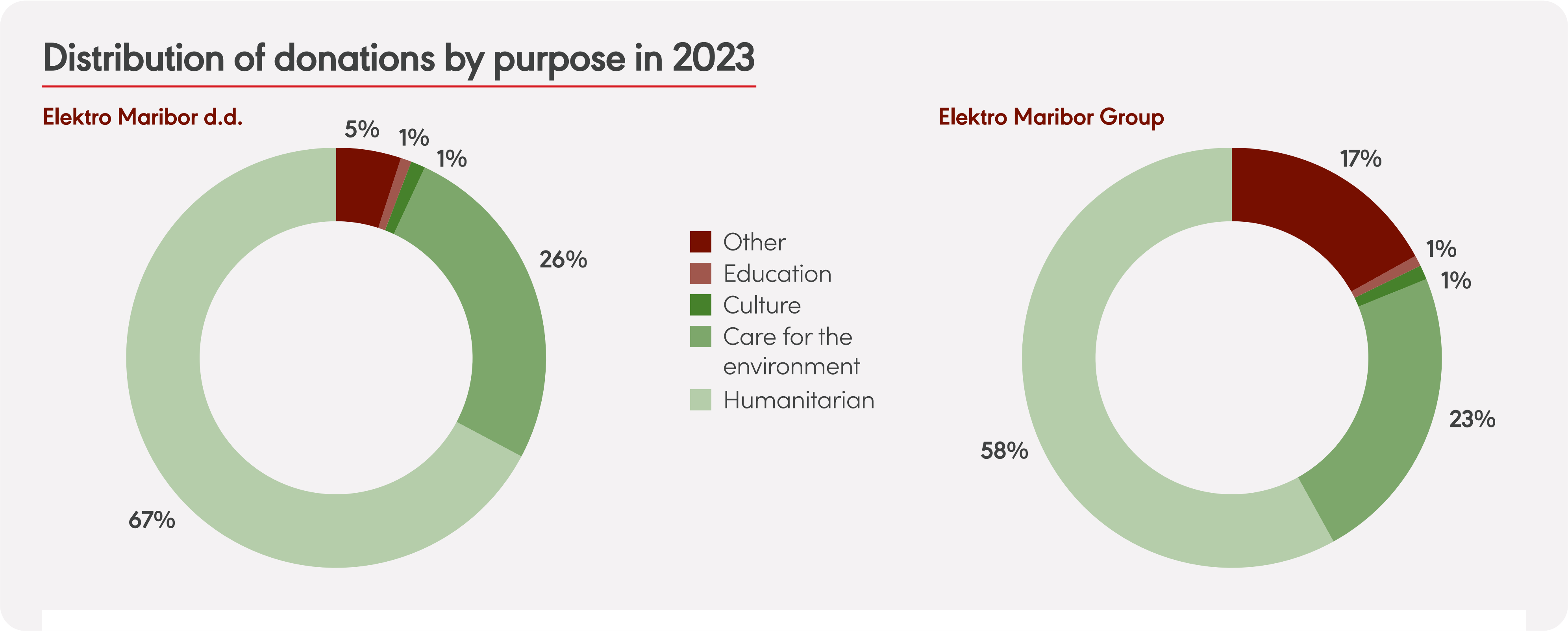
Sponsorships and donations are also part of our corporate social responsibility, and we mainly donated to humanitarian and firefighting organisations, traditional events in the Company's supply area and professional activities in the sector.

In awarding funding, we take into account the principles of transparency, balance, economic benefit and territorial presence.

Information on sponsorships and donations awarded is publicly published on the *website (Elektro Maribor-Transparency of Business elektro-maribor.si)*. The share of funds earmarked for sponsorships and donations does not exceed 0.1% of the Company's revenue in 2022 and is therefore in line with the recommendations of the SDH.

In partnership with three secondary schools in our area, we continued to promote excellence in young people from the start of their secondary education and reward their significant successes and achievements.





[31] GRI 201-1.

Communication and information

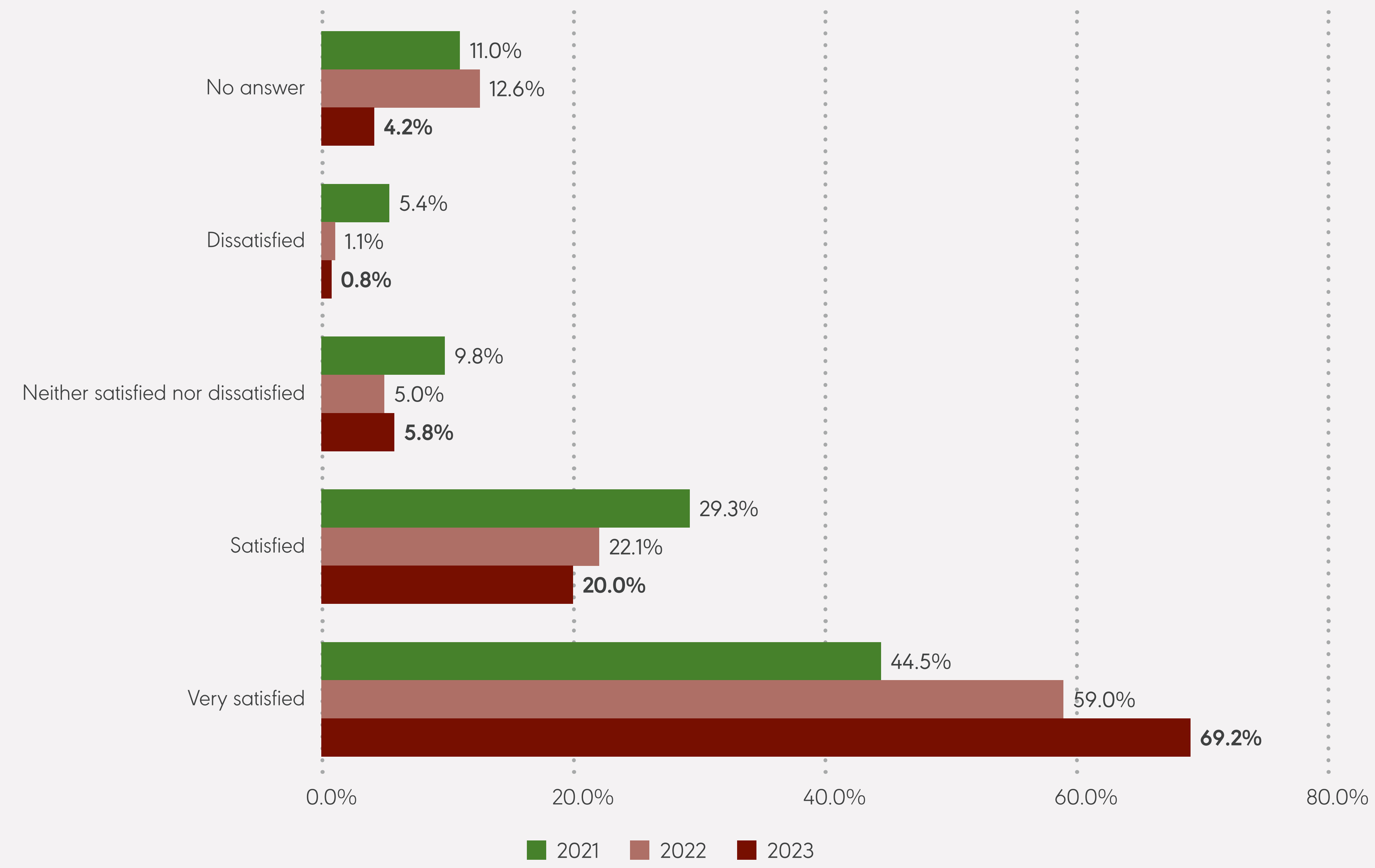
We keep the external public up-to-date with the latest news and developments on the Company through our website, press releases and answers to questions from journalists.

Information to network users was provided through work processes, the call centre, personal visits to customers, the *info@elektro-maribor.si* email, the *www.elektro-maribor.si* website, the eStoritve web and mobile portal, the Moj Elektro web and mobile portal, and the radio station, where planned disconnections are announced daily.

In 2023, we also carried out a measurement of stakeholder satisfaction with Elektro Maribor d.d. We distributed questionnaires to household and business customers who used the services of Elektro Maribor d.d. in 2023, according to the individual regional and service units. The aim of the survey was to determine the satisfaction of customers with the cooperation, the quality of performance and the quality of complaint resolution, the evaluation of the Elektro Maribor d.d. contact persons, as well as to obtain other opinions, recommendations and suggestions.

The survey showed that in 2023, 89.2% of respondents were satisfied with their overall cooperation with Elektro Maribor d.d., of which 69.2% were very satisfied and 20.0% were satisfied.

Results of the satisfaction measurement with Elektro Maribor d.d.

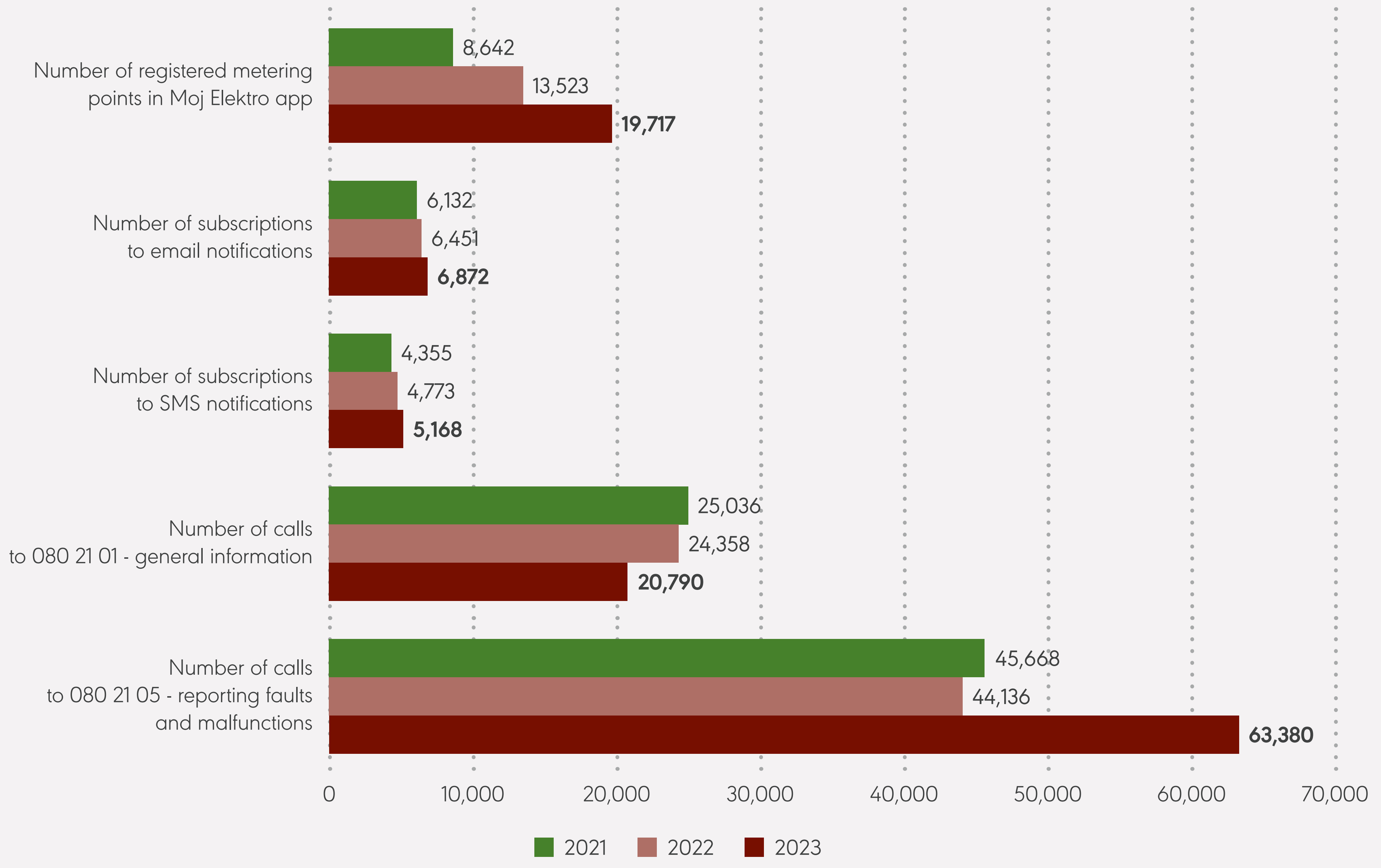


In 2023, 63,380 calls were recorded to the free Blue Line for reporting faults and malfunctions (080 21 05), with a service level indicator of 68%, meaning that this proportion of customers reached an operator in less than one minute. The number of calls is mainly dependent on weather conditions and disconnections due to urgent maintenance work. In 2023, the number of calls increased significantly in July due to the effects of strong wind and lightning storms that affected the north-eastern part of Slovenia between 13 July 2023 and 28 July 2023.

The free Blue Line for general information (080 21 01) received 20,790 calls, with a service level indicator of 88%, which means that this proportion of customers reached an operator in less than one minute.

Users were informed about the possibility to sign up for free e-mail and/or SMS notification of planned and unplanned power cuts. The number of metering points involved is growing year on year. The number of users connected to the Moj Elektro portal also increased significantly.

Contact with network users



The table below presents the results of a survey of users about the services we provide for ELES d.o.o. Users rated the services by selecting a score from 1 to 5, where 1 is very negative and 5 is very positive. The average rating was 4.63, which is 0.28 higher than in 2022.

Results of the customer survey on services provided to ELES d.o.o.

	2023 Average rating	2022 Average rating	2021 Average rating
1. Assessment of the service provided			
Transparency and understanding of services	4.67	4.44	4.59
Response time and demand	4.56	4.15	4.01
Price	4.21	4.07	4.17
2. Assessment of the service provided by the contractor			
Quality of performance	4.79	4.56	4.62
Implementation deadline	4.60	4.20	4.10
3. Assessment of the quality of complaint handling			
Professionalism	4.76	4.52	4.56
Responsiveness	4.65	4.32	4.44
4. Assessment of contact persons			
Professionalism	4.78	4.51	4.65
Responsiveness	4.68	4.36	4.58
TOTAL	**4.63**	**4.35**	**4.41**
N - number of completed surveys received	147	603	257

We also conducted a survey of electricity suppliers at the end of 2023. The topic of the survey was: suppliers' satisfaction with the different services we provide in the regulated activity. The questions covered: billing, switching, disconnections, claims handling and the provision of information. Questions also related to the assessment of professionalism and responsiveness.

Questions were sent to 11 active suppliers. The survey was anonymous. Replies were received from eight suppliers. These eight suppliers have a combined market share of 99% in the Elektro Maribor area. Where a supplier returned more than one completed questionnaire, the average of the results of each supplier was taken into account in the calculation. Suppliers rated their satisfaction on a five-point scale (5 = very satisfied, 1 = very dissatisfied). The overall average score across all areas was 3.9, with all areas again characterised by a higher rating for professionalism than responsiveness.

Results of the survey of electricity suppliers

	2023	2022	2021
Overall average score	3.9	3.6	3.9

5 Cooperation with business partners[32]

We have transparent and fair relations with suppliers on the market. In line with the Company's transparent open policy, all orders with a value of more than EUR 1,000 are published on the Company's website. This enables a very large number of suppliers to submit a bid, which has an impact on the volume of suppliers. We evaluate our suppliers annually on the basis of quality, selling price and attitude.

Elektro Maribor d.d. has a centralised procurement of materials and services for the needs of the entire Company. The purchasing function covers the procurement process for materials, services and works, as well as the receiving and warehousing process. Material is generally ordered to the main warehouse, which is responsible for further distribution to the warehouses of the regional and service units, with inter-warehouse issue of material. Procurement processes are carried out in a transparent manner through public procurement and through inventory procedures. In procedures below the procurement threshold (inventory procedures), competitive and transparent procedures are carried out in a way that ensures diversification and impartiality in the selection process by publishing the requests for quotations on the Company's website and by sending the request to several tenderers.

To ensure a smooth supply of materials, we keep stocks in our main warehouse and in the warehouses of our regional and service units. As at 31 December 2023, the total value of material stocks is EUR 4.1 million, which is at the same level as in 2022. The majority of the stocks relate to material to be installed in the execution of investments on our own account.

As a public procurement entity, we published 58 procurement procedures in 2023, in accordance with the applicable public procurement legislation (ZJN-3) and the monthly procurement timetable. Public procurement is regularly published on the public procurement portal (enarocanje.si), on the e-JN electronic public procurement portal and on the Company's website. The Company's procurement is based on the principles of economy, efficiency, effectiveness, ensuring competition between bidders, transparency, proportionality and equal treatment of bidders. When carrying out public procurement, various criteria are taken into account, such as the lowest price, the most economically advantageous tender taking into account various criteria, life cycle costing, etc. An important factor in the selection of suppliers is compliance with the Green Public Procurement Regulation, and only tenders that fully comply with the technical requirements laid down in this Regulation are considered.

On the *Elektro Maribor Public Procurement* website (*elektro-maribor.si*), we publish information on all contracts concluded in public procurement procedures, small value procurement procedures and bidding procedures.

[32] GRI 2-6.

Achieving high standards

WE ARE COMMITTED TO THE PRINCIPLES OF SUSTAINABLE BUSINESS.

Our sustainable development focuses on the economic, social and environmental impacts of our operations. Through Elektro Maribor's clearly written Diversity Policy, we ensure sustainable management and control. We operate with sustainable development goals in mind, improving working conditions and the quality of life of our employees, working for the benefit of local communities as well as the wider society.

We operate in accordance with our Environmental Policy, which commits us to sustainable operations. We are also committed to increasing our energy efficiency, which is why we have been following the ISO 50001 energy management system since 2020, and we have been the first company in the industry to calculate and reduce our carbon footprint since 2011.

6 Management systems[33]

The needs and expectations of our customers, clients and business partners on the one hand, and the awareness of our employees of the importance of quality assurance on the other, led Elektro Maribor d.d. to establish a quality management system according to ISO 9001, which we have upgraded so that we now combine management systems in the following areas:

- Quality;
- Protecting the environment;
- Health and safety at work;
- Information security;
- Energy management;
- Requirements for control bodies; and
- Qualification for testing and calibration laboratories.

In addition to the management systems in place, we also introduced other systems that raise the level of stakeholder expectations, such as the Family Friendly Company certificate and the Socially Responsible Employer certificate.

Management systems and certificates

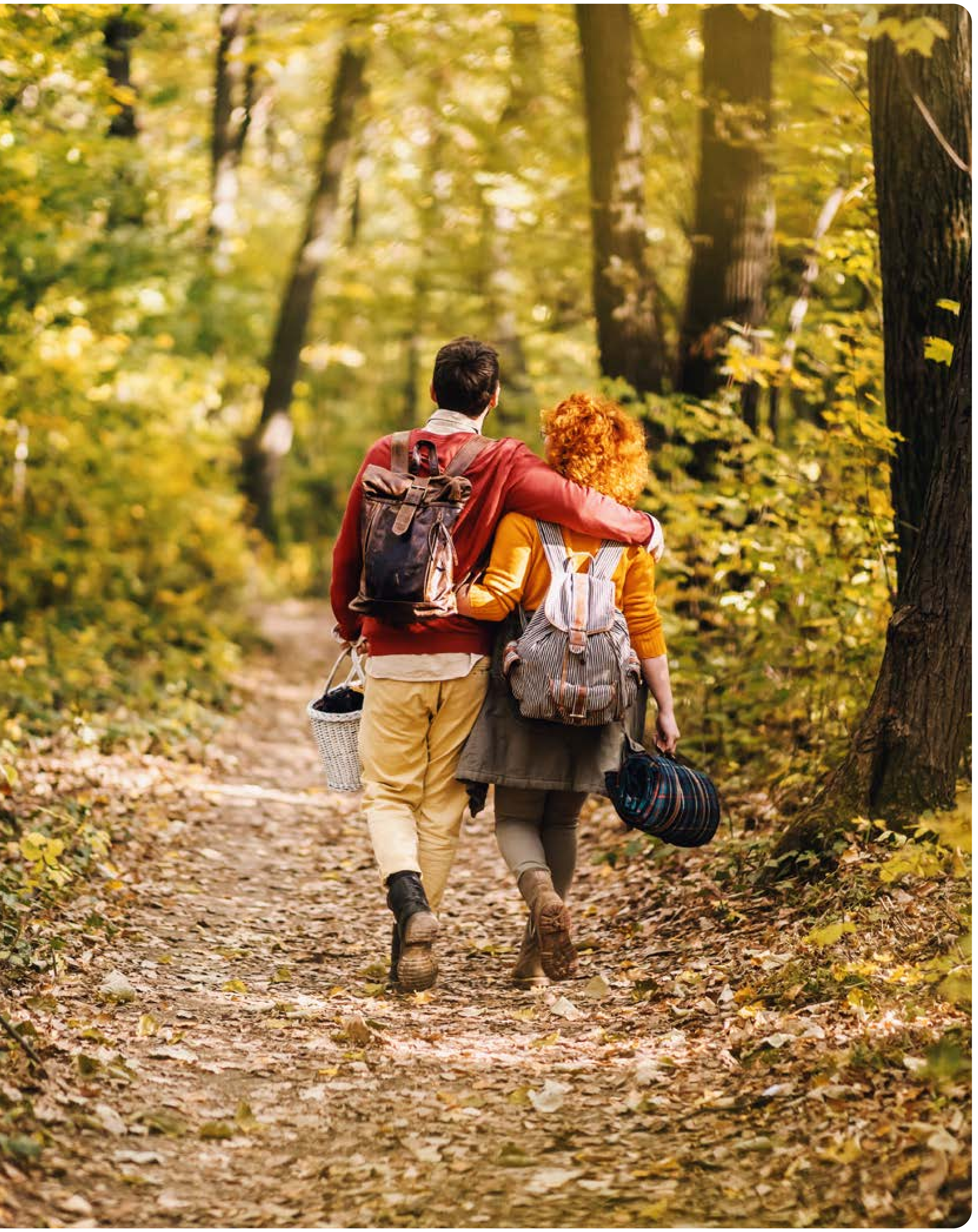
ISO 9001 Quality management system	ISO 14001 Environmental management system	ISO 27001 Information security management system
ISO 45001 Occupational health and safety management system	ISO 50001 Energy management system	Certifikat DPP Family-Friendly Company
ISO 17020 Requirements for control bodies	DoD Certificate Socially Responsible Employer	ISO 17025 Requirements for laboratories

[33] GRI 403-1.

Management systems are subject to continuous improvement and development, as we seek to build on the activities already in place or maintain their growth. Upgrading or improving our management system activities increases our competitiveness compared to other companies in the sector.

- Quality in the Company's operations is ensured by adhering to the requirements of the ISO 9001 quality standard. The requirements of the standard affect, on the one hand, operations within the Company and, on the other hand, relations with users or the satisfaction of their expectations and needs. We are aware that in order to raise the overall level of quality in the Company's operations, we need to define our own processes well in order to achieve our objectives and manage risks.
- Occupational health and safety is by definition regulated by legal and regulatory requirements. With the introduction of ISO 45001, we further systematised our operations. Occupational health and safety is the basis for every activity. Employees are entitled to a safe and healthy working environment, which Elektro Maribor d.d. as an employer guarantees
- We are committed to the transition to a low-carbon society. We are putting in place key elements of the transition to a low-carbon society by providing a high-quality network and promoting the efficient use of renewable energy. We have been successfully working in the field of environmental protection through ISO 14001 for more than a decade. We have succeeded in reducing our environmental impact, both in waste and in the protection of water, air, soil and other impacts we cause.
- We are also building on our active work in the field of environmental protection in the area of energy efficiency, where we are reducing our energy needs through various measures in line with the ISO 50001 standard. We took a closer look at our energy management and focused on identifying measures to increase energy efficiency. The latter will be very important in the future, as we cannot guarantee an adequate level of energy efficiency without investing in energy renovation.
- In 2023, we started to put in place measures o comply with the guidelines of the new ISO 27001:2022 standard to ensure that we apply a process approach to managing and ensuring the confidentiality, integrity and availability of information.
- The Metrology Office of the Republic of Slovenia appointed the measurement laboratory to perform verification of electricity meters and current transformers based on the accreditation certificate issued in accordance with SIST EN ISO/IEC 17020:2012. The Environmental Agency of the Republic of Slovenia also authorised our measurement laboratory to perform initial measurements and operational monitoring of low-frequency sources of electromagnetic radiation based on the accreditation certificate issued in accordance with SIST EN ISO/IEC 17025:2017 – a service that we offer on the market as well as for our own implementation. The operation of the measurement laboratory is also certified for the mobile unit that performs the verification of field measurements.
- The Company is fully certified as a Family-Friendly Company (*DPP*).
- In 2022, we upgraded our corporate responsibility towards our employees with the introduction of the Socially Responsible Employer (*DOD*) Certificate.

We manage all our systems management activities using a variety of approaches. By regularly addressing specific areas, we identify actual situations and correct them with appropriate actions. This also includes regular and extraordinary internal audits, external audits and reviews by independent organisations. We work in a process-oriented way, regularly aligning system documentation and the processes through which we manage our management systems. These are reviewed at the Management Review, where management systems activities are re-examined and, where necessary, additional actions are taken.

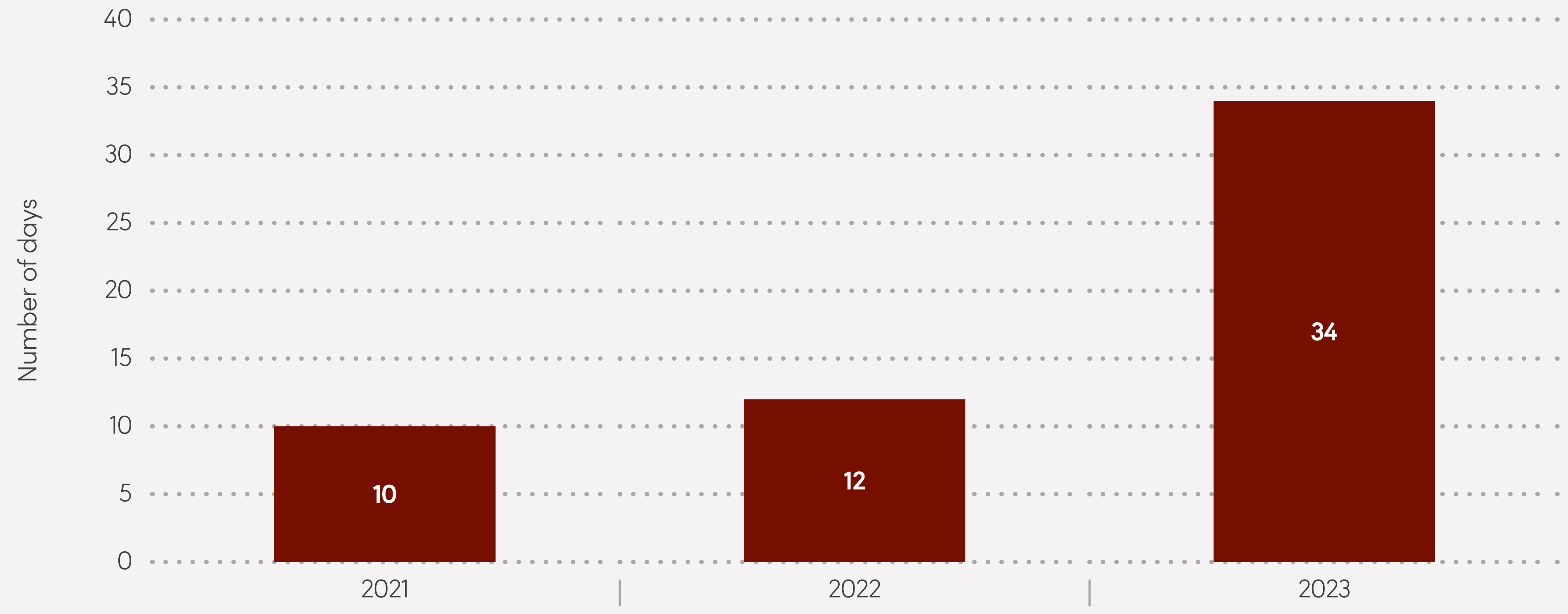


7 Environmental impacts[34]

Extreme weather conditions and their impact on operations

The consequences of weather events such as windstorms, snowstorms and ice storms can cause significant damage to the electricity system and have a negative impact on the quality of electricity supply. Thirty-four days of extreme weather events were recorded in the Company's supply area in 2023, an increase of twenty-two days compared to the previous year. In January and February 2023, snow and high winds caused a lot of problems on the grid, and in July 2023, strong wind storms caused severe failures on the electricity grid throughout the Company's supply area. We are reducing the impact of weather factors on the reliability of electricity supply by increasing the robustness of the network.

Number of days with extreme weather conditions



Responding quickly and effectively to the increasing frequency of weather disasters

In 2023, extreme weather events repeatedly impaired the sustainability of the distribution network. A fast, safe and efficient response to major outages is of paramount importance for our customers. We regularly train and educate our work teams in this area, and in 2023 we invested a high proportion of our own resources in restoring the damaged network.

[34] GRI 201-2, 302-2.

Energy in the distribution system

Energy in the distribution system of Elektro Maribor d.d.

	2023	2022	2021
Electricity taken in MWh (*e.e. taken*)	2,279,345	2,384,908	2,419,724
– from productive sources	381,924	343,501	343,774
– from the transmission network	1,897,421	2,041,407	2,075,951
% of energy taken from production sources	16.8	14.4	14.2
Distributed electricity in MWh (*Distrib. e.e.*)	2,177,161	2,282,042	2,314,390
Electricity losses in MWh (*e.e. losses*)	102,184	102,866	105,335
% of electricity losses	4.69	4.52	4.55

Environmental protection[35]

We systematically implement environmental protection measures in accordance with ISO 14001:2004. We protect the environment by minimising potential environmental impacts. The most important aspect of this is the identification of the environmental impacts caused by the Company. We seek to reduce these to a lower level through various activities. Separate collection of waste and its proper treatment before handing it over to the waste collector, proper positioning of power installations, reducing direct impacts on air, water and soil are some of the areas where we try to reduce our environmental impacts. The cooperation or involvement of all employees, whose work contributes to reducing environmental impacts, both internally and indirectly outside our Company, is essential to achieving our environmental objectives.

We are also building on our active work in the field of environmental protection by working in the field of energy efficiency. With the introduction of the ISO 50001 standard in 2020, we have already taken a systematic approach to reducing energy consumption. Regular measurements of energy use, the identification of measures to reduce use and investments in energy efficiency reflect our commitment to sustainable development and the transition to a low-carbon society. Due to the nature of the work (maintenance and construction of the distribution network), most of the energy is needed for transport and heating. The aim is to increase energy efficiency.

Energy consumption in Elektro Maribor d.d.

Energy product	Unit	2023	2022	2021
Fuel	l	506,852	513,450	589,445
Electricity	MWh	1,390	1,483	3,223
Natural gas	m3	122,456	120,987	141,511
District heating	MWh	553	590	734
Total	**MWh**	**8,219**	**8,188**	**11,078**

Carbon footprint[36]

We have been calculating our carbon footprint since 2011. In order to more accurately verify the emissions emitted by our activities and in line with the recommendations of the SDH, in 2022 we standardised the calculation of the carbon footprint for all EDPs in Slovenia. The emissions estimation was carried out according to a uniform methodology prepared in accordance with the requirements and guidelines of the Greenhouse Gas Protocol and Corporate Accounting and Reporting Standard (hereinafter: GHG Protocol), which is the most widely used international tool for measuring, reporting and managing greenhouse gas (GHG) emissions.

The carbon footprint of the Company is reported under three scopes in accordance with the GHG Protocol:

- Scope 1 ("Scope 1") represents the Company's direct GHG emissions resulting from its own consumption of combustion fuels, the use of vehicles owned by the organisation, process emissions and fugitive emissions of greenhouse gases.

  In our Company, Scope 1 includes direct emissions from sources owned or controlled by the Company (e.g. boilers, furnaces, vehicles, etc.), which includes the consumption of all combustion fuels, vehicle fuels and fugitive emissions from air conditioning and other appliances.

[35] GRI 302-1, 302-4.
[36] GRI 305-1, 305-2, 305-3, 305-5.

- Scope 2 ("Scope 2") represents indirect emissions from the consumption of electricity and (district) heating/cooling (purchase of heating/cooling energy from third parties) for the Company's business needs. Scope 2 emissions are indirect because they do not physically occur within the organisation, but rather at third party producers of network energy or where electricity or heating/cooling energy is generated.

  In our Company, we account for Scope 2 emissions from the purchase of electricity and heat by third parties and related organisations, including the purchase of electricity to meet electricity losses on the grid.

- Scope 3 ("Scope 3") represents the remaining indirect emissions resulting from the Company's activities across the organisation's value chain, namely upstream and downstream. Collecting and reporting the data to measure and calculate these emissions can be complex, so we focus our calculations on the data that has the greatest impact on the calculation.

  In our Company, we take into account Scope 3 emissions from the sale of electricity and heat to third parties, waste, and the transport of employees to and from work.

In the Annual Report, we report on the carbon footprint data currently available. In 2022, the carbon footprint was 52% lower than in 2021, mainly due to lower Scope 2 emissions.

Carbon footprint (tCO_2 equivalent) of Elektro Maribor d.d.

	2022	2021	2020
Volume 1	1,651	1,820	1,864
Volume 2	41,757	89,194	63,750
Volume 3	897	997	980
Total	**44,305**	**92,010**	**66,594**

Waste[37]

In the course of our business, we mainly deal with waste resulting from the maintenance of the distribution system and investment activities (construction waste, various metals, cables and wires, wood, packaging, meters). We separate the waste and hand it over to authorised waste collectors.

In 2023, we were effective in managing the total amount of waste handed over, which did not increase compared to 2022.

Waste production at Elektro Maribor d.d.

In tonnes	2023	2022	2021
Hazardous waste	121	83	44
Contaminated water	83	125	85
Packaging	63	78	65
Paper, cardboard	59	64	28
Construction waste	878	754	2,186
Municipal waste	83	93	48
Non-ferrous metals	3	4	13
Other metals	132	160	214
Waste electrical and electronic equipment	14	58	49
Other	98	121	163
Total	**1,534**	**1,540**	**2,894**

[37] GRI 306-3.

FINANCIAL REPORT OF ELEKTRO MARIBOR D. D.

03

OUR INVESTMENT FOCUS IS ON PROVIDING THE GREEN TRANSITION.

In 2023, we earmarked funding for the maintenance and development of an advanced distribution network, which is key to a high-quality and reliable sustainable electricity supply.

1 Independent auditor's report

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Cesta v Mestni log 1
1000 Ljubljana, Slovenia

REPORT OF THE INDEPENDENT AUDITOR
to the shareholders of Elektro Maribor d.d.

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We audited the financial statements of Elektro Maribor d.d. (the "Company"), which comprise the balance sheet as at 31 December 2023, and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and 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 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Slovenian Accounting Standards (SRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and Regulation (EU) No 53712014 of the European Parliament and of the Council of 16 April 2014 on specific matters relating to statutory audit of public-interest entities ("the Regulation"). Our responsibilities under these rules are described in this report in the paragraph on Auditor's Responsibilities for the audit of the financial statements. In accordance with the International Code of Ethics for Accounting Professionals (including the International Independence Standards) issued by the International Ethics Standards Board for Accounting Professionals (the IESBA Code) and the ethical requirements applicable to the audit of financial statements in Slovenia, we confirm our independence from the Company and that we complied with all other ethical requirements in accordance with those requirements and the IESBA Code.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters are those that, in our professional judgement, were the most significant in the audit of the financial statements for the current financial year. These matters were considered in the context of the audit of the financial statements taken as a whole and in forming our opinion thereon, and we do not express a separate opinion on these matters.

Investments in property, plant and equipment

Description of key audit matter

The book value of property, plant and equipment as at 31 December 2023 is EUR 385,787,494 (31 December 2022: EUR 372,103,986); the cost of maintenance services for 2023 is EUR 2,928,584 (2022; EUR 2,448,960).

In addition to new investments, the Company carries out routine maintenance of plant, equipment and facilities, mainly electricity infrastructure. While items that qualify for recognition as property, plant and equipment are capitalised and expensed through annual depreciation, maintenance costs are charged to profit or loss as incurred. The distinction between items that qualify for recognition in the balance sheet and items that are recognised immediately in profit or loss is relevant to the audit because its recognition requires management's judgement as to whether and which conditions are met for an item to be classified as property, plant and equipment, and whether and which conditions are met for the item to be classified as maintenance costs, and the judgement as to whether the conditions for the recognition of property, plant and equipment are met and whether the amounts recorded are accurate, which led us to identify the matter as a key audit matter. In making this judgement, the Company applies significant assumptions and judgements related to the satisfaction of the conditions for recognition of property, plant and equipment as defined in the SRS.

Reference is made to the note in paragraph 3.2 Significant accounting policies and within this note Property, plant and equipment, paragraph 3.3 Notes to the balance sheet and within this note Note 2 Property, plant and equipment and paragraph 3.4 Notes to the income statement, and within this note 19 Cost of goods, materials and services.

Our audit approach

Our audit procedures included:

- Assessing the internal rules governing investment in property, plant and equipment and construction costs to ensure that they comply with the policies prescribed by the Slovenian Accounting Standards.

BDO Revizija d.o.o., a Slovenian limited liability company, is a member of BDO International Limited, a UK limited by guarantee company and is part of the international BDO network of independent member companies.
District Court in Ljubljana, Reg. No. 1/26892/00, Share capital: EUR 9,736.66, Registration No.: 5913691, VAT ID No.: SI94637920.

- Testing the design and implementation of internal controls over the recognition of costs and property, plant and equipment and related liabilities.
- Familiarisation with the investment management system.
- Testing on a sample of selected items of property, plant and equipment and maintenance costs, whereby:
  - we assessed whether the conditions for recognition of property, plant and equipment and maintenance costs are met;
  - we obtained the basis from those responsible for the investments;
  - we interviewed those responsible for the investments;
  - we verified the supporting accounting documentation and the entries in the accounting records. The sample included both randomly selected items and items identified by our risk-based approach due to the size, complexity, content or duration of the construction or maintenance.
- Review of disclosures in accordance with the requirements of the SFR.

Capitalised own products and own services

Description of the key audit matter

Capitalised own products and own services for the financial year ended 31 December 2023 amount to EUR 20,936,463 (2022: EUR 17,442,657). The Company carries out the activity of construction of buildings and equipment on its own account. Investments in self-constructed fixed assets are valued on the basis of estimated hourly rates, which include, in addition to labour costs, other indirect costs as well as direct material and freight costs. The formulation of hourly labour rates and the judgement as to which indirect costs to include in the value of fixed assets is linked to the estimates. Estimates of the level and structure of fixed asset construction costs are relevant to the audit because they are linked to significant management judgements. In making these judgements, management uses assumptions and judgements related to the eligibility of property, plant and equipment for recognition as defined by the Slovenian Accounting Standards.

For these reasons, we identified the case as a key audit matter.

Reference is made to the explanatory notes in paragraph 3.2 Significant accounting policies and within that to Property, plant and equipment and Revenue recognition, to the explanatory note in paragraph 3.3 Notes to the balance sheet and within that to Note 2 Property, plant and equipment in paragraph 3.4 Notes to the income statement and within that to Note 17 Capitalised own products and services.

Our audit approach

Our audit procedures included:

- Assessing the policies governing investment in property, plant and equipment and construction costs to ensure that they are consistent with the policies prescribed by the Slovenian Accounting Standards.
- Testing the design and implementation of internal controls.
- Familiarisation with the way in which own-account investments are managed.
- Examining the methodology and assumptions used by the Company in calculating the labour cost and verifying the completeness and accuracy of the data used.
- Recalculation of the calculated labour cost for the selected type of works and comparison with the current year's calculation and market prices.
- Testing on a sample of selected items of capitalised own goods and services, whereby:
  - we assessed whether the right price for the type of work was applied;
  - we obtained the basis for material and freight costs;
  - we interviewed the persons responsible for the investments;
  - we verified the supporting accounting documentation and the entries in the financial statements. We sampled items randomly selected as items that we determined, based on our risk-based approach, to be of a particular size, complexity, content or duration of construction or maintenance.
- Review of the disclosures in the annual report relating to fixed assets and capitalised own products.

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Other information

Other information is the responsibility of management. Other information comprises information in the Annual Report other than the financial statements and our auditor's report thereon. Other information was obtained before the date of the auditor's report, except for the Supervisory Board's report, which will be available at a later date.

Our opinion on the financial statements does not extend to other information and we do not express any form of assurance on it.

In connection with the audit of the financial statements, it is our responsibility to read the other information and, in doing so, to assess whether the other information is materially inconsistent with the financial statements, legal requirements or our knowledge acquired in the audit or otherwise appears to be materially misstated. If, as a result of our work, we conclude that there is a material misstatement of other information, we are required to report on that circumstance.

In this respect, on the basis of the procedures described above, we report that:

- the other information is consistent in all material respects with the audited financial statements;
- the other information is prepared in accordance with applicable laws and regulations; and
- based on our knowledge and understanding of the Company and its environment obtained during the audit, we did not identify any material misstatements in relation to the other information.

Management and Supervisory Board responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the SRS 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 Company's financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing matters related to going concern and for using the going concern assumption as a basis of accounting, unless management intends to liquidate the Company or to discontinue operations, or has no alternative but to do one or the other.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements taken 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. Acceptable assurance is a high level of assurance, but is not a guarantee that an audit performed in accordance with IAS and the Regulation will always detect a material misstatement, if one exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they can reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

We use professional judgement and maintain professional discretion when carrying out an audit in accordance with IAS. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, design and perform audit procedures in response to the assessed risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk due to error, as fraud may involve collusion, forgery, deliberate omissions, misrepresentations or circumvention of internal controls;
- Obtain an understanding of internal control relevant to the audit of the financial statements 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, based on audit evidence obtained, that a material uncertainty exists about events or conditions that cast significant doubt about the Company's ability to continue as a going concern about the appropriateness of management's use of the going concern basis of accounting. If we conclude that a material uncertainty exists, we are required to qualify our opinion in the auditor's report by referring to the appropriate disclosures in the financial statements or, if such disclosures are inadequate, by adjusting our opinion. The auditor's conclusions are based on audit evidence obtained up to the date of the auditor's report. However, subsequent events or circumstances may cause the Company to cease to be a going concern;

BDO

- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements present the underlying transactions and events in a manner that achieves fair presentation.

We discuss with those charged with governance, inter alia, the planned scope and timing of the audit and the significant audit findings, including material weaknesses in internal control, identified during the audit.

We also provide the Audit Committee with a statement that we have met the relevant ethical requirements for independence and discuss with them any relationships and other requirements that may reasonably be perceived to affect our independence and, where appropriate, the steps taken to address the risks or safeguards in place.

From all the matters discussed with management, we identify those matters that were the most significant in the audit of the financial statements in the current period and are therefore key audit matters. We describe these matters in the auditor's report unless a law or regulation prevents public disclosure of these matters or, in extremely rare circumstances, we decide not to report on the matters because we have a reasonable expectation that the adverse consequences of doing so would outweigh the public benefit of doing so.

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 performed the engagement to provide reasonable assurance as to whether the criteria for dividing the economic categories by different activities (hereinafter referred to as the "division criteria") disclosed in Section 3.7 Reporting under the Electricity Supply Act of this Annual Report are appropriate and have been properly applied in the separate recording of the individual activities of the customer Elektro Maribor d.d. for the financial year ended 31 December 2023, in accordance with the requirements of the Electricity Supply Act (ZOEE).

Definition of appropriate criteria

To assess the appropriateness of the allocation criteria, we assessed compliance with the ZOEE. We assessed whether the allocation criteria reflect the volume of activity giving rise to the economic category they are intended to allocate. If the volume of activity giving rise to the economic category could not be measured, we assessed whether the allocation criterion was determined on the basis of the proportion of direct costs.

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 specified.

Management and Supervisory Board responsibilities

Management is responsible for the preparation and proper application of the allocation criteria in accordance with the ZOEE, and for such internal control as management determines is necessary to enable their preparation and application in a manner that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for adopting the allocation criteria and supervising their application in accordance with the requirements of the ZOEE.

Auditor's responsibility

It is our responsibility to provide reasonable assurance and to express a conclusion as to whether the allocation criteria have been prepared in accordance with the requirements of the ZOEE and are being applied correctly. We conducted our assurance engagement in accordance with the 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 complied with the independence and ethical requirements of the International Code of Ethics for Accounting Professionals issued by the Committee on International Standards of Ethics for Accounting Professionals. 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 in accordance with them, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

BDO

Summary of work done

Within the scope of our work, we performed the following audit procedures:

- We identified and assessed the risk of material misstatement of the relevance of the criteria and the appropriateness of their application to the requirements of the ZOEE;
- 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 various activities for the financial year ended 31 December 2023 are, in all material respects, appropriate in accordance with the ZOEE and were applied correctly.

Report on the requirements of Regulation (EU) No 537/2014 of the European Parliament and of the Council of the EU (Regulation 537/2014)

Confirmation to the Audit Committee

We confirm that the auditor's opinion included in this auditor's report is consistent with the additional report to the Audit Committee.

Prohibited services

We confirm that we did not perform the services referred to in Article 5(1)(5) of Regulation 537/2014 for Elektro Maribor d.d. and that the audit firm complied with the independence requirements of the audit.

Other audit firm services

The audit firm did not provide any services to Elektro Maribor d.d. other than the audit of the financial statements, other than those disclosed in the annual report.

Appointment of the auditor, duration of the engagement and the certified auditor responsible

The audit company BDO Revizija d.o.o. was appointed by the General Meeting of Elektro Maribor d.d. on 30 June 2022 and the audit contract was signed by the Chairman of the Supervisory Board on 21 September 2022. The contract is concluded for a period of five years. The statutory audit of the Company's financial statements has been carried out on a continuous basis since 10 September 2018.

On behalf of BDO Revizija d.o.o., the certified public auditor Maruša Hauptman is responsible for the audit.

Ljubljana, 16 May 2024

BDO Revizija d.o.o.
Cesta v Mestni log 1, Ljubljana
(signature on the original issued in Slovene language)
Maruša Hauptman, Certified Auditor

2 Financial statements of Elektro Maribor d. d.

Balance sheet

In EUR

	Item		31 Dec 2023	31 Dec 2022
A.	Non-current assets (I to VI)		403,449,955	391,322,103
I.	Intangible assets and non-current fixed assets	Note_1	3,637,933	3,933,498
	1. Non-current property rights		3,637,933	3,806,082
	5. Non-current provisions		0	127,416
II.	Tangible fixed assets	Note_2	385,787,494	372,103,986
	1. Land and buildings (a to b)		288,625,985	279,124,140
	a. Land		9,975,477	9,998,142
	b. Buildings		278,650,508	269,125,998
	2. Production plant and machinery		87,877,643	85,395,417
	4. Tangible fixed assets to be acquired (a to b)		9,283,866	7,584,429
	a. Property, plant and equipment under construction		9,234,310	7,534,873
	b. Advances for the acquisition of property, plant and equipment		49,556	49,556
III.	Investment property	Note_3	585,877	610,854
IV.	Non-current investments	Note_4	9,878,300	9,878,300
	1. Non-current financial investments other than loans (a to č)		9,878,300	9,878,300
	a. Shares and interests in group companies		1,691,967	1,691,967
	b. Shares and interests in associates		7,922,694	7,922,694
	c. Other shares and interests		56,594	56,594
	Other non-current investments		207,045	207,045

Balance sheet

In EUR

	Item		31 Dec 2023	31 Dec 2022
V.	Non-current trade receivables	Note_5	1,600,815	3,166,895
	3. Non-current trade receivables from customers		1,600,815	3,166,895
VI.	Deferred tax assets	Note_6	1,959,536	1,628,569
B.	Current assets (I to V)		30,790,811	31,387,560
II.	Inventories	Note_7	4,110,935	4,123,074
	1. Material		4,110,935	4,123,074
IV.	Current trade receivables	Note_8	14,696,377	12,459,720
	1. Current trade receivables from group companies		15,839	4,216
	2. Current trade receivables from customers		13,644,087	10,571,134
	3. Current trade receivables due from others		1,036,452	1,884,370
V.	Cash	Note_9	11,983,499	14,804,766
C.	Current accrued income	Note_10	1,035,401	547,862
	ASSETS (A + B + C)		435,276,168	423,257,525

Balance sheet

In EUR

	Item		31 Dec 2023	31 Dec 2022
A.	Capital (I to VII)	Note_11	308,062,518	305,456,722
I.	Called-up capital		203,932,512	203,932,512
	1. Share capital		203,932,512	203,932,512
II.	Capital reserves		75,384,315	75,384,315
III.	Profit reserves		27,908,124	23,748,033
	1. Legal reserves		7,578,292	7,270,252
	5. Other profit reserves		20,329,832	16,477,781
V.	Fair value reserves		-1,163,151	-609,215
VI.	Net profit or loss carried forward		0	1,691,164
	1. Carry-forward of net profit from previous years		0	1,691,164
VII.	Net profit for the year		2,000,718	1,309,913
	1. Residual net profit for the year		2,000,718	1,309,913
B.	Provisions and non-current OCI	Note_12	38,541,178	38,101,034
	1. Provisions for pensions and similar liabilities		6,673,317	5,924,406
	2. Other provisions		647,232	782,742
	3. Non-current accrued liabilities		31,220,629	31,393,885
C.	Non-current liabilities (I to III)	Note_13	57,790,747	52,349,452
I.	Non-current financial liabilities		57,748,755	51,967,718
	2. Non-current financial liabilities to banks		57,275,000	51,100,000
	3. Other non-current financial liabilities		473,755	867,718
II.	Non-current payables		41,992	381,734
	2. Non-current payables to suppliers		41,992	381,734

Balance sheet

In EUR

	Item		31 Dec 2023	31 Dec 2022
Č.	Current liabilities (I to III)	Note_14	29,804,524	23,818,142
II.	Current financial liabilities		11,286,953	8,842,288
	2. Current financial liabilities to banks		7,825,000	8,387,500
	4. Other current financial liabilities		3,461,953	454,788
III.	Current payables		18,517,571	14,975,854
	1. Current payables to group companies		0	0
	2. Current trade payables to suppliers		9,432,890	7,242,486
	3. Other current payables		9,084,680	7,733,368
D.	Current accrued liabilities	Note_15	1,077,201	3,532,175
	LIABILITIES TO RESOURCES (A + B + C + D)		435,276,168	423,257,525

Profit and loss account

In EUR

	Item		I–XII 2023	I–XII 2022
1.	**Net turnover**	*Note_16*	**64,085,345**	**49,307,919**
	a. on the domestic market		64,085,345	49,307,919
3.	**Capitalised own products and own services**	*Note_17*	**20,936,463**	**17,442,657**
4.	**Other operating income (including revaluation operating income)**	*Note_18*	**3,716,780**	**3,223,620**
5.	**Cost of goods, materials and services**	*Note_19*	**23,463,036**	**19,926,936**
	a. Cost of goods sold and cost of materials used		15,226,198	12,103,036
	b. Cost of services		8,236,838	7,823,899
6.	**Labour costs**	*Note_20*	**33,530,195**	**30,741,003**
	a. Payroll costs		23,655,792	21,460,789
	b. Social insurance costs		4,970,711	4,591,683
	- of which pension costs		1,115,807	1,081,881
	c. Other labour costs		4,903,692	4,688,531
7.	**Write-downs**	*Note_21*	**24,023,304**	**23,453,734**
	a. Depreciation		23,265,489	22,849,330
	b. Revaluation operating expenses on intangible assets and property, plant and equipment		445,657	399,786
	c. Revaluation operating expenses for working capital		312,159	204,617
8.	**Other operating expenses**	*Note_22*	**756,737**	**664,611**
9.	**Financial income from shares**		**0**	**9,729,465**
	a) Financial income from interests in group companies		0	9,663,329
	(b) Financial income from shareholdings in associates		0	66,136
11.	**Financial income from trade receivables**	*Note_23*	**504,993**	**18,018**
	b. Financial income from trade receivables due from others		504,993	18,018

Profit and loss account

In EUR

	Item		I–XII 2023	I–XII 2022
13.	**Financial expenditure on financial liabilities**	*Note_24*	**895,323**	**497,766**
	b. Financial expenses on loans received from banks		862,065	439,794
	č. Financial charges on other financial liabilities		33,257	57,972
14.	**Financial charges on payables**	*Note_25*	**205,621**	**526,686**
	b. Financial expenditure on trade payables and bills of exchange		445	471,428
	c. Financial expenses from other payables		205,176	55,258
15.	**Other revenue**	*Note_26*	**91,343**	**191,039**
16.	**Other expenditure**	*Note_27*	**95,317**	**369,513**
17.	**Income tax**		**471,532**	**0**
18.	**Deferred taxes**		**338,879**	**389,876**
19.	**NET PROFIT FOR THE PERIOD (1 + 2 + 3 + 4 – 5 – 6 – 7 – 8 + 9 + 10 + 11 – 12 – 13 – 14 + 15 – 16 – 17 + 18)**	*Note_28*	**6,232,740**	**4,122,346**

Statement of other comprehensive income

In EUR

	Item	I–XII 2023	I–XII 2022
19.	Net profit for the period	6,232,740	4,122,346
23.	Other components of comprehensive income	-625,866	156,481
	– Actuarial gains/losses on provisions for termination benefits	-617,954	165,350
	– Deferred tax effect on actuarial gains/losses on provisions for termination benefits	-7,912	-8,868
24.	**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (19 + 20 + 21 + 22 + 23)**	**5,606,873**	**4,278,827**

Cash flow statement

In EUR

Item		I–XII 2023	I–XII 2022
A. Operating cash flows			
a) Operating revenue	Note_29	119,013,319	98,180,807
Revenue from the sale of products and services		114,302,758	96,017,444
Other operating revenue		4,710,561	2,163,363
b) Operating expenditure	Note_30	-110,847,864	-97,875,187
Expenditure on purchases of materials and services		-68,097,212	-60,593,428
Expenditure on wages and salaries and employee profit-sharing		-32,706,656	-30,209,436
Expenditure on levies of all kinds		-6,437,615	-4,921,051
Other operating expenditure		-3,606,382	-2,151,273
c) Cash flow from operating activities (a + b)		8,165,454	305,620
B. Investing cash flows			
a) Investment income	Note_31	149,305	17,586,308
Interest and profit-sharing income of others relating to investments		0	66,136
Proceeds from the disposal of property, plant and equipment		149,305	58,172
Proceeds from the disposal of current investments		0	17,462,000
b) Investment expenditure	Note_32	-15,889,052	-12,896,662
Expenditure on the acquisition of intangible assets		-2,335,180	-1,857,239
Expenditure on the acquisition of property, plant and equipment		-13,553,872	-10,959,422
Expenditure on the acquisition of financial investments		0	-80,000
c) Cash flow from investing (a + b)		-15,739,747	4,689,647

Cash flow statement

In EUR

Item		I–XII 2023	I–XII 2022
C. Cash flows on financing			
a) Financing revenue	Note_33	14,000,000	11,900,000
Proceeds from increases in financial liabilities		14,000,000	11,900,000
b) Financing expenditure	Note_34	-9,246,974	-9,969,315
Expenditure on interest payments relating to financing		-859,474	-431,097
Expenditure on the repayment of financial liabilities		-8,387,500	-7,537,500
Expenditure on dividends and other profit-sharing payments		0	-2,000,718
c) Cash flow from financing activities (a + b)		4,753,026	1,930,685
Č. Ending cash balance		11,983,499	14,804,766
(x) Cash result for the period (sum of cash results Ac, Bc and Cc)		-2,821,267	6,925,951
+			
(y) Opening cash balance		14,804,766	7,878,815

Capital Movement Statement 2023

In EUR

	Item	Called-up capital	Capital reserves	Profit reserves				Fair value reserves	Net profit or loss carried forward	Net operating result for the year	Total
		Share capital		Legal reserves	Reserves for own shares	Own shares	Other profit reserves		Net profit carried forward	Net profit	
		I/1	II	III/1	III/2	III/3	III/5	V	VI/1	VII/1	
A.1.	**Balance at the end of the previous reporting period**	**203,932,512**	**75,384,315**	**7,270,252**	**0**	**0**	**16,477,781**	**-609,216**	**1,691,163**	**1,309,914**	**305,456,722**
A.2	**Opening balance of the reporting period**	**203,932,512**	**75,384,315**	**7,270,252**	**0**	**0**	**16,477,781**	**-609,216**	**1,691,163**	**1,309,914**	**305,456,722**
B.1	**Changes in equity - transactions with owners**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-3,001,077**	**0**	**-3,001,077**
g.	Payment of dividends								-3,001,077	0	-3,001,077
B.2	**Total comprehensive income for the reporting period**	**0**	**0**	**0**	**0**	**0**	**0**	**-625,866**	**0**	**6,232,740**	**5,606,873**
a.	Entry of the net profit for the year								0	6,232,740	6,232,740
d.	Other components of comprehensive income							-625,866			-625,866
B.3	**Changes in equity**	**0**	**0**	**308,040**	**0**	**0**	**3,852,051**	**71,930**	**1,309,914**	**-5,541,935**	**0**
a.	Allocation of the remainder of the net profit for the comparative reporting period to other components of equity								1,309,914	-1,309,914	0
b.	Allocation of part of the net profit for the reporting period to other components of equity as decided by the management and supervisory bodies			308,040			3,852,051		0	-4,160,091	0
f	Other changes in equity							71,930		-71,930	0
C.	**Closing balance of the reporting period**	**203,932,512**	**75,384,315**	**7,578,292**	**0**	**0**	**20,329,832**	**-1,163,152**	**0**	**2,000,718**	**308,062,519**
	BALANCE SHEET PROFIT								**0**	**2,000,718**	**2,000,718**

Capital Movement Statement 2022

In EUR

	Item	Called-up capital	Capital reserves	Profit reserves				Fair value reserves	Net profit or loss carried forward	Net operating result for the year	Total
		Share capital		Legal reserves	Reserves for own shares	Own shares	Other profit reserves		Net profit carried forward	Net profit	
		I/1	II	III/1	III/2	III/3	III/5	V	VI/1	VII/1	
A.1.	**Balance at the end of the previous reporting period**	**203,932,512**	**75,384,315**	**7,068,802**	**0**	**0**	**13,960,148**	**-859,046**	**0**	**3,691,882**	**303,178,612**
A.2	**Opening balance of the reporting period**	**203,932,512**	**75,384,315**	**7,068,802**	**0**	**0**	**13,960,148**	**-859,046**	**0**	**3,691,882**	**303,178,612**
B.1	**Changes in equity - transactions with owners**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-2,000,718**	**0**	**-2,000,718**
g.	Payment of dividends								-2,000,718	0	-2,000,718
B.2	**Total comprehensive income for the reporting period**	**0**	**0**	**0**	**0**	**0**	**0**	**156,481**	**0**	**4,122,346**	**4,278,827**
a.	Entry of the net profit for the year								0	4,122,346	4,122,346
d.	Other components of comprehensive income							156,481			156,481
B.3	**Changes in equity**	**0**	**0**	**201,450**	**0**	**0**	**2,517,633**	**93,350**	**3,691,882**	**-6,504,314**	**0**
a.	Allocation of the remainder of the net profit for the comparative reporting period to other components of equity								3,691,882	-3,691,882	0
b.	Allocation of part of the net profit for the reporting period to other components of equity as decided by the management and supervisory bodies			201,450			2,517,633		0	-2,719,082	0
f	Other changes in equity							93,350		-93,350	0
C.	**Closing balance of the reporting period**	**203,932,512**	**75,384,315**	**7,270,252**	**0**	**0**	**16,477,781**	**-609,216**	**1,691,163**	**1,309,914**	**305,456,722**
	BALANCE SHEET PROFIT								**1,691,163**	**1,309,914**	**3,001,077**

Balance sheet profit of Elektro Maribor d.d.

In EUR

Item	2023	2022
a) Net profit for the year	6,232,740	4,122,346
b) Net loss carried forward	-71,930	-93,350
b) Net profit carried forward	0	1,691,164
d) Increase in reserves from profits following a decision of the management and supervisory bodies	308,040	201,450
Legal reserves	308,040	201,450
e) Increase in reserves from profits following a decision of the management and supervisory bodies	3,852,051	2,517,633
Other profit reserves	3,852,051	2,517,633
BALANCE SHEET GAIN (a + b - d - e)	2,000,718	3,001,077

3 Notes to the financial statements

3.1 BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

Reporting company

Elektro Maribor d.d., Vetrinjska ulica 2, 2000 Maribor, is registered in Slovenia and is the parent company of the Elektro Maribor Group. The Company's core business is the distribution of electricity to business and residential customers in the north-eastern part of Slovenia.

Pursuant to Article 56 of the Companies Act, a company with its registered office in Slovenia that is the parent of one or more companies in the Republic of Slovenia is required to draw up a consolidated annual report. The Elektro Maribor Group comprises:

- the parent company Elektro Maribor d.d., Vetrinjska ulica 2, Maribor, and
- OVEN Elektro Maribor d.o.o., Vetrinjska ulica 2, Maribor, which is 100% owned by the parent company.

Associated companies

	Share of non-current financial investments of Elektro Maribor d.d. as at 31 December 2023	Capital in EUR	Net profit 2023 in EUR
OVEN Elektro Maribor d. o. o., Vetrinjska ulica 2, Maribor	100.00%	7,068,376	2,838,450
Eldom d. o. o., Obrežna ulica 170, Maribor	50.00%	342,155	6,181
Energija plus d. o. o., Vetrinjska ulica 2, Maribor	49.00%	20,263,768	703,794
Moja energija d. o. o., Jadranska cesta 28, Maribor	33.33%	5,682,642	2,996,732
Informatika d. o. o, Vetrinjska ulica 2, Maribor	23.97%	2,543,845	37,260

Elektro Maribor d.d. does not disclose information that it has reasonable grounds to believe would cause significant damage to the Company.

Statement of compliance and date of adoption of the financial statements

The financial statements of Elektro Maribor as at 31 December 2023 were prepared in accordance with the accounting and reporting requirements of the Slovenian Accounting Standards 2016 as amended in 2019 (hereinafter referred to as the "SRS"), in accordance with the provisions of the Companies Act (ZGD-1) and in accordance with the requirements of the energy legislation.

The financial statements and notes to the financial statements and the annual report presented were approved and adopted by the Management Board of the Company on 23 April 2024.

Fundamental accounting assumptions and qualitative characteristics of accounting

Fundamental accounting assumptions and qualitative characteristics of accounting

- accrual accounting; and
- unlimited time of operation.

The required quality characteristics are also taken into account:

- understandability,
- relevance,
- reliability,
- comparability.

The same accounting policies, policies and rules were applied consistently to all periods presented in the accompanying financial statements and were applied consistently throughout the reporting periods. There were no changes in accounting policies in 2023.

The presentation of the information relates to the financial years 2023 and 2022. The notes to the financial statements are presented in the same order as the items in the statements.

The balance sheet and the income statement show the items separately and in the same order as required by the ZGD-1. We aggregated the values of individual items that are not material to a true and fair view of the Company's assets and profit or loss, and explained them accordingly in the notes to the financial statements.

The books of account are kept according to the double-entry bookkeeping system, which follows the chart of accounts adopted by the Slovenian Institute of Auditors in agreement with the ministers responsible for the economy and finance.

Elektro Maribor d.d. is subject to monthly value added tax under the Value Added Tax Act as well as under the Corporate Income Tax Act.

Functional and presentation currency

The financial statements are drawn up in EUR, rounded to the nearest unit, for a financial year which is the same as the calendar year. The reporting precision measure is 1 EUR. Rounding may result in rounding differences.

The information in the financial statements for the year under review is comparable in substance with that of the previous financial year.

3.2 SIGNIFICANT ACCOUNTING POLICIES

We applied the provisions of the SRS directly to the recognition and valuation of items in the financial statements, except for the valuation of items where the SRS provide a choice between different valuation methods. In these cases, the valuation option chosen is that defined in the Accounting Policies and summarised in this Annual Report, or as determined by resolutions of the Management Board of the Company. All accounting policies are consistent with the SRS.

Importance of disclosures

The materiality of the disclosures in the financial statements is defined by internal acts, separately for each category of assets and liabilities, and for each category of income, costs and expenses. Material to the Company are those transactions and other events in the balance sheet whose values exceed 1.5% of the value of assets at the balance sheet date and those costs, expenses and income which reach or exceed 2% of total income or costs and expenses for the financial year. The Company also discloses information (which may be for amounts less than these) if the amounts are so material that the ability of users of the financial statements to make appropriate judgements and decisions would otherwise be impaired.

Intangible assets

Intangible assets are stated at cost less amortisation.

They are measured at initial recognition at cost, which includes any purchase consideration and any directly attributable costs until they are available for use.

Long-term property rights are amortised individually on a straight-line basis. They are amortised as they become available for use. Depreciation is provided using the depreciation rates specified for each type of non-current asset based on its estimated useful life.

We apply a flat depreciation rate of 10% for full software solutions and over the life of the contract for software solutions. For all other software solutions, we apply an amortisation rate ranging from 10% to 50%.

Tangible fixed assets

Property, plant and equipment are part of the Company's non-current assets that are used to carry out the Company's activities.

Property, plant and equipment are stated at cost less depreciation and amortisation. Cost consists of the purchase price, non-refundable purchase taxes and costs directly attributable to bringing the property, plant and equipment to its intended use. The cost is also increased by interest on borrowings to acquire the property, plant and equipment until the property, plant and equipment is available for use for those items of property, plant and equipment where the period until the availability of the property, plant and equipment is more than one year and where the amounts involved are significant.

The Company carries out construction of buildings and equipment on its own account, which it records in its books when the construction is completed. The cost of an item of property, plant and equipment constructed or manufactured by the Company consists of the costs incurred in constructing or manufacturing it and the attributable indirect costs of constructing or manufacturing it. It does not consist of costs unrelated to its construction or production and costs that are not recognised by the market, but does consist of borrowing costs to construct or produce it and to bring it into use.

The cost of property, plant and equipment constructed in the Company is compared to comparable market prices for the same type of services obtained from providers in the market. The cost of such property, plant and equipment is not greater than that within the meaning of SRS 1.10.

We use the full cost method to value items. The cost price used to record property, plant and equipment constructed in the Company does not include the profit by which the hourly rate we charge when the same service is offered in the market is increased.

Parts of property, plant and equipment that have different useful lives or patterns of use are accounted for as individual items of property, plant and equipment.

Costs subsequently incurred in respect of an item of property, plant and equipment increase its cost if the future benefits from the item increase compared with those originally estimated.

Investments in property, plant and equipment are deferred on the basis of the System Guidance on the deferral of investments in property, plant and equipment, which is an annex to the Accounting Rules. On this basis, we divide the investments made by the Company into:

- new investments, which are investments to acquire new fixed assets,
- periodic inspections of fixed assets, which represent the cost of periodic inspections or repairs of fixed assets and are treated as items of property, plant and equipment,
- cost increases that cover subsequent investments in fixed assets if they increase the future benefits of the asset compared with those originally estimated; in this case, only the capacity of the fixed asset is increased and the useful life is unchanged; and
- renewal, which includes investment that extends the useful life of a fixed asset.

Depreciation is calculated on a straight-line basis.

In assessing whether leases are leases within the scope of the provisions of the SFR, we determine the reasons for reclassification on a contract-by-contract basis. In this way, we reclassify non-current leases as a right to use an asset.

Current leases are leases with a lease term of 12 months or less and do not include a call option. Low-value leases are leases of assets with an individual value of less than EUR 10,000. Current and low-value leases are not reclassified as rights to use the asset.

All property, plant and equipment are owned by the Company and are not pledged as security for debt.

The Company's management actively monitors market developments and assesses that there was no objective evidence of factors indicating the need to impair property, plant and equipment in 2023. A property, plant and equipment is revalued for impairment if its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

For each depreciable asset group, we assess annually whether there is any indication that the asset group may be impaired. In doing so, we consider indications from external and internal sources of information in accordance with SRS 17.5 and SRS 17.6. The significant factors for assessing the impairment of an asset group are primarily those that indicate that the asset group is obsolete or physically deteriorated and those that indicate that the economic performance of the asset group is less than expected. If their recoverable amount has changed significantly within one year, the amount of the impairment loss for a group of assets is recognised as an expense in the income statement.

Investment property

Investment property is held to earn rental income or to increase the value of a non-current investment.

Investment property is stated at cost less depreciation. Investment property includes holiday homes and owner-occupied dwellings.

Depreciation is calculated on a straight-line basis. The estimated useful life is 50 years.

The Management Board actively monitors market developments and assesses that there was no objective evidence of factors indicating a need to impair investment properties in 2023.

Depreciation

The unamortised cost of property, plant and equipment, intangible assets and investment property is reduced by depreciation.

The Company has all fixed assets classified into depreciation groups. We use depreciation rates that are consistent among electricity distribution companies in Slovenia. Depreciation is calculated individually using the straight-line method.

Fixed assets under acquisition, land and works of art are not depreciated.

We independently determine the useful lives of individual fixed assets, which are harmonised between the electricity distribution companies in Slovenia. We use the useful lives shown in the table below to calculate depreciation.

Fixed asset useful lives

	2023	2022
Buildings	50 years	50 years
Cable ducts, overhead HV lines, overhead HV cable ducts, overhead MV lines	40 years	40 years
Construction of DTS, DS and TS	40 years	40 years
MV cable duct with XHP and EHP, LV and RL overhead duct with wooden poles, mast TS on wooden pole	33 years	33 years
DTS and DS secondary equipment	15 years	15 years
DTS, DS and RCS equipment Primary	30 years	30 years
HV/MV power transformer	35 years	35 years
MV/LV power transformer	30 years	30 years
Measuring and control devices (meters)	5-24 years	5-24 years
Motor vehicles	7-12 years	7-12 years
Computer equipment	2-5 years	2-5 years
Intangible assets (application software)	2-10 years	2-10 years
Servitude rights	1-100 years	1-100 years

Change in accounting estimates

The responsible persons of the Company review annually the adequacy of the useful lives of each group of all fixed assets. In the event of a significant change, a technical working group is convened within the Electricity Distribution Industry Association (GIZ), which appoints a task force for all fixed assets. The members are required to review the useful lives of the fixed assets by depreciation group and make findings. If they find that there have been material changes since the last review, these are taken into account in all electricity distribution companies from the date the change comes into effect.

The Company changed the accounting estimate for three groups of property, plant and equipment in 2023. The effect of the change in accounting estimate is an increase of EUR 194,020 in depreciation expense in 2023.

Financial investments

Investments are shown as non-current and current investments in the balance sheet. Non-current investments are those held for more than one year and not held for trading.

On initial recognition, an investment is measured at cost, which is the amount of cash or cash equivalents paid.

Non-current investments in subsidiaries and associates are valued at cost in the financial statements.

Other investments are classified as available-for-sale financial assets.

The Company assesses at each balance sheet date whether there is objective evidence that an investment may be impaired. The Company considers objective evidence to be a test of the value in the securities market. If the market value of the investment at the balance sheet date is more than 20% lower than the carrying amount, this is evidence that the investment should be impaired. In this case, it is a revaluation of the investment for impairment. If there is objective evidence that an impairment loss incurred on an investment in an equity instrument for which there is no quoted price in an active market and which is carried at cost rather than fair value because its fair value cannot be reliably measured, or in a related derivative that is to be settled by delivery of equity instruments, for which there is no quoted price in an active market, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of expected future cash flows discounted at current market rates of return for similar financial assets and recognised as a revaluation finance expense in the income statement.

For significant investments, the Company may obtain a formal estimate of the value as a basis for assessing whether the reported value of the investment in the financial statements is appropriate.

The change in fair value resulting from the revaluation is recognised in equity as an increase or decrease in the revaluation surplus.

Inventory

The Company values a unit of inventory at cost, which comprises the purchase price, import duties and direct costs of acquisition, less any discounts received.

We use the moving average price method to record the consumption of inventories of materials.

Inventories of materials are revalued for impairment if their carrying amount exceeds their net realisable value.

Claims

Receivables of all types, assuming that they will be repaid, are recognised initially at the amounts shown in the relevant documents. The original receivable may subsequently be increased or, irrespective of any payment or other settlement received, decreased by any amount that is contractually justified.

The adequacy of the reported receivables is regularly reviewed. Receivables that are presumed to be unsettled are reported as doubtful or doubtful.

An entity reassesses receivables for impairment when there is objective evidence that the carrying amount of the receivable is greater than the present value of the expected future cash flows.

We apply a 100% valuation allowance approach to doubtful and disputed receivables, irrespective of the level of recoverability, for receivables subject to insolvency proceedings or legal action and receivables not paid within 90 days of the due date. The allowance for impairment of receivables is established on a business partner-by-business partner basis.

In the balance sheet, receivables are shown net, i.e. less the value of allowances for doubtful and doubtful debts.

Cash

Cash is represented by cash in transaction accounts with banks and cash equivalents - investments that can be converted quickly or within three months into a known amount of cash.

They are recognised on initial recognition at the amounts arising from the relevant instrument, after verification that it is of that nature.

Current deferrals

Current accruals are receivables and other assets that are expected to arise within one year of the balance sheet date and for which it is probable that they will arise and their amount is reliably estimated.

At the time they are incurred, they are amounts that are not yet charged to the Company's operations and do not yet affect the Company's profit or loss. The items are presented in the balance sheet at real amounts and do not include any hidden reserves.

Current accrued liabilities comprise accrued costs and expenses (which are probable of being incurred within the next year, but the amount is reliably estimated and does not yet affect profit or loss) and deferred income (where income that has not yet been paid and could not be charged to profit or loss is included in profit or loss). They can only be applied to items that have been recognised initially.

Capital

The total capital of the Company is defined as the amounts contributed by the owners and the amounts arising from operations and attributable to the owners.

The share capital is held in local currency and is entered in the court register. It is divided into 33,345,302 ordinary registered parcel shares. All shares are single class shares and are fully paid up. They are issued in dematerialised form and are held with the company KDD – Centralno klirinško depotna družba, d.o.o., in accordance with the regulations.

Treasury shares are acquired on the basis of a mandate from the Company's general meeting.

Provisions for treasury shares are made equal to the amounts paid to acquire them.

Profit reserves are recognised by a resolution of the management board, the supervisory board and a resolution of the general meeting of the Company.

The fair value reserve is recognised based on the revaluation of investments at the end of the financial year and the recording of actuarial surpluses/losses arising from the calculation of the provision for retirement benefits.

Net profit represents the unallocated part of the Company's net profit for the year.

Movements in capital items are shown in the statement of changes in equity.

Provisions and non-current accrued liabilities

Provisions are made for liabilities that are expected to arise in future periods based on past events. Their value is based on an estimate of the present value of the expenditures that will be required to settle these obligations.

In accordance with the precautionary principle, in preparing the financial statements for the year, we made provisions for all contingent liabilities that are more than 50% likely than not to be settled in the future.

The Company makes provisions for severance pay and jubilee bonuses for employees. These are based on an annual calculation by a chartered actuary as at the beginning and end of the financial year. The actuarial calculation is based on the provisions of SRS 10 and is carried out at the end of each financial year when the value and the balance of the provisions are reconciled. They were calculated using the Projected Unit Credit method based on a multi-decrement model taking into account the decrements: probability of mortality, probability of retirement, probability of employee turnover and probability of disability. The most important assumptions used in the actuarial calculation are:

- probability:
  - mortality (ENO2007; selection factor for the active population 75%),
  - disability (according to a model based on BUZ/BV1990x, BUZ/BV1990y; selection factor 25%);
- retirement under the model based on the Pension and Disability Insurance Act (ZPIZ-2; Official Journal of the RS, No 96/2012);
- staff turnover:
  - 4.5% at intervals of up to 35 years,
  - 3.5% between 36 and 45 years,
  - 2.5% at age 46 and over;
- Discount rate 3.1709% (Markit iBoxx € Corporates AA 10+; EOD-31 Dec 2023);
- wage growth:
  - in the Republic of Slovenia (5.50%; 4.5%, 3.5%) in the years (2024; 2025; from 2026 onwards),
  - in the Company (6.0%; 4.5%, 3.5%) in the years (2024; 2025; from 2026 onwards),
  - in the electricity sector (5.5%; 4.5%, 3.5%) in the years (2024; 2025; from 2026 onwards););
- employer's contribution rate of 16.1% (for payments above the amounts set by the Regulation on the tax treatment of reimbursements of expenses and other income from employment).

The carrying amount of a provision is equal to its original cost less amounts used until the need arises to increase or decrease it.

Non-current accrued charges are made against accrued expenses and accrued deferred contributions for pension and invalidity insurance for disabled employees. We draw this income against the actual salary costs incurred by disabled employees.

The Company also accrues non-current deferred income from deferred income on fixed assets acquired free of charge and from the co-financing contribution to cover the depreciation costs of such assets. Fixed assets acquired free of charge are valued at fair value, which is set out in the free of charge acquisition contract.

Debts

Debts are financial or commercial in nature and current or non-current in term.

All debts are measured at initial recognition at the amounts recognised in the relevant documents at the time they are incurred, assuming that creditors demand repayment. They are subsequently increased by imputed returns (interest, other remuneration) for which there is an agreement with the creditor. They are reduced by amounts repaid and any other settlements agreed with the creditor.

The carrying amount of debts is equal to their original cost less any repayments.

The balance sheet shows separately the amounts of non-current and current debts, and within these, financial and operating debts.

Off-balance sheet records

The off-balance-sheet records show the value of bills of exchange for loans received, guarantees given and received, the amount of contingent liabilities for compensation, the amount of small inventories in use and the value of fixed assets transferred to ELES d.o.o..

Revenue recognition

Revenue is recognised when an increase in economic benefits during the period is associated with an increase in the value of an asset or a decrease in a debt and the increase can be measured reliably. Revenue is recognised when it is reasonably expected to result in benefits, if those benefits are not already realised when the revenue is earned.

Revenue is broken down into operating, financial and other revenue.

Operating income is income from sales and other operating income that is linked to business impacts. They are measured on the basis of the selling prices stated in invoices and other documents less amounts charged by the Company on behalf of others (duties), discounts granted at the time of sale and, subsequently, the value of returned quantities and discounts subsequently granted.

We follow the following policies for measuring revenue recognition:

- The buyer and the seller agree on the content of the transaction and the terms of the sale. In most cases, the agreement is in writing.
- Revenue from services rendered is measured at the selling price, which is fixed and determinable.
- For construction contracts, revenue is recognised progressively or at the stage of completion. The basis for recognition is the customer's acknowledgement, which is deemed to be acceptance of the services rendered. Where the performance obligation is performed progressively, revenue is also recognised progressively. The Company consistently uses the input method to measure progress.
- The amounts charged by the Company for the sale transaction do not carry significant credit risk as we expect to derive economic benefits from the transaction.

Revaluation gains arise on the disposal of property, plant and equipment and intangible assets and when receivables impaired in previous years are repaid.

Finance income is investment income and arises in respect of current and non-current investments, as well as in respect of receivables in the form of accrued interest and as revaluation finance income.

They are recognised when they are accrued, irrespective of receipts, unless there is reasonable doubt as to their amount, due date and recoverability. Interest is accrued on a time-proportioned basis, based on the unamortised portion of the principal and the effective interest rate.

Other income is unusual items and other income that increases profit or loss.

State support

Government grants are recognised at fair value when there is reasonable assurance that the entity will comply with the terms and conditions of the grant and will receive the grant. Government grants are recognised as income in the periods in which they are matched against the related costs that they are intended to replace.

Expenditure recognition

An expense is recognised to the extent that a decrease in economic benefits during the period is associated with a decrease in an asset or an increase in a debt and the decrease can be measured reliably.

Expenditure is broken down into operating, financial and other expenditure.

Operating expenses are recognised when the costs are no longer retained in the value of the inventories of products. In principle, they are equal to the costs accrued during the accounting period.

Revaluation expenses are recognised when the corresponding revaluation is made and arise in respect of property, plant and equipment, intangible assets and current assets on account of their impairment.

Financial expenses are expenses arising from financial and operational commitments. They are recognised when they are accrued, irrespective of the related payments.

Other expenses are unusual items and other expenses that reduce profit or loss.

Personnel costs and employee benefits

The Company recognises the following in labour costs:

- wages,
- salary compensation,
- the cost of supplementary pension insurance,
- the cost of contributions and other charges,
- other costs, such as recourse, reimbursement of material expenses, solidarity grants, etc.

Labour and compensation costs are calculated and paid in accordance with the law, the Electricity Industry Collective Agreement and the Company Collective Agreement.

We also record accrued charges for unused annual leave of employees as part of labour costs.

Taxes

We are liable for taxes under the Value Added Tax Act and the Corporate Income Tax Act.

The Company's income tax is calculated on the basis of the income and expenses reported in the profit and loss account, taking into account the provisions of the Corporate Income Tax Act. The tax so assessed is the tax payable by the Company on its taxable profits for the year at the tax rates enacted at the statement of financial position date, taking into account any adjustments to tax liabilities in respect of previous financial years.

It applies the balance sheet liability method of accounting for deferred tax based on temporary differences between the carrying amounts and the tax bases of individual assets and liabilities. The amount of deferred tax is based on the expected recovery or settlement of the carrying amounts of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available within the next five years against which deferred taxes can be utilised in the future.

Cash flow statement

The cash flow statement is prepared using the direct method. Cash and cash equivalents in the cash flow statement consist of cash at bank and deposits with a maturity of three months or less.

Regional and area sections

In accordance with the Electricity Supply Act (ESPA), we are obliged to report by activity (segment). For this purpose, we defined two activities:

- Contract with ELES d.o.o., which takes into account the tasks carried out by the Company under the Contract for the rental of electricity distribution infrastructure and provision of services to ELES d.o.o.;
- Services, which take into account other commercial activities carried out by the Company.

3.3 NOTES TO THE BALANCE SHEET

The balance sheet is the basic financial statement that shows those assets and liabilities that relate to the Company's operations.

In accordance with SRS 20.4, it takes the form of a sequential step-by-step statement, with values shown for 2023 and 2022.

Items on the balance sheet are stated at their unamortised cost, being the difference between the cost less any valuation allowance. In preparing the balance sheet, the principle of individual valuation of assets and liabilities was followed.

The Company does not have any additional information that is relevant to the fair presentation of the Company's financial position and these items are not prescribed in the face of the balance sheet.

Information on the basis of preparation of the balance sheet and on the specific accounting policies and methods used in the recording of the Company's transactions is presented below in the notes to the individual balance sheet items.

The notes are an integral part of the financial statements and should be read in conjunction with them.

Intangible assets

NOTE 1

Intangible assets comprise property rights arising from the use of licences and application software, which are classified as having a finite useful life of between two and ten years and are amortised on a straight-line basis. The depreciation rates used range from 10 to 50%.

There are no intangible assets pledged to repay debts, nor are there any assets that could be obtained through government support.

At the end of the financial year, the Company has EUR 893,293 of contractual commitments, mainly for the purchase of licences for the use of information technology. The commitments are settled on a monthly basis, based on invoices received.

Major intangible asset purchases relate mainly to the purchase of IT licences, the upgrade of the D365FO ERP solution and the purchase of software for the operation of the remote control centre.

Movement in intangible assets in 2023

In EUR	Intangible assets	Investments in progress	Right to use	Total
Acquisition value				
Situation 1 Jan 2023	14,116,488	0	247,162	14,363,650
Increases				
– New acquisitions	0	1,639,295	0	1,639,295
– Activation	1,639,295	-1,639,295	0	0
Exclusions	3,762,591	0	0	3,762,591
Situation 31 Dec 2023	11,993,192	0	247,162	12,240,354
Amortised cost				
Situation 1 Jan 2023	10,475,181	0	82,387	10,557,568
Exclusions	3,762,542	0	0	3,762,542
Depreciation	1,725,007		82,387	1,807,395
Situation 31 Dec 2023	8,437,646	0	164,775	8,602,421
Undepreciated value				
Situation 1 Jan 2023	3,641,307	0	164,775	3,806,082
Situation 31 Dec 2023	3,555,546	0	82,387	3,637,933

Movement in intangible assets in 2022

In EUR	Intangible assets	Investments in progress	Right to use	Total
Acquisition value				
Situation 1 Jan 2022	12,270,889	0	0	12,270,889
Increases				
– New acquisitions	0	1,845,599	0	1,845,599
– Activation	1,845,599	-1,845,599	247,162	247,162
Situation 31 Dec 2022	14,116,488	0	247,162	14,363,650
Amortised cost				
Situation 1 Jan 2022	8,759,285	0	0	8,759,285
Exclusions	0	0	0	0
Depreciation	1,715,896	0	82,387	1,798,283
Situation 31 Dec 2022	10,475,181	0	82,387	10,557,568
Undepreciated value				
Situation 1 Jan 2022	3,511,604	0	0	3,511,604
Situation 31 Dec 2022	3,641,307	0	164,775	3,806,082

Tangible fixed assets
NOTE 2

Property, plant and equipment in 2023

In EUR	Land	Construction facilities		Servitude rights	Equipment		Investments in progress	Advances given	Total property, plant and equipment
		Construction facilities	Right to use funds		Equipment	Right to use the equipment			
Acquisition value									
Situation 1 Jan 2023	7,759,403	784,094,274	726,220	2,399,844	207,063,722	798,056	7,534,874	49,556	1,010,425,949
Acquisitions, of which:	0	0	0	0	0	0	35,548,175	0	35,548,175
– Acquisitions (new purchases)	0	0	0	0	0	0	35,548,175	0	35,548,175
Activations	1,333	22,425,652	82,922	0	11,427,950	0	-33,854,935	0	82,922
– Activation (new acquisitions)	1,333	22,425,652	82,922	0	11,427,950	0	-33,854,935	0	82,922
Disposals	0	4,805,704	76,234	0	2,705,480	0	0	0	7,587,419
Reconciliations	0	0	0	0	0	0	6,196	0	6,196
Situation 31 Dec 2023	7,760,737	801,714,222	732,908	2,399,844	215,786,191	798,056	9,234,310	49,556	1,038,475,823
Amortised cost									
Situation 1 Jan 2023	0	515,545,657	148,839	161,105	122,200,342	266,019	0	0	638,321,962
Disposals	0	4,693,730	15,247	0	2,362,189	0	0	0	7,071,166
Depreciation	0	12,748,753	57,823	23,998	8,336,414	266,019	0	0	21,433,007
Reconciliations	0	0	4,525	0	0	0	0	0	4,525
Situation 31 Dec 2023	0	523,600,680	195,940	185,104	128,174,567	532,038	0	0	652,688,329
Undepreciated value									
Situation 1 Jan 2023	7,759,403	268,548,617	577,381	2,238,739	84,863,380	532,037	7,534,874	49,556	372,103,987
Situation 31 Dec 2023	7,760,737	278,113,542	536,967	2,214,740	87,611,625	266,019	9,234,310	49,556	385,787,495

Property, plant and equipment balances and movements in 2022

In EUR	Land	Construction facilities		Servitude rights	Equipment		Investments in progress	Advances given	Total property, plant and equipment
		Construction facilities	Right to use funds		Equipment	Right to use the equipment			
Acquisition value									
Situation 1 Jan 2022	7,734,706	770,344,173	637,941	2,365,310	204,030,023	0	5,464,138	49,556	990,625,846
Acquisitions, of which:	0	0	0	0	0	0	27,316,699	0	27,316,699
– Acquisitions (new purchases)	0	0	0	0	0	0	26,913,954	0	26,913,954
– Acquisitions (free pick-up)	0	0	0	0	0	0	402,745	0	402,745
Activations	24,697	18,307,711	88,279	34,534	6,878,964	798,056	–25,245,906	0	886,335
– Activation (new acquisitions)	24,697	17,937,078	88,279	34,534	6,846,852	798,056	–24,843,161	0	886,335
– Activation (free pick-up)	0	370,633	0	0	32,112	0	–402,745	0	0
Disposals	0	4,557,609	0	0	3,845,265	0	0	0	8,402,874
Reconciliations	0	0	0	0	0	0	–57	0	–57
Situation 31 Dec 2022	7,759,403	784,094,274	726,220	2,399,844	207,063,722	798,056	7,534,874	49,556	1,010,425,949
Amortised cost									
Situation 1 Jan 2022	0	507,338,191	90,833	137,453	117,731,656	0	0	0	625,298,132
Disposals	0	4,477,922	0	0	3,524,987	0	0	0	8,002,909
Depreciation	0	12,685,388	58,006	23,653	7,993,673	266,019	0	0	21,026,738
Situation 31 Dec 2022	0	515,545,657	148,839	161,105	122,200,342	266,019	0	0	638,321,962
Undepreciated value									
Situation 1 Jan 2022	7,734,706	263,005,982	547,108	2,227,857	86,298,367	0	5,464,138	49,556	365,327,714
Situation 31 Dec 2022	7,759,403	268,548,616	577,381	2,238,739	84,863,380	532,037	7,534,874	49,556	372,103,986

Major acquisitions of fixed assets in 2023 relate mainly to:

Major acquisitions of fixed assets

In EUR	2023	2022
LV-lines	15,737,715	11,037,067
DTS HV/MV existing	4,036,726	1,527,422
Underground LPG lines	3,913,296	3,172,681
TS MV/LV	2,884,811	2,391,131
Measuring devices and instruments	2,717,332	2,175,822
Overhead overhead power lines	1,600,745	1,531,921

The decrease in property, plant and equipment relates to building structures with a cost of EUR 4,805,704 and to equipment with a cost of EUR 2,705,480, mainly due to write-downs resulting from destructions and replacements.

All assets are owned by the Company and are not pledged as security for debts.

Also recognised as property, plant and equipment are easements for the use of land under the Company's distribution network routes.

The Company has some contractual commitments for the purchase of property, plant and equipment, but these are for successive deliveries of equipment ordered in accordance with a schedule.

All non-current borrowings are used to finance investments in the Company's fixed assets. We do not capitalise interest expense as the loans are mainly used to finance investments completed within the financial year.

The interest rate used for the usage rights is considered to be risk-free at 2.57%, representing the risk-free interest rate for RS bonds for a period of 10 years with a credit risk premium. The interest cost arising from the right to use the asset amounted to EUR 20,620. The depreciation charge for the assets so acquired amounted to 323,842 euro in 2023. The Company does not sublease the assets so recognised, but uses them to carry out its business.

In 2023, we recorded charges of EUR 40,917 for current and lower-value leases.

All right-of-use liabilities were settled on time, except for invoices received which will fall due in 2024. Cash flow from leases in 2023 amounted to EUR 501,195.

We signed a Contract with ELES for the lease of electricity distribution infrastructure and the provision of services for the system operator of the distribution network with associated Annexes. The amount of the lease and the services to be provided by ELES for the year 2023 are set out in Annex 5.

Future lease payments for leased fixed assets cannot be reliably measured as the price and volume of leases vary over the years. The value of the electricity infrastructure lease for the financial year 2023 is EUR 33,363,837.

A significant part of the Company's property, plant and equipment is represented by the electricity infrastructure, which has a carrying amount of EUR 350,272,036 as at 31 December 2023.

Status and evolution of electricity infrastructure in 2023

In EUR	Land	Construction facilities	Servitude rights	Equipment	Total property, plant and equipment
Acquisition value					
Situation 1 Jan 2023	5,033,795	754,834,274	2,399,844	178,897,307	941,165,220
Increases, of which:	1,333	22,158,335	0	10,042,729	32,202,397
– Activations	1,333	22,158,335	0	10,042,729	32,202,397
Disposals	0	4,094,813	0	1,123,894	5,218,707
Situation 31 Dec 2023	5,035,128	772,897,796	2,399,844	187,816,142	968,148,910
Amortised cost					
Situation 1 Jan 2023	0	500,284,620	161,106	103,744,451	604,190,176
Decreases	0	4,014,579	0	832,472	4,847,051
Depreciation	0	12,158,349	23,998	6,351,402	18,533,749
Situation 31 Dec 2023	0	508,428,390	185,104	109,263,381	617,876,875
Undepreciated value					
Situation 1 Jan 2023	5,033,795	254,549,654	2,238,738	75,152,856	336,975,044
Situation 31 Dec 2023	5,035,128	264,469,406	2,214,740	78,552,761	350,272,036

Status and evolution of electricity infrastructure in 2022

In EUR	Land	Construction facilities	Servitude rights	Equipment	Total
Acquisition value					
Situation 1 Jan 2022	5,009,289	741,124,940	2,365,310	175,462,076	923,961,615
Increases, of which:	24,506	18,182,359	34,534	5,205,630	23,447,029
– Activations	24,506	18,182,359	34,534	5,205,630	23,447,029
Disposals	0	4,473,025	0	1,770,399	6,243,424
Situation 31 Dec 2022	5,033,795	754,834,274	2,399,844	178,897,307	941,165,220
Amortised cost					
Situation 1 Jan 2022	0	492,592,093	137,453	99,207,586	591,937,132
Decreases	0	4,402,377	0	1,483,326	5,885,703
Depreciation	0	12,094,904	23,653	6,020,191	18,138,748
Situation 31 Dec 2022	0	500,284,620	161,106	103,744,451	604,190,176
Undepreciated value					
Situation 1 Jan 2022	5,009,289	248,532,847	2,227,857	76,254,490	332,024,483
Situation 31 Dec 2022	5,033,795	254,549,654	2,238,738	75,152,856	336,975,044

Investment property

NOTE 3

The Management Board actively monitors market developments and assesses that there was no objective evidence of factors indicating a need to impair investment properties in 2023.

Investment property and trends in 2023

In EUR	2023
Acquisition value	
Situation 1 Jan 2023	1,475,649
Increases	110
Situation 31 Dec 2023	1,475,759
Amortised cost	
Situation 1 Jan 2023	864,795
Depreciation	25,087
Situation 31 Dec 2023	889,882
Undepreciated value	
Situation 1 Jan 2023	610,854
Situation 31 Dec 2023	585,877

Investment property and trends in 2022

In EUR	2022
Acquisition value	
Situation 1 Jan 2022	1,434,304
Increases	41,346
Situation 31 Dec 2022	1,475,649
Amortised cost	
Situation 1 Jan 2022	840,486
Depreciation	24,309
Situation 31 Dec 2022	864,795
Undepreciated value	
Situation 1 Jan 2022	593,817
Situation 31 Dec 2022	610,854

The Company owns all investment property and no investment property is pledged as security for debt. Rental income from investment properties amounts to EUR 153,248 (2022: EUR 138,378). Of the investment properties generating lease income in 2023, all operating costs and expenses amount to EUR 156,270 (2022: EUR 128,765).

Non-current financial investments

NOTE 4

The Company did not impair any investments in associates in 2023.

Non-current investments

In EUR	Situation 31 Dec 2023	Situation 31 Dec 2022
Investments in shares of group companies:	1,691,967	1,691,967
- OVEN Elektro Maribor d.o.o.	1,691,967	1,691,967
Investments in shares of associates:	7,922,694	7,922,694
- Energija plus d.o.o.	7,492,840	7,492,840
- Informatika d.o.o.	299,478	299,478
- Eldom d.o.o.	130,376	130,376
Other non-current investments in shares	56,594	56,594
Other non-current investments	207,045	207,045
Total	**9,878,300**	**9,878,300**

Movement in non-current investments during the year 2023

In EUR	Investments in shares of group companies	Investments in shares of associates	Other non-current investments in shares	Other non-current investments	Total
Situation 1 Jan 2023	1,691,967	7,922,694	56,594	207,045	9,878,300
Increases	0	0	0	0	0
Decreases	0	0	0	0	0
Situation 31 Dec 2023	**1,691,967**	**7,922,694**	**56,594**	**207,045**	**9,878,300**

The Company's management estimates that the maximum potential credit exposure is equal to the carrying amount of the investments. The Company's management actively monitors market developments and estimates that there was no objective evidence of factors indicating the need to impair non-current investments in 2023.

Other non-current investments mainly show the investment in the Infond Global Balanced fund.

Non-current trade receivables

NOTE 5

Non-current trade receivables comprise receivables from ELES d.o.o. for the preliminary settlement for the regulatory year 2021, which will be settled in 2024 and 2025 in accordance with Article 129 of the new Network Charges Act. The non-current receivable from ELES is carried at discounted value in accordance with SRS 5.36, using a discount rate of 3.1709%.

Other non-current receivables are recorded in respect of the accumulation of funds in the reserve fund for owner-occupied residential buildings.

Non-current trade receivables

In EUR	Situation 31 Dec 2023	Situation 31 Dec 2022
Non-current trade receivables from ELES	1,537,228	3,121,030
Discounting of ELES receivable	-8,201	-23,287
Non-current trade receivables due from others	71,787	69,152
Total	**1,600,815**	**3,166,895**

Deferred tax assets

NOTE 6

In 2023, we recognised an increase in deferred tax assets for temporary deductible differences arising from past and current provisioning and the utilisation or reversal of provisions for employee gratuities and termination benefits. In addition, deferred taxes were recognised and provided for actuarial losses, valuation allowances on receivables, long term accrued liabilities, unused investment allowances, donations and an identified tax loss.

In calculating deferred tax assets, a tax rate of 22% was applied and is expected to continue to apply for the next five financial years.

The balance of deferred receivables as at 31 December 2023 is recorded at EUR 1,959,536.

Movement in deferred tax assets

In EUR	Situation 31 Dec 2022	Decreases (over equity)	Decreases (through profit or loss)	Increases (through profit or loss)	Situation 31 Dec 2023
Deferred tax assets					
– Allowance for impairment of receivables	225,280	0	0	47,055	272,335
– provisions for gratuities and retirement benefits	576,832	7,912	77,768	0	491,152
– from non-current accrued liabilities	300,133	0	0	24,646	324,778
– from carried-forward investment allowances	493,450	0	22,919	400,740	871,271
– from carry-forward relief on donations	5,491	0	5,491	0	0
– tax losses carried forward	27,384	0	27,384	0	0
Total	**1,628,569**	**7,912**	**133,562**	**472,441**	**1,959,536**

Inventories

NOTE 7

The Company mainly recognises as inventories stocks of materials for installation in own-account investments, stocks of materials for the provision of services on the market and stocks of spare parts for the maintenance of property, plant and equipment. The Company's management estimates that the carrying amount of inventories is at the level of net realisable value.

Inventories

In EUR	31 Dec 2023	31 Dec 2022
Raw materials and supplies	3,996,224	3,974,941
Fuel and lubricant	12,828	11,192
Office supplies	1,559	7,925
Stocks of small inventories and packaging, finishing	100,325	129,016
Total	**4,110,935**	**4,123,074**

As at 31 December 2023, the Company has EUR 16,734 of inventories where there was no movement between 1 January 2019 and 31 December 2023, but which are classified as operating reserves.

Value of inventories

In EUR	31 Dec 2023	31 Dec 2022
Gross value of inventories	4,110,935	4,123,074
Value adjustments	0	0
Net value of inventories	**4,110,935**	**4,123,074**

The regular annual stock-taking exercise identified a deficit of EUR 202 and a surplus of EUR 69. In 2023, EUR 4,237 of inventories were written off due to damage, obsolescence or destruction.

All inventories are owned by the Company and are not pledged as collateral for debt.

Current trade receivables

NOTE 8

Current trade receivables

In EUR	31 Dec 2023	31 Dec 2022
Current trade receivables from group companies, of which:	15,839	4,216
– receivables from OVEN Elektro Maribor d.o.o.	15,839	4,216
Current trade receivables from customers for network usage	3,304,415	2,691,312
Current trade receivables from customers for services	10,334,371	7,877,536
Current interest receivable	5,300	2,286
Other current receivables	1,036,452	1,884,370
Total	**14,696,377**	**12,459,720**

Customers mostly settle their claims on time or with a small delay. In the event of default, customers are charged contractually agreed interest on late payment.

For disputed, doubtful and overdue receivables over 90 days, the Company provided for an allowance for doubtful accounts in 2023 in accordance with the Receivables Management Policy.

We did not make an impairment allowance for outstanding receivables from ELES d.o.o. of EUR 2,720,372 and they are not in dispute. The receivables relate to part of the value of the 2023 inter-annual network deficit and the preliminary settlement of the 2021 regulatory year, which will be settled in 2024 in accordance with Article 129 of the Network Charges Act (RO Act).

The Company issued invoices/credits against the provisional 2023 settlement received totalling EUR 1,583,026, which are due for payment after the final settlement of the 2023 regulatory year.

Value of receivables

In EUR	31 Dec 2023	31 Dec 2022
Gross receivables	16,034,881	13,745,356
Value adjustment	1,338,504	1,285,637
Net receivables	**14,696,377**	**12,459,720**

Movement in valuation allowances on receivables

In EUR	Situation 31 Dec 2022	Decreases	Increases	Situation 31 Dec 2023
Allowances for current trade receivables:				
– reduction of valuation allowances due to payments		30,375		
– Decreases in valuation allowances due to write-downs		228,837		
Total	**1,285,637**	**259,212**	**312,079**	**1,338,504**

Receivables from customers for network use amount to EUR 3,304,415 net and are mostly not secured by payment instruments.

At the end of the financial year 2023, the Company has no claims on the Company's Management Board and Supervisory Board members.

Breakdown of current trade receivables by maturity

In EUR	31 Dec 2023	Structure in %	31 Dec 2022	Structure in %
Outstanding receivables	14,214,553	96.72	9,162,357	73.54
Up to 30 days overdue	368,886	2.51	353,022	2.83
31-60 days overdue	59,033	0.40	41,545	0.33
61-90 days overdue	5,301	0.04	2,689	0.02
Over 90 days overdue	48,604	0.33	2,900,107	23.28
Total	**14,696,377**	**100.00**	**12,459,720**	**100.00**

Cash
NOTE 9

Cash

In EUR	31 Dec 2023	31 Dec 2022
Funds in accounts	11,983,499	14,804,766
Total	**11,983,499**	**14,804,766**

Current accrued income

NOTE 10

Current accrued income

In EUR	31 Dec 2023	31 Dec 2022
Accrued income	860,696	370,944
Current deferred expenditure	140,204	134,147
VAT in advance payments received	34,501	42,772
Total	**1,035,401**	**547,862**

Accrued revenue represents amounts of revenue that have already affected profit or loss but for which payment has not yet been received and could not be charged. They mainly relate to unbilled lease payments for telecommunication equipment bases and construction services provided.

Movement in current accruals

In EUR	31 Dec 2022	Increases	Decreases	Situation 31 Dec 2023
Accrued income	370,944	706,751	216,998	860,696
Current deferred expenditure	134,147	1,473,887	1,467,829	140,204
VAT in advance payments received	42,772	0	8,271	34,501
Total	**547,862**	**2,180,637**	**1,693,098**	**1,035,401**

Capital

NOTE 11

The Company's share capital amounts to EUR 203,932,512 and is divided into 33,345,302 ordinary registered bulk shares, which is also the weighted average number of ordinary shares outstanding during the period.

Capital

In EUR	31 Dec 2023	31 Dec 2022
Share capital	203,932,512	203,932,512
Capital reserves	75,384,315	75,384,315
Legal reserves	7,578,292	7,270,252
Other profit reserves	20,329,832	16,477,781
Fair value reserves	-1,163,151	-609,215
Net profit or loss carried forward	0	1,691,164
Net profit for the year	2,000,718	1,309,913
Total	**308,062,518**	**305,456,722**

The capital reserve is derived from the general capital revaluation adjustment and from the reduction in share capital resulting from the repurchase of own shares.

Statutory reserves and other profit reserves increased in accordance with Article 64 of the ZGD-1 and the Company's Articles of Association.

The fair value reserve shows the value of non-current investments and the amount of actuarial losses arising from the restatement of the provision for retirement benefits and the amount of deferred taxes on actuarial losses.

Movement in fair value reserves

In EUR	Situation 31 Dec 2022	Design	Consumption	Transfer to carry-forward	Situation 31 Dec 2023
Valuation reserves on non-current investments	160,474	0	0	0	160,474
Actuarial gains/losses on termination benefits on retirement	-868,720	617,954	0	71,930	-1,414,744
Deferred tax from actuarial calculation	99,031	0	7,912	0	91,119
Total	**-609,215**	**617,954**	**7,912**	**71,930**	**-1,163,151**

The Company reported a net profit of EUR 6,232,740 in 2023. In accordance with its responsibilities as defined in the provisions of the Companies Act, the Management Board of the Company used part of the net profit of EUR 71,930 to cover the actuarial loss carried forward, an amount of EUR 308,040 to establish legal reserves and an amount of EUR 3,852,051 to establish other profit reserves.

The balance sheet profit for 2023 amounts to EUR 2,000,718 and is shown in the annex to the statement of changes in equity and will be discussed at the General Meeting in 2024.

The book value per share at 31 December 2023 was EUR 9.24 and at 31 December 2022 the book value per share was EUR 9.16.

In 2023, Elektro Maribor d.d.'s basic earnings per share amounted to EUR 0.19. Diluted earnings per share are equal to basic earnings per share.

Provisions and non-current accrued liabilities
NOTE 12

Reservations

In EUR	Situation 31 Dec 2023	Situation 31 Dec 2022
Provisions for jubilee awards	2,200,738	1,978,525
Provision for retirement benefits	4,472,579	3,945,881
Provisions for guarantees given	39,173	46,742
Provisions for accrued expenses	608,060	736,000
Total	**7,320,549**	**6,707,148**

Provisions for retirement and jubilee gratuities are based on a calculation by a chartered actuary. The methodology for their calculation is presented in the Significant Accounting Policies section. The Company has no pension liability.

The amount of the provision recognised for legal commitments is EUR 608,060 and is the best estimate of the expenditure required to settle them.

In arriving at the best estimate, we took into account the risks and uncertainties that inevitably accompany the legal proceedings for which the provisions were made.

The amount of the provision is equal to the present value of the expenditure expected to be required to settle these commitments.

Movement in provisions

In EUR	Situation 31 Dec 2022	Design	Consumption	Elimination	Situation 31 Dec 2023
Provisions for jubilee awards	1,978,525	485,460	263,247	0	2,200,738
Provision for retirement benefits	3,945,881	954,215	427,517	0	4,472,579
Provisions for guarantees given	46,742	0	0	7,570	39,173
Provisions for accrued expenses	736,000	51,312	179,252	0	608,060
Total	**6,707,148**	**1,490,987**	**870,017**	**7,570**	**7,320,549**

Non-current accrued charges are made for property, plant and equipment acquired free of charge and for co-financing. These non-current accrued liabilities are used to cover the depreciation of these assets at an annual depreciation rate of 2.93%.

Non-current accrued liabilities established since 2010 are drawn down to cover depreciation charges at the actual depreciation rate of each item of property, plant and equipment.

The non-current accrued liabilities arising from contributions for disabled persons are fully utilised by the Company to cover the cost of their salaries.

The non-current accrued liabilities arising from the NOO grants received are fully utilised by the Company to cover the depreciation costs of the assets so acquired.

Movement in non-current accrued liabilities

In EUR	Situation 31 Dec 2022	Decreases	Increases	Elimination	Situation 31 Dec 2023
Non-current deferred revenue from free take-up of house connections	18,226,546	848,383	0	0	17,378,163
Non-current deferred income from OS taken over free of charge	7,576,396	319,939	0	0	7,256,457
Non-current deferred revenue from average connection costs	2,785,752	174,357	0	0	2,611,394
Non-current deferred co-financing income - EcoFund	41,883	2,630	0	0	39,252
Non-current deferred co-financing revenue	2,763,310	155,571	429,823	0	3,037,561
Non-current deferred income - NOO	0	2,416	900,217	0	897,802
Total	**31,393,885**	**1,503,296**	**1,330,040**	**0**	**31,220,629**

Non-current liabilities

NOTE 13

Non-current financial liabilities mainly relate to non-current loans received from commercial banks. The Company incurred non-current debt of EUR 14,000,000 in 2023 for the purpose of financing investments.

The maturity of the loans received varies between 8 and 15 years. The interest rate varies between 3 and 6-month EURIBOR, with a mark-up of 0.5% to 0.7%, or at a fixed rate of between 0.184% and 3.84% per annum.

The carrying amount of non-current debt is equal to its fair value. The Company's non-current debt is not exposed to specific currency and credit risks. The exposure to interest rate risk is only represented by adverse movements in the EURIBOR benchmark interest rate.

The Company's bills of exchange are secured by loans taken out from banks in Slovenia.

Over five years from the balance sheet date, EUR 24,537,500 of principal is due for payment, and over a period of up to five years, EUR 40,562,500 of principal is due for payment. We pay all principal and interest instalments due regularly and on time.

Financial liabilities to banks

In EUR	31 Dec 2023	31 Dec 2022
Non-current financial liabilities to banks	57,275,000	51,100,000
Current portion of non-current financial liabilities due to banks	7,825,000	8,387,500
Total	**65,100,000**	**59,487,500**

The Company has non-current financial liabilities arising from rights to use assets of EUR 473,755.

Non-current payables represent securities received on a non-current basis as a guarantee by the supplier for the performance of the works. We have no liabilities secured by a guarantee in kind.

At the end of the financial year 2023, the Company does not have any non-current liabilities to the Company's Management Board and Supervisory Board members.

Current liabilities

NOTE 14

Current financial liabilities amount to EUR 11,286,953 and mainly represent the current portion of non-current loans receivable maturing within one year of the balance sheet date, amounting to EUR 7,825,000, and other current liabilities relating to profit distribution, amounting to EUR 3,030,711.

Current payables amount to EUR 18,517,571 and show the balances as shown in the table below. These mainly include payables to suppliers for fixed assets, payables to employees relating to salaries for December 2023 and payables to ELES d.o.o. for network charges for connection power and network use and services to system users.

Current payables

In EUR	31 Dec 2023	31 Dec 2022
Current trade payables for fixed assets	5,986,494	3,866,350
Current trade payables to suppliers for working capital	3,446,397	3,376,135
Current payables to ELES d.o.o.	3,404,820	3,187,941
Current payables to employees	3,771,826	3,233,769
Current payables to government and other institutions	817,567	500,008
Current payables based on advances	943,252	712,168
Other current payables	147,216	99,482
Total	**18,517,571**	**14,975,854**

The Company generally settles all current liabilities on time. As at 31 December 2023, we have EUR 302,049 of payables to suppliers for which security instruments were issued.

Current accrued liabilities

NOTE 15

Current accrued liabilities show the balances of accrued expenses and deferred income. They include receivables and payables that are expected to arise within one year of the balance sheet date and whose occurrence is probable and the amount is estimated with a high degree of certainty.

Current accrued liabilities

In EUR	31 Dec 2023	31 Dec 2022
Accrued charges for untaken annual leave	1,077,161	992,092
Accrued costs of deviations	0	331,751
Other accrued costs	40	2,208,332
Total	**1,077,201**	**3,532,175**

Movement in current accrued liabilities

In EUR	Situation 31 Dec 2022	Design	Consumption	Elimination	Situation 31 Dec 2023
Accrued costs for untaken annual leave	992,092	1,051,191	937,947	28,175	1,077,161
Accrued costs of deviations	331,751	0	0	331,751	0
Other accrued costs	2,208,332	40	2,208,332	0	40
Total	**3,532,175**	**1,051,231**	**3,146,279**	**359,926**	**1,077,201**

Contingent liabilities

Contingent liabilities are those liabilities that have the potential to result in recognition in the balance sheet.

Contingent liabilities

In EUR	31 Dec 2023	31 Dec 2022
Contingent liabilities	194,850	234,102
Total	**194,850**	**234,102**

3.4 NOTES TO THE INCOME STATEMENT

The income statement includes all income, costs and expenses incurred during the period of the Company's operations.

The income statement is prepared in accordance with version I as defined in point 21.6 of the SRS. Information about the basis of preparation of the income statement and the specific accounting policies applied by the Company is presented in the disclosures of each material item.

Revenue

Revenue is also affected by the methods, policies and estimates explained in the balance sheet disclosures. We did not change our methods and accounting policies in 2023.

Revenue

In EUR	I–XII 2023	I–XII 2022
Operating income	88,738,588	69,974,196
Financial revenue	504,993	9,747,483
Other revenue	91,343	191,039
Total	**89,334,924**	**79,912,718**

Revenue generated from relationships with group companies in the year 2023

In EUR	OVEN d. o. o.
Revenue from the sale of services	33,104
Rental income from office premises	7,337
Total	**40,441**

Net turnover

NOTE 16

Net turnover

In EUR	I–XII 2023	I–XII 2022
Rents charged	33,812,068	17,914,008
– ELES d.o.o. – lease	33,363,837	17,473,527
– Other	448,231	440,481
ELES d.o.o. services under contract	26,250,265	26,118,753
ELES d.o.o. other services	0	110,744
Services charged	3,864,669	4,979,303
– Revenue from Oven d.o.o.	40,441	32,790
Sale of waste material	158,342	185,110
Total	**64,085,345**	**49,307,919**

Net sales account for 72% of total operating income. The net sales revenue takes into account the 2022 and 2023 regulatory years' budgets of ELES d.o.o.

Taking into account the recharges of ELES d.o.o. regulatory years in 2023

In EUR	Achieved revenue 2023	Final settlement 2022	Return elimination 2022	Provisional 2023	Final 2023 return	Total 2023
Rent	33,746,474	-406,981	404,947	-407,039	26,436	33,363,837
Services	24,547,460	-54,661	-73,196	1,808,539	22,123	26,250,265
Total	**58,293,934**	**-461,642**	**331,751**	**1,401,500**	**48,559**	**59,614,102**

The 2023 financial statements take into account the final settlement of the 2022 regulatory year of a surplus of EUR -461,642 and the preliminary settlement of the 2023 regulatory year, which shows a shortfall of 1,401 in funds received against the recognised contractual values of leases and services. The final settlement of the regulatory year 2023, which will be based on audited data and which we will have accrued on the basis of the methodology used to establish the regulatory framework, is not yet known and will amount to a deficit of EUR 48,559.

These values are considered in accordance with the fourth and fifth paragraphs of Article 60a of the Contract on the Lease of Electricity Distribution Infrastructure and the Provision of Services to the Distribution Operator and will therefore have an impact on cash flow in future financial years.

Capitalised own products and services
NOTE 17

Captive own products and services represent investments carried out in-house and revenues from in-house services (finishing of equipment).

Capitalised own products and services

In EUR	I–XII 2023	I–XII 2022
Capitalised products	20,511,029	17,044,495
Facilitation services	425,434	398,162
Total	**20,936,463**	**17,442,657**

Other operating income
NOTE 18

Other operating income

In EUR	I–XII 2023	I–XII 2022
De-booking	214,998	55,267
Elimination of non-current accrued liabilities	1,503,296	1,487,133
State aid received	677	51,775
Compensation received from the insurer	915,828	471,947
Profit on sale of fixed assets	114,601	56,006
Recoveries from previous years	31,259	48,908
Other operating income	936,122	1,052,585
Total	**3,716,780**	**3,223,620**

Costs by functional group

Costs by functional group

In EUR	I–XII 2023	I–XII 2022
Production costs of products sold	74,526,928	68,446,289
Selling costs	1,610,140	1,459,990
Cost of general activities	4,878,389	4,275,600
Total	**81,015,456**	**74,181,880**

Cost of goods, materials and services
NOTE 19

Material costs

In EUR	I–XII 2023	I–XII 2022
Material costs, of which:	12,410,899	9,761,294
– investment material	10,491,779	7,536,130
– materials for repairing damage	513,348	291,957
– material for services	1,336,208	1,847,473
– other material costs	69,564	85,735
Spare parts costs for fixed assets	932,423	790,163
Energy costs	1,352,178	975,749
Write-off of small inventories and packaging	230,398	283,286
Costs of office supplies and professional literature	295,237	274,627
Other material costs	5,063	17,917
Total	**15,226,198**	**12,103,036**

Cost of services

In EUR	I–XII 2023	I–XII 2022
Service charges for further billing	907,060	1,236,914
Cost of maintenance services	2,928,584	2,448,960
Rental costs	40,917	31,272
Reimbursement of expenses to employees	120,455	120,526
Payment, banking and insurance premium costs	1,201,255	1,227,619
Costs of intellectual and personal services	547,013	431,566
Trade fairs, publicity and representation costs	67,242	58,098
Cost of services provided by natural persons	225,016	133,337
Postal, telecommunications and internet services	314,752	307,796
IT services	967,256	915,806
Other service charges	917,288	912,005
Total	**8,236,838**	**7,823,899**

The audit contract for the audit of the Annual Report for the financial year 2023 was concluded for an amount of EUR 19,285 excluding VAT. This amount also includes the cost of the audit of the Consolidated Annual Report for an amount of EUR 985. The selected auditor also produced agreed-upon-procedure reports in 2023 at a cost of EUR 2,275. There were no other transactions with the selected auditor in 2023.

In the period April-July 2023, the Company was managed by Jure Boček on the basis of a management contract. Under the cost of services provided by natural persons, the management costs of the Company amounting to EUR 42,213 are recorded in 2023.

Labour costs

NOTE 20

Personnel costs include the cost of salaries and other employee benefits, including employer contributions, and accrued charges for untaken annual leave.

Labour costs

In EUR	I–XII 2023	I–XII 2022
Payroll costs	23,692,312	21,460,789
Employees' supplementary pension scheme costs	1,115,807	1,081,881
Employer's contributions and other payroll charges	3,854,904	3,509,802
Other labour costs	4,867,172	4,688,531
– Annual leave allowance	1,740,280	1,654,304
– Transport to work	1,009,213	1,015,471
– Nutrition	1,208,711	1,031,955
– Collective accident and health insurance	141,278	142,477
– Provisions for jubilee gratuities and termination indemnities	616,545	642,345
– Other other labour costs	151,144	201,979
Total	**33,530,195**	**30,741,003**

Information on groups of persons – Company management

The salary cost represents the salary of the President of the Management Board of the Company.

As at 31 December 2023, the Company recognises a payable to the President of the Management Board of the Company for the December 2023 salary of EUR 9,227 gross.

Composition and remuneration of the members of the Management Board in 2023 in EUR

Name and surname	Function (Chair, Member)	Fixed remuneration - gross (1)	Variable remuneration - gross			Deferred income (3)	Severance payments (4)	Bonuses and other remuneration (5)	Claw-back (6)	Total gross (1+2+3+4+5-6)
			Based on quantitative criteria	Based on qualitative criteria	Total (2)					
Hebar Jože	President until 5 Apr 2023	38,853	0	0	0	0	38,397	1,260	0	78,510
Tatjana Vogrinec Burgar	President as from 1 Aug 2023	36,545	0	0	0	0		3,282	0	39,827
Total		**75,398**	**0**	**0**	**0**	**0**	**38,397**	**4,542**	**0**	**118,337**

In the period April-July 2023, the Company was managed by Jure Boček on the basis of a management contract.

Information on groups of persons - employees under a contract not covered by the tariff part of the collective agreement

Remuneration of employees on the basis of a contract not covered by the tariff part of the collective agreement

Gross in EUR	I–XII 2023	I–XII 2022
Salary income	843,589	753,865
Reimbursement of travel expenses on mission	681	1,151
Reimbursement of other material costs	29,255	26,055
Voluntary supplementary pension insurance	30,517	29,031
Recourse	24,248	21,406
Jubilee awards	8,397	2,294
Total	**936,687**	**833,801**

A group of persons employed under a contract not covered by the tariff part of the collective agreement were charged bonuses amounting to EUR 7,031 gross.

The Company has a payroll liability for December 2023 to this group of persons.

The Company did not grant any advances or loans to management, other employees of the Company and contractual employees not covered by the tariff part of the Collective Agreement.

Information on groups of persons - Supervisory Board and Supervisory Board Committees

In 2023, the amount of the sitting fees of the President and of the members of the Supervisory Board is set at EUR 275 gross for ordinary and extraordinary sessions and EUR 220 gross for correspondence sessions, the same as in 2022, in accordance with the decision of the Assembly.

Amount of sitting fees and remuneration for the performance of Supervisory Board duties

Gross in EUR	I–XII 2023	I–XII 2022
Remuneration for the performance of duties (month)		
Amount of the remuneration for the Chair of the SB	1,625	1,625
Amount of the Deputy Chair's remuneration	1,192	1,192
Amount of the fee for Members of the SB	1,083	1,083

Composition and remuneration of the Supervisory Board in 2023 in EUR

Name and surname	Function (chair, deputy, member, external member of the Commission)	Remuneration for the performance of duties and allowances - gross per annum						
		Basic remuneration for the performance of function	Additional remuneration for the performance of function	Bonus for special tasks	Total (1)	SB's meeting fees - gross per annum (2)	Total gross (1 + 2)	Travel expenses
Mag. Samo Logar	Member; Chair	19,500	0	0	19,500	5,335	24,835	2,137
Marija Šeme	Member; Vice-Chair	14,300	0	0	14,300	5,610	19,910	2,251
Ciril Pucko	Member	11,646	0	0	11,646	4,840	16,486	2,001
Jure Boček	Member	7,487	0	0	7,487	1,870	9,357	604
Alan Ciglarič	Member	13,000	0	0	13,000	5,610	18,610	297
Miran Arnuš	Member	13,000	0	0	13,000	5,335	18,335	529
Samo Iršič	Chair; Member	1,354	0	0	1,354	770	2,124	0
Tomaž Orešič	Chair; Member	1,354	0	0	1,354	495	1,849	0
Total		**81,641**	**0**	**0**	**81,641**	**29,865**	**111,506**	**7,820**

The Supervisory Board comprises the Audit Committee (AC), the Human Resources Committee (HRC) and the Investment Committee (CI). The amount of the sitting fees of the Chairman and the members of the AC, the HRC and the CI is set at EUR 220 gross for ordinary and extraordinary meetings and EUR 176 gross for correspondence meetings in 2023, the same as in 2022.

Amount of remuneration for the performance of the functions of the Supervisory Board committees

Gross in EUR	I–XII 2023	I–XII 2022
Remuneration for the performance of duties (month)		
the amount of the remuneration for the Chair of the Commission	406	406
the amount of the payment for the members of the Commission	271	271

Composition and remuneration of Audit Committee members in 2023 in EUR

Name and surname	Function (chair, deputy, member, external member of the Commission)	Remuneration for the performance of duties and allowances - gross per annum				Commissions' meeting fees - gross per year (2)	Total gross (1 + 2)	Travel expenses
		Basic remuneration for the performance of function	Additional remuneration for the performance of function	Bonus for special tasks	Total (1)			
Marija Šeme	Chair	4,875	0	0	4,875	2,156	7,031	1,286
Samo Iršič	Member	609	0	0	609	220	829	0
Barbara Nose	External Member	10,400	0	0	10,400	2,156	12,556	792
Ciril Pucko	Member	2,505	0	0	2,505	1,496	4,001	834
Total		**18,390**	**0**	**0**	**18,390**	**6,028**	**24,418**	**2,912**

Composition and remuneration of the members of the Staff Selection Board in 2023 in EUR

Name and surname	Function (chair, deputy, member, external member of the Commission)	Remuneration for the performance of duties and allowances - gross per annum				Commissions' meeting fees - gross per year (2)	Total gross (1 + 2)	Travel expenses
		Basic remuneration for the performance of function	Additional remuneration for the performance of function	Bonus for special tasks	Total (1)			
Mag. Samo Logar	Chair	5,332	0	0	5,332	1,348	6,680	180
Tomaž Orešič	Member	370	0	0	370	0	370	0
Dr. Maja Fesel Kamenik	External Member	6,594	0	0	6,594	1,348	7,942	0
Jure Boček	Member	1,899	0	0	1,899	626	2,525	94
Ciril Pucko	Member	1,137	0	0	1,137	722	1,859	0
Alan Ciglarič	Member	1,777	0	0	1,777	385	2,162	0
Total		**17,111**	**0**	**0**	**17,111**	**4,428**	**21,538**	**274**

Composition and remuneration of the members of the Investment Committee in 2023 in EUR

Name and surname	Function (chair, deputy, member, external member of the Commission)	Remuneration for the performance of duties and allowances - gross per annum				Commissions' meeting fees - gross per year (2)	Total gross (1 + 2)	Travel expenses
		Basic remuneration for the performance of function	Additional remuneration for the performance of function	Surcharge for special tasks	Total (1)			
Jure Boček	Chair	135	0	0	135	0	135	0
Ciril Pucko	Member	90	0	0	90	0	90	0
Miran Arnuš	Member	90	0	0	90	0	90	0
Total		**316**	**0**	**0**	**316**	**0**	**316**	**0**

The Company neither received nor granted any advances, loans or guarantees to the groups of persons listed in this chapter and does not have any receivables from them as at 31 December 2023.

Write-downs
NOTE 21

Depreciation

In EUR	I–XII 2023	I–XII 2022
Depreciation of intangible assets	1,725,007	1,715,896
Depreciation of intangible assets - easements	23,998	23,653
Depreciation from software leases	82,387	82,387
Depreciation of property, plant and equipment, of which:	21,085,167	20,679,061
– construction work	12,748,753	12,685,388
– equipment	8,336,414	7,993,673
Depreciation on leases	323,842	324,025
Depreciation of investment property	25,087	24,309
Total	**23,265,489**	**22,849,330**

In 2023, we started to review the useful lives of assets. We found that the useful lives of some assets had changed significantly and we started to change the depreciation rates, which are treated as a change in accounting estimate under the SRS.

Effect of a change in accounting estimate

Name of depreciation group	Old rate in %	New rate in %	Depreciation at old rates in EUR	Depreciation at new rates in EUR	Difference in EUR
058 – Equipment for TC hubs and concentrators	14.29	20.00	433,168	607,769	174,601
086 – Telecommunication lines (fibre optic cables)	3.00	4.00	53,557	71,410	17,853
086-O – Telecommunication lines - equipment	3.00	4.00	4,698	6,264	1,566
Total			**491,423**	**685,443**	**194,020**

The Company provides for allowances for receivables in accordance with the accounting policy adopted, on a partner-by-partner basis.

Revaluation operating expenses

In EUR	I–XII 2023	I–XII 2022
Revaluation expenses on tangible and intangible fixed assets	445,657	399,786
Revaluation operating expenses on receivables, of which:	312,159	204,617
- from network usage	245,828	191,756
- from services rendered	66,331	12,861
Total	**757,816**	**604,403**

Other operating expenses
NOTE 22

Other operating expenses

In EUR	I–XII 2023	I–XII 2022
Provisions for litigation	51,312	71,589
Building land use tax	391,364	358,221
Other charges and expenses	314,062	234,801
Total	**756,737**	**664,611**

Other charges and expenses include expenditure relating mainly to holiday expenses, court costs and scholarships.

Financial income from trade receivables
NOTE 23

Financial income from trade receivables

In EUR	I–XII 2023	I–XII 2022
Interest income for network use	26,890	9,533
Interest income from successful actions	6,694	8,485
Interest other	471,409	0
Total	**504,993**	**18,018**

Financial expenditure on financial liabilities
NOTE 24

Financial expenditure arising from financial compulsory

In EUR	I–XII 2023	I–XII 2022
Financial expenses from bank loans received	862,065	439,794
Financial expenses on other financial liabilities	33,257	57,972
Total	**895,323**	**497,766**

The discounting of the non-current receivable from ELES d.o.o. is calculated using the discount rate used in the calculation of the provision for gratuities and severance payments as at 31 December 2023 of 3.1709%.

Financial charges on payables
NOTE 25

Financial charges on payables

In EUR	I–XII 2023	I–XII 2022
Financial expenditure on trade payables and bills of exchange	445	471,428
Financial expenses from other payables	205,176	55,258
Total	**205,621**	**526,686**

The amount of accrued interest arising from actuarial calculations of provisions for gratuities and retirement benefits is recorded in 2023 as financial expenses from other payables.

Other revenue

NOTE 26

Other income of EUR 91,343 mainly represents the value of guarantees cashed, amounts received in respect of legal claims and reimbursements for exceeding the quota for disabled persons.

Other expenditure

NOTE 27

Other expenditure

In EUR	I–XII 2023	I–XII 2022
Fines and fines	800	5,800
Annuity payments	15,299	13,933
Deductible franchises and other expenses	29,685	316,023
Donations	37,800	29,800
Other expenditure	11,733	3,957
Total	**95,317**	**369,513**

Net profit for the period

NOTE 28

Profit or loss

In EUR	I–XII 2023	I–XII 2022
Operating result	6,965,316	–4,812,087
Result on financing	–595,950	8,723,032
Outturn on other income and expenditure	–3,974	–178,474
Profit before tax	**6,365,392**	**3,732,471**
Taxes	–132,653	389,876
Net profit or loss	**6,232,740**	**4,122,346**

Income tax

Based on the tax return for the 2023 financial year, we calculated income tax of EUR 471,532, and deferred taxes of EUR 338,879. In 2023, the tax charge including deferred taxes amounted to -EUR 132,653. The effective tax rate was 2.1%.

Income tax - adjustment to the effective tax rate

In EUR	2023	2022
Tax assessed	471,532	0
Deferred tax	-338,879	-389,876
Total income tax	**132,653**	**-389,876**
Profit before tax	**6,365,392**	**3,732,471**
Tax levied at 19%	1,209,425	709,169
Tax on the reduction in revenue	-26,133	-958,789
Tax on unrecognised expenses	317,536	275,972
Tax on tax credits	-802,878	0
Tax on increases/decreases in expenditure for tax purposes	-391,422	-416,228
Impact on deferred taxes of a change in the tax rate from 19% to 22%	-173,874	0
Total income tax	**132,653**	**-389,876**
Effective tax rate	**2.1%**	**0.0%**

3.5 NOTES TO THE CASH FLOW STATEMENT

The cash flow statement is prepared in accordance with SRS 22.2 using the direct method - version I. The data for the preparation of the statement are derived from the records of receipts and payments in the Company's transaction accounts.

In 2023, the Company's total receipts amount to EUR 133,162,623 and its total expenditure to EUR 135,983,891. The cash result is negative for an amount of 2,821,267 euro. The final cash balance of the Company's accounts as at 31 December 2023 was 11,983,499 euro.

Operating income

NOTE 29

Operating income

In EUR	I–XII 2023	I–XII 2022
Rental and service revenue under the ELES contract	73,570,589	57,894,677
Revenue from network charges and contributions	30,902,039	25,698,737
Receipts from customers of other services	4,498,766	5,824,073
Other operating receipts	5,331,364	6,599,957
Other operating revenue	4,679,883	2,145,317
Interest income from operating activities	30,678	18,046
Total	**119,013,319**	**98,180,807**

Operating expenditure
NOTE 30

Operating expenditure

In EUR	I–XII 2023	I–XII 2022
Expenditure on purchases of materials and services	-68,097,212	-60,593,428
Expenditure on salaries and employees' share of profits	-32,706,656	-30,209,436
Expenditure on levies of all kinds	-6,437,615	-4,921,051
Other operating expenditure	-3,606,382	-2,151,273
Total	**-110,847,865**	**-97,875,187**

Investment income
NOTE 31

Investment income is recorded at EUR 149,305 and relates to the proceeds from the sale of the Company's property, plant and equipment.

Expenditure on investments
NOTE 32

Expenditure on investments is shown at EUR 15,889,052 and relates to expenditure on the purchase of intangible assets and property, plant and equipment.

Financing revenue
NOTE 33

The financing proceeds include a non-current loan of EUR 14,000,000 taken out with a commercial bank in Slovenia, with a maturity of 15 years. The loan is intended to finance the renovation and construction of new electricity facilities as well as the introduction of advanced metering equipment and the integration of components for the automation of the electricity distribution network.

Financing expenditure
NOTE 34

Financing expenditure is shown at EUR 9,246,974 and relates to expenditure on repayments of non-current financial liabilities of EUR 8,387,500 and interest paid on borrowings of EUR 859,474.

3.6 NOTES TO THE STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity shows the movements in the individual components of equity during the financial year. It is divided into items showing movements between the components of capital and movements that would result in changes in the components of capital.

The Statutory Provision allows the Company to create other reserves out of profits up to two-thirds of the net profit remaining after application for the purposes referred to in Article 230(1) of the Companies Act.

The Management Board of Elektro Maribor d.d. proposes that the balance profit for the financial year 2023 in the amount of EUR 2,000,718.12 be allocated for the payment of dividends to the shareholders of Elektro Maribor d.d. The decision on the use of the balance profit is within the competence of the General Meeting.

The General Meeting of Elektro Maribor d.d. on 25 August 2023 decided on the allocation of the balance profit for the financial year 2022. The General Meeting did not vote on the proposal to allocate the balance profit of EUR 3,001,077 for dividends to shareholders. Based on the small shareholder's lawsuit filed against this resolution and the potential dividend liability, we reclassified EUR 3,001,077 to other financial liabilities in 2023.

3.7 REPORTING UNDER ELECTRICITY SUPPLY ACT

Balance sheet by segment

In EUR	as at 31 Dec 2023			as at 31 Dec 2022		
	Distribution	Services	Total Elektro Maribor d. d.	Distribution	Services	Total Elektro Maribor d. d.
A. Non-current assets	**394,025,752**	**9,424,204**	**403,449,956**	**381,460,052**	**9,862,051**	**391,322,103**
I. Intangible assets and non-current fixed assets	3,637,933	0	3,637,933	3,922,411	11,087	3,933,498
II. Tangible fixed assets	380,023,423	5,764,071	385,787,494	366,436,467	5,667,519	372,103,986
III. Investment property	0	585,877	585,877	0	610,854	610,854
IV. Non-current investments	7,082,741	2,795,559	9,878,300	6,638,218	3,240,082	9,878,300
V. Non-current trade receivables	1,573,548	27,267	1,600,815	3,141,724	25,171	3,166,895
VI. Deferred tax assets	1,708,107	251,430	1,959,537	1,321,232	307,337	1,628,569
B. Current assets	**25,389,513**	**5,401,298**	**30,790,811**	**24,389,508**	**6,998,052**	**31,387,560**
II. Inventories	2,571,341	1,539,594	4,110,935	1,863,924	2,259,149	4,123,074
IV. Current trade receivables	14,383,330	313,047	14,696,377	11,499,954	959,765	12,459,720
V. Cash	8,434,842	3,548,657	11,983,499	11,025,629	3,779,137	14,804,766
C. Current accrued income	**924,537**	**110,864**	**1,035,401**	**446,264**	**101,598**	**547,862**
A S S E T S (A + B + C)	**420,339,802**	**14,936,366**	**435,276,168**	**406,295,824**	**16,961,701**	**423,257,525**

Balance sheet by segment

In EUR	as at 31 Dec 2023			as at 31 Dec 2022		
	Distribution	Services	Total Elektro Maribor d. d.	Distribution	Services	Total Elektro Maribor d. d.
A. Capital	**298,759,585**	**9,302,934**	**308,062,519**	**294,233,592**	**11,223,130**	**305,456,722**
I. Called-up capital	198,250,033	5,682,479	203,932,512	197,697,001	6,235,511	203,932,512
II. Capital Reserves	73,283,769	2,100,547	75,384,316	73,079,339	2,304,977	75,384,315
III. Profit and Loss Reserves	25,480,776	2,427,348	27,908,124	21,025,318	2,722,715	23,748,033
V. Fair value reserves	-459,156	-703,995	-1,163,151	-54,590	-554,625	-609,215
VI. Net profit or loss carried forward	0	0	0	1,616,577	74,587	1,691,164
VII. Net profit for the year	2,204,163	-203,445	2,000,718	869,948	439,966	1,309,913
B. Provisions and non-current accrued liabilities	**36,176,762**	**2,364,416**	**38,541,178**	**35,863,373**	**2,237,661**	**38,101,034**
C. Non-current liabilities	**57,729,741**	**61,005**	**57,790,746**	**52,281,273**	**68,179**	**52,349,452**
I. Non-current financial liabilities	57,702,657	46,098	57,748,755	51,914,782	52,936	51,967,718
II. Non-current payables	27,084	14,907	41,991	366,491	15,243	381,734
Č. Current liabilities	**26,971,845**	**2,832,679**	**29,804,524**	**20,759,294**	**3,058,848**	**23,818,142**
II. Current financial liabilities	10,746,092	540,861	11,286,953	8,840,078	2,210	8,842,288
III. Current payables	16,225,753	2,291,818	18,517,571	11,919,216	3,056,638	14,975,854
D. Current accrued liabilities	**701,869**	**375,332**	**1,077,201**	**3,158,293**	**373,883**	**3,532,175**
LIABILITIES TO RESOURCES (A + B + C + D)	**420,339,802**	**14,936,366**	**435,276,168**	**406,295,824**	**16,961,701**	**423,257,525**

Profit and loss account

In EUR	I–XII 2023 Distribution	I–XII 2023 Services	I–XII 2023 Total Elektro Maribor d. d.	I–XII 2022 Distribution	I–XII 2022 Services	I–XII 2022 Total Elektro Maribor d. d.
Net turnover	60,280,680	3,804,665	64,085,345	44,332,567	4,975,352	49,307,919
Capitalised own products and own services	0	20,936,463	20,936,463	0	17,442,657	17,442,657
Other operating income (including revaluation operating income)	3,250,638	466,142	3,716,780	2,739,697	483,923	3,223,620
Cost of goods, materials and services	9,268,013	14,195,023	23,463,036	8,102,158	11,824,778	19,926,936
Labour costs	22,875,082	10,655,113	33,530,195	19,972,866	10,768,137	30,741,003
Write-downs	23,306,880	716,425	24,023,305	22,796,896	656,837	23,453,734
Other operating expenses	484,587	272,150	756,737	406,439	258,172	664,611
Financial income from shares	0	0	0	7,725,195	2,004,270	9,729,465
Financial income from trade receivables	504,953	40	504,993	18,016	2	18,018
Financial expenditure on financial liabilities	894,153	1,170	895,323	496,553	1,213	497,766
Financial charges on payables	144,123	61,498	205,621	509,484	17,202	526,686
Other revenue	58,509	32,834	91,343	144,886	46,152	191,039
Other expenditure	72,272	23,043	95,315	348,614	20,898	369,513
Income tax	752,144	-280,612	471,532	0	0	0
Deferred taxes	377,225	-38,346	338,879	406,670	-16,794	389,876
NET PROFIT FOR THE PERIOD	**6,674,751**	**-442,012**	**6,232,739**	**2,734,021**	**1,388,325**	**4,122,346**

In accordance with Article 106 of the ZOEE, the Company keeps separate accounting records for distribution activities and other activities. In accordance with Article 107 of the ZOEE, we defined criteria for the allocation of assets, liabilities, revenues, costs and expenses, receipts and expenditures in the Rules on the criteria for separate accounting monitoring and reporting of Elektro Maribor d.d. in accordance with Article 107 of the ZOEE.

For the purposes of activity-based reporting, we defined the following activities:

- distribution, which mainly includes the tasks we perform under the Electricity Distribution Infrastructure Lease and Service Contract for the distribution operator; and
- services, which mainly take into account other market services we provide.

The activity-specific financial statements are therefore prepared on the basis of the following assumptions:

- events that can be unambiguously identified as to which activity they relate are recorded in the related activity at the time of their occurrence,
- Business events that are common in nature or cannot be adequately identified at the time of recording are recorded at the level of supporting processes,
- asset and liability balances and revenues, costs and expenses recorded at the support process level are divided into activities according to the criteria defined in the Rules on criteria for separate financial monitoring and reporting of Elektro Maribor d.d. and
- The state sub-balances are conditional on the choice of appropriate criteria and their limited expressive power.

3.7.1 Criteria for the allocation of assets and liabilities

K-1 The proportion of the average monthly number of employees by activity is used to allocate non-current property rights, non-current trade receivables, deferred tax assets arising from provisions, intangible fixed assets, current payables to employees, current payables arising from employee withholding, payables to government, current accrued liabilities, inventories of small inventories and inventories in use, revaluation surplus and provisions for pensions, and other non-current payables. These assets and liabilities are linked in substance and scope to the number of employees

K-2 The unamortised cost of property, plant and equipment at the balance sheet date is used to allocate property, plant and equipment, trade receivables, advances, property, plant and equipment under construction and trade payables for property, plant and equipment by activity. Since the fixed assets within the scope of the common professional services are used by several activities, the above criterion is used to charge them in proportion to the amount of tangible fixed assets held by each activity.

K-3 We use the activity-specific **share of total revenue** to allocate current receivables, current and non-current investments other than loans, deferred tax assets arising from valuation allowances, advances and securities received in the short term, and accrued and deferred tax assets. The balance of these assets is conditional on the volume of invoicing and the related total revenue.

K-8 The VAT liability share is used to apportion the VAT liability.

K-10 Share of net profit (after transfers) is used to allocate current liabilities related to profit distributions.

K-11 The cost of services ratio is used to allocate current advances and deposits received and other current liabilities.

K-12 The cost of materials and services excluding the cost of materials for investment is used to apportion input VAT receivables, as these receivables are directly linked to the costs incurred.

K-13 We use the **turnover ratio for accrued material payables** to apportion the stock of material.

3.7.2 Criteria for allocating revenue, costs and expenses

K-1 The proportion of the average monthly number of employees for each activity is used to allocate the income, costs and expenditure of the shared professional services area.

K-2 The proportion of the undepreciated value of property, plant and equipment at the balance sheet date by activity is used to allocate the income, costs and expenses of the Finance and Economics area.

K-3 The share of total revenue by activity is used to allocate the revenue, costs and expenses of the administration.

The criteria are used to calculate individual sharing ratios, which are used to calculate the average sharing ratio that is the basis for attributing the revenues, costs and expenses of the supporting processes to each activity.

The depreciation expense of supporting processes is allocated using the same criterion as for the production of the activity-based balance sheet, namely the split between tangible and intangible fixed assets.

3.8 RELATED PARTY TRANSACTIONS

Related parties of Elektro Maribor d.d. are companies in which Elektro Maribor d.d. has significant influence, or companies in which it and other owners jointly control the activities of the Company, and companies that are majority state-owned. The parent company Elektro Maribor d.d. is 79.9% owned by the Republic of Slovenia.

Elektro Maribor d.d. conducted business with related parties on the basis of concluded sale and purchase agreements. The turnover of all transactions (net of VAT), including financial income, is recorded between sales and purchases. The most significant transactions with related parties include the following:

- transactions with group companies and associates,
- transactions with the Republic of Slovenia and legal entities directly majority owned by the Republic of Slovenia in 2023 that are significant for Elektro Maribor d.d. in terms of the level of materiality of the transactions according to the transaction size criterion (revenues or expenses exceeding EUR 100,000); and
- dealings with the management and supervisory boards.

The contract prices are based on the terms and conditions otherwise applicable to arm's length transactions.

Transactions with group companies and associates in 2023

In EUR	Eldom d. o. o.	Energija plus d. o. o.	Informatika d. d.	Moja energija d. o. o.	OVEN Elektro Maribor d. o. o.	Total associated companies
REVENUE	**2,605**	**93,073**	**4,032**	**0**	**51,847**	**151,557**
Net turnover	2,605	93,073	4,032	0	51,847	151,557
COSTS AND EXPENDITURE	**309,401**	**536,122**	**1,062,151**	**0**	**0**	**1,907,674**
Material costs	131,286	521,522	0	0	0	652,808
Cost of services	175,853	6,923	1,062,151	0	0	1,244,927
Other operating expenses	2,262	7,678	0	0	0	9,939
RESOURCES	**952**	**10,644**	**0**	**0**	**15,384**	**26,980**
Current trade receivables	952	10,644	0	0	15,384	26,980
LIABILITIES TO SOURCES OF FUNDS	**81,267**	**129,644**	**856,318**	**0**	**0**	**1,067,229**
Current payables	81,267	118,331	494,211	0	0	693,809
Current financial liabilities	0	11,313	362,107	0	0	373,420

Transactions with the Republic of Slovenia and legal entities directly majority owned by the Republic of Slovenia

In EUR	Open receivables 31 Dec 2023	Open commitments 31 Dec 2023	Revenue I–XII 2023	Revenue I–XII 2023
Zavarovalnica Sava d. d.	68,315	14,381	226,208	1,263,431
Telekom Slovenije d. d.	111	34,537	3,940	188,908
Pošta Slovenije d. o. o.	26,078	21,975	31	197,970
Elektro Celje d. d.	25,609	0	157,667	1,773
ELES d. o. o.	11,227,504	3,405,779	59,305,653	30,452,759
Stelkom d. o. o.	52,773	0	129,682	0
TOTAL	**11,400,389**	**3,476,673**	**59,823,180**	**32,104,840**

Transactions with the Management Board and Supervisory Board of Elektro Maribor d.d. are explained in more detail in note 20 (*Note 20*).

3.9 EVENTS AFTER THE BALANCE SHEET DATE

Events occurring after the balance sheet date do not have a material impact on the 2023 financial statements that would require additional disclosure in the financial report, but we highlight some factors that will have a material impact on the Company's performance in 2024

- **Small shareholder lawsuit**

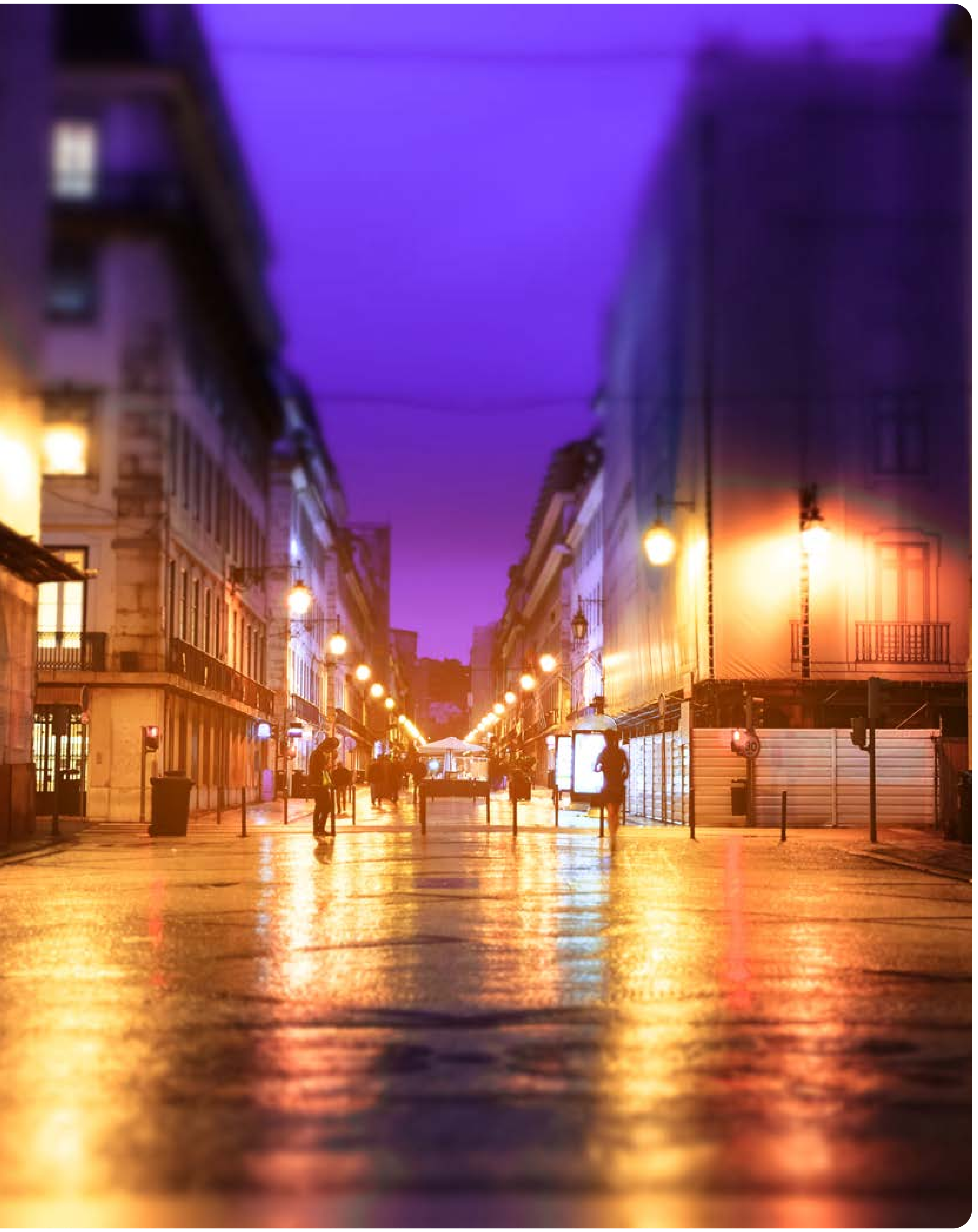
  In January 2024, we received a judgment of the District Court filed by a shareholder challenging the decision on the use of the balance sheet profit as at 31 December 2021. Based on the decision of the 28th Ordinary General Meeting of Shareholders of the Company, Elektro Maribor d.d. used part of the balance sheet profit in the amount of EUR 3,691,882 for the payment of dividends in the amount of EUR 2,000,718. The remainder of the balance-sheet profit of EUR 1,691,164 remained unallocated. According to the decision of the District Court, the balance-sheet profit as at 31 December 2021 must be allocated in full for distribution to the Company's shareholders. We appealed against the judgment to the High Court.

  The balance sheet profit of Elektro Maribor d.d. for 2022 amounted to EUR 3,001,077 and consisted of the unallocated net profit for 2021 of EUR 1,691,164 and the net profit for 2022 of EUR 1,309,913, which remained unallocated following the resolution of the General Meeting. Also after the 30th Ordinary General Meeting of the Company in 2023, the minority shareholder filed a lawsuit challenging the resolution on the use of the balance sheet profit for 2022.

  Following the precautionary principle and in line with the case law of other electricity distribution companies, we reallocated the 2022 balance sheet profit of EUR 3,001,077 to current financial liabilities, as we reasonably expect the payout to take place in 2024.

- **Call for tenders for the co-financing of distribution substations and the construction of low-voltage distribution networks for the period 2023-2026**

  In 2023, we applied to the Ministry of Environment, Climate and Energy's call for grants under the Recovery Plan, which was launched on 21 Apr 2023. On 15 Dec 2023, we received the decision to award the grant for investments in the period 2023-2026. We therefore reclassified the funds co-financed under this heading in our accounts. We also already took account of the reclassification in the corporate income tax statement, where we excluded the investment in equipment under this heading as an investment relief option. As the signing of the Contract took place in April 2024 and as the approval of the funds relates to completed facilities already in 2023, we already recognised the receivables and payables in the 2023 accounts, even though the receipt of cash under this heading has not yet taken place.



4 Financial risks

Financial risks are potential events that (in)adversely affect the achievement of the Company's strategic and annual financing objectives and include

- Credit risk as the risk of loss (benefit) arising from the (non-)fulfilment of the debtor's obligations to the Company;
- Market risk as the risk of loss (benefit) from changes in interest rates;
- Liquidity risk as the risk of loss (benefit) arising from current solvency (in)ability; and
- Capital risk, as the risk that the Company does not (always) have sufficient non-current funding resources for the volume and types of business it carries on and the risks to which it is exposed in carrying on that business.

Risk management, risk management processes and risk controls are explained in the Risk Management section of the business section of the report.

4.1 CREDIT RISK

In 2023, we actively monitored the status of trade receivables and implemented the appropriate recovery processes accordingly.

We actively manage our exposure to credit risk by monitoring and financially securing outstanding receivables on an ongoing basis, actively collecting overdue and unpaid receivables, and charging interest on late payments.

At the reporting date, the most exposed to credit risk are current trade receivables, which increased by EUR 2,236,657, or 18%, compared to 2022. The increase in receivables is mainly due to higher receivables from ELES d.o.o.

Credit risk is assessed to have a moderate impact on the business. The probability of an (un)desirable event occurring is between 25 and 50%. The probability of an impact on the Group's revenue or expenses ranges from EUR 10,000 to EUR 100,000.

4.2 INTEREST RATE RISK

The carrying amount of non-current debt is equal to its fair value. Elektro Maribor d.d.'s non-current debt is not exposed to specific currency and credit risks. The exposure to interest rate risk is represented by adverse movements in the reference interest rate EURIBOR. The change in interest rate movements is not specifically hedged by financial instruments. In fact, the exposure to interest rate risk is assessed as low, as only 15% of the assets are financed by bank loans. The Company has 80% of its non-current borrowings at fixed interest rates.

The cash flow sensitivity analysis is based on the sensitivity of the change in the EURIBOR reference rate for floating rate borrowings. Given the volume of floating rate borrowings at 31 December 2023 and assuming all other variables remain constant, a change of 1.0 percentage point (100 basis points) in the EURIBOR reference rate would result in higher expenditure of 143.596 euro, a change of 1.5 percentage points (150 basis points) in the interest rate would lead to higher expenditure of 215,394 euro and a change of 2.0 percentage points (200 basis points) in the interest rate would lead to higher expenditure of 287,192 euro.

4.3 LIQUIDITY RISK

Liquidity risk is the mismatch between the maturity of financial assets and the payments of liabilities that can lead to the Group's insolvency, which is manifested by the Group's inability to settle its liabilities at a given point in time. Exposure to liquidity risk is managed through weekly planning and monitoring of realised inflows and outflows and a timely approach to forecast borrowings.

In order to finance the investments, we will proceed in due time to obtain the necessary opinions and consents for the debt from the Ministry of Environment, Climate and Energy, the Ministry of Finance and ELES d.o.o.

Liabilities maturing on 31 Dec 2023

In EUR	Vintage			Total
	up to 1 year	1 to 5 years	over 5 years	
Loans to finance investments	9,201,961	36,707,345	26,797,760	72,707,066
Non-current payables	41,992	0	0	41,992
Non-current lease liabilities	431,242	40,275	473,033	944,551
Current payables	18,517,571	0	0	18,517,571

Liquidity risk is managed by monitoring key indicators of the horizontal financial composition.

Key liquidity risk indicators

	31 Dec 2023	31 Dec 2022
BASIC INDICATORS OF HORIZONTAL FINANCIAL COMPOSITION		
Quick ratio (direct current ratio) = liquid assets / current liabilities	0.40	0.62
Accelerated ratio (accelerated current ratio) = liquid assets + current receivables / current liabilities	0.90	1.14
Current ratio (current ratio of current liabilities) = current assets / current liabilities	1.03	1.32

Liquidity risk is assessed to have a low impact on the business. The probability of an (un)desirable event occurring is less than 25%. The probability of an impact on the Group's revenue or expenses is up to EUR 10,000.

4.4 CAPITAL RISK

The main purpose of capital management is to ensure capital adequacy, financial stability, non-current solvency and maximise shareholder value.

Key capital risk indicators

	31 Dec 2023	31 Dec 2022
FUNDAMENTAL FINANCING INDICATORS		
Equity financing ratio in % = equity / liabilities to sources of funds	70.77%	72.17%
Non-current funding ratio in % = equity + debt + provisions + debt PCR / liabilities to sources of funds	92.91%	93.54%
BASIC INDICATORS OF HORIZONTAL FINANCIAL COMPOSITION		
Capital adequacy ratio of fixed assets = capital / fixed assets	0.79	0.81
CORE PROFITABILITY INDICATORS		
Net return on equity in % = net profit / average equity (excluding profit for the period)	2.04%	1.37%

Lenders require that the financial covenants defined in loan agreements are met, and the consequences of non-compliance could lead to early repayment of loans.

Capital risk has a low impact on the business, according to the Management Board's assessment. The probability of an (un)desirable event occurring is less than 25%. The probability of an impact on the Group's revenue or expenses is up to EUR 10,000.

FINANCIAL REPORT OF THE ELEKTRO MARIBOR GROUP

04

BY ACTING ECONOMICALLY, WE CREATE THE CONDITIONS FOR THE GREEN TRANSITION.

By operating efficiently at the Company and Group level, Elektro Maribor achieved results in 2023 that support our and wider society's vision of sustainable development.

1 Independent auditor's report

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1000 Ljubljana, Slovenia

REPORT OF THE INDEPENDENT AUDITOR
to the shareholders of Elektro Maribor d.d.

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We audited the financial statements of Elektro Maribor d.d. Group ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, 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 financial statements, including 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 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA") and Regulation (EU) No 53712014 of the European Parliament and of the Council of 16 April 2014 on specific matters relating to statutory audit of public-interest entities ("the Regulation"). Our responsibilities under these rules are described in this report in the paragraph on Auditor's Responsibilities for the audit of the consolidated financial statements. In accordance with the International Code of Ethics for Accounting Professionals (including the International Independence Standards) issued by the International Ethics Standards Board for Accounting Professionals (the "IESBA Code") and the ethical requirements applicable to the audit of financial statements in Slovenia, we confirm our independence from the Group and that we complied with all other ethical requirements in accordance with those requirements and the IESBA Code.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters are those that, in our professional judgement, were the most significant in the audit of the consolidated financial statements for the current financial year. These matters were considered in the context of the audit of the consolidated financial statements taken as a whole and in forming our opinion thereon, and we do not express a separate opinion on these matters.

Investments in property, plant and equipment

Description of key audit matter

The book value of property, plant and equipment as at 31 December 2023 is EUR 389,459,543 (31 December 2022: EUR 376,088,581); the cost of maintenance services for 2023 is EUR 3,013,857 (2022: EUR 2,521,433).

In addition to new investments, the Group also carries out ongoing maintenance of property, plant and equipment, mainly electricity infrastructure. While items that qualify for recognition as property, plant and equipment are capitalised and expensed through annual depreciation, maintenance costs are charged to profit or loss as incurred. The distinction between items that qualify for recognition in the balance sheet and items that are recognised immediately in profit or loss is relevant to the audit because its recognition requires management's judgement as to whether and which conditions are met for an item to be classified as property, plant and equipment, and whether and which conditions are met for the item to be classified as maintenance costs, and judgement as to whether the conditions for the recognition of property, plant and equipment are met and whether the amounts recorded are accurate, which led us to identify the matter as a key audit matter. In making this judgement, the Group makes significant assumptions and judgements related to whether the conditions for recognition of property, plant and equipment as defined by IFRS are met.

Reference is made to the note in paragraph 3.5 Significant accounting policies and within that paragraph Property, plant and equipment and Subsequent charges, paragraph 3.6 Notes to the consolidated statement of financial position and within that paragraph Note 2 Property, plant and equipment and paragraph 3.7 Notes to the consolidated income statement and within that paragraph Note 26 Cost of goods, materials and services.

BDO Revizija d.o.o., a Slovenian limited liability company, is a member of BDO International Limited, a UK limited by guarantee company and is part of the international BDO network of independent member companies.
District Court in Ljubljana, Reg. No. 1/26892/00, Share capital: EUR 9,736.66, Registration No.: 5913691, VAT ID No.: SI94637920.

Our audit approach

Our audit procedures included:

- Assessing the internal rules governing the investment in property, plant and equipment and construction costs to ensure that they comply with the policies prescribed by IFRS. Testing the design and implementation of internal controls over the recognition of costs and property, plant and equipment and related liabilities.
- Familiarisation with the investment management process.
- Testing on a sample of selected items of property, plant and equipment and maintenance costs, whereby:
  - we assessed whether the conditions for recognition of property, plant and equipment and maintenance costs are met;
  - we obtained the basis from those responsible for the investments;
  - we interviewed those responsible for the investments;
  - we verified the supporting accounting documentation and the entries in the accounting records. The sample included both randomly selected items and items identified by our risk-based approach due to the size, complexity, content or duration of the construction or maintenance.
- Review of disclosures in accordance with IFRS requirements.

Capitalised own products and own services

Description of the key audit matter

Capitalised own products and own services for the financial year ended 31 December 2023 amount to EUR 20,936,463 (2022: EUR 17,442,657). The Company carries out the activity of construction of buildings and equipment on its own account. Investments in self-constructed fixed assets are valued on the basis of estimated hourly rates, which include, in addition to labour costs, other indirect costs as well as direct material and freight costs. The formulation of hourly labour rates and the judgement as to which indirect costs to include in the value of fixed assets is linked to the estimates. Estimates of the level and structure of fixed asset construction costs are relevant to the audit because they are linked to significant management judgements. In making these judgements, management uses assumptions and judgements related to the eligibility of property, plant and equipment for recognition as defined in the IFRS

For these reasons, we identified the case as a key audit matter.

Reference is made to the note in paragraph 3.5 Significant accounting policies and within that paragraph Property, plant and equipment and Revenue, to the note in paragraph 3.6 Notes to the consolidated statement of financial position and within that paragraph Note 2 Property, plant and equipment, and to the note in paragraph 3.7 Notes to the consolidated income statement and within that paragraph Note 24 Capitalised own products and services.

Our audit approach

Our audit procedures included:

- Assessing the policies governing investment in property, plant and equipment and construction costs to ensure that they are consistent with the policies prescribed by the IFRS.
- Testing the design and implementation of internal controls.
- Familiarisation with the way in which own-account investments are managed.
- Examining the methodology and assumptions used by the Company in calculating the labour cost and verifying the completeness and accuracy of the data used.
- Recalculation of the calculated labour cost for the selected type of works and comparison with the current year's costing and market prices.
- Testing on a sample of selected items of capitalized own goods and services, whereby:
  - We assessed whether the right price for the type of work was used;
  - We obtained the basis for the cost of materials and car freight;
  - We interviewed the persons responsible for the investments;
  - We verified supporting accounting documents and entries in the accounts. The sample included items selected at random as those identified by our risk-based approach as being of a particular size, complexity, content or duration of construction or maintenance.
- Review of the disclosures in the annual report relating to fixed assets and capitalised own products.

Other information

Other information is the responsibility of management. Other information comprises information in the consolidated annual report other than the financial statements and our auditor's report thereon. Other information was obtained before the date of the auditor's report, except for the Supervisory Board's report which will be available at a later date.

Our opinion on the consolidated financial statements does not extend to other information and we do not express any form of assurance on it.

In connection with our audit of the consolidated financial statements, it is our responsibility to read the other information and, in doing so, to assess whether the other information is materially inconsistent with the consolidated financial statements, legal requirements or our knowledge acquired in the audit or otherwise appears to be materially misstated. If, as a result of our work, we conclude that there is a material misstatement of other information, we are required to report on the circumstances.

In this regard, based on the procedures described above, we report the following:

- The other information is consistent in all material respects with the consolidated audited financial statements;
- The other information is prepared in accordance with applicable laws and regulations; and
- Based on our knowledge and understanding of the Group and its environment obtained during the audit, we did not identify any material misstatements in relation to the other information.

Management and Supervisory Board responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS 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 Group's financial statements, management is responsible for assessing the Group's ability to continue as a going concern, for disclosing matters related to going concern and for using the going concern assumption as a basis of accounting, unless management intends to liquidate the Group or to discontinue operations or has no alternative but to do one or the other.

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements taken 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. Acceptable assurance is a high level of assurance, but is not a guarantee that an audit performed in accordance with IAS and the Regulation will always detect a material misstatement, if one exists. Misstatements may 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 made on the basis of these consolidated financial statements.

We use professional judgement and maintain professional discretion when carrying out an audit in accordance with IAS:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, design and perform audit procedures in response to the assessed risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk due to error, as fraud may involve collusion, forgery, deliberate omissions, misrepresentations or circumvention of internal controls;
- We obtain an understanding of internal control relevant to the audit of the consolidated financial statements 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 Group's internal control;
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- We conclude, based on audit evidence obtained, that a material uncertainty exists about events or circumstances that cast significant doubt about the Group's ability to continue as a going concern about the appropriateness of management's use of the going concern basis of accounting. If we conclude that a material uncertainty exists, we are required to qualify our opinion in the auditor's report by referring to the appropriate disclosures in the consolidated financial statements or, if such disclosures are inadequate, by adjusting our opinion. The auditor's conclusions are based on audit evidence obtained up to the date of the auditor's report. However, subsequent events or circumstances may cause the Group to cease to be a going concern;
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that achieves fair presentation.

We discuss with those charged with governance, inter alia, the planned scope and timing of the audit and the significant audit findings, including material weaknesses in internal control, identified during the audit.

We also provide the Audit Committee with a statement that we have met the relevant ethical requirements for independence and discuss with them any relationships and other requirements that may reasonably be perceived to affect our independence and, where appropriate, the steps taken to address the risks or safeguards in place.

From all the matters discussed with management, we identify those matters that were most significant in the audit of the consolidated financial statements in the current period and are therefore key audit matters. We describe these matters in the auditor's report unless a law or regulation prevents public disclosure of these matters or, in extremely rare circumstances, we decide not to report on the matters because we have a reasonable expectation that the adverse consequences of doing so would outweigh the public benefit of doing so.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Confirmation to the Audit Committee

We confirm that the auditor's opinion included in this auditor's report is consistent with the additional report to the Audit Committee.

Prohibited services

We confirm that we did not perform the services referred to in Article 5(1)(5) of Regulation 537/2014 for the Elektro Maribor d.d. Group and that the audit firm complied with the independence requirements of the audit.

Other audit firm services

The audit firm did not provide any services to the Elektro Maribor d.d. Group other than the audit of the financial statements, other than those disclosed in the annual report.

Appointment of the auditor, duration of the engagement and the certified auditor responsible

The audit firm BDO Revizija d.o.o. was appointed by the General Meeting of Elektro Maribor d.d. on 30 June 2022 and the audit contract was signed by the Chairman of the Supervisory Board on 21 September 2022. The contract is for a period of five years. The statutory audit of the consolidated financial statements of the Company has been carried out on a continuous basis since 10 September 2018.

On behalf of BDO Revizija d.o.o., the certified public auditor Maruša Hauptman is responsible for the audit.

Ljubljana, 16 May 2024

BDO Revizija d.o.o.
Cesta v Mestni log 1, Ljubljana
(signature on the original issued in Slovene language)
Maruša Hauptman, Certified Auditor

2 Consolidated financial statements of Elektro Maribor Group

Consolidated statement of financial position

In EUR		31 Dec 2023	31 Dec 2022
Non-current assets		**411,135,754**	**397,981,376**
Intangible assets	*KNote_1*	3,651,545	3,968,731
Tangible fixed assets	*KNote_2*	389,459,543	376,088,581
Investment property	*KNote_3*	585,877	610,854
Financial investments	*KNote_4*	263,639	263,639
Investments in associates	*KNote_5*	13,609,799	12,254,107
Trade receivables	*KNote_6*	1,605,815	3,166,895
Deferred tax assets	*KNote_7*	1,959,536	1,628,569
Current assets		**36,890,811**	**32,202,081**
Inventories	*KNote_8*	4,110,935	4,123,074
Trade receivables	*KNote_9*	14,237,950	10,737,271
Income tax receivable		0	635,262
Other assets	*KNote_10*	1,264,746	1,442,267
Assets under contracts with customers	*KNote_11*	860,696	370,944
Cash and cash equivalents	*KNote_12*	16,416,484	14,893,263
TOTAL ASSETS		**448,026,565**	**430,183,457**

Consolidated statement of financial position

In EUR		31 Dec 2023	31 Dec 2022
Capital	*KNote_13*	**319,126,030**	**312,326,095**
Called-up capital		203,932,511	203,932,511
Capital reserves		75,384,316	75,384,316
Profit reserves		32,683,744	28,523,653
Legal reserves		7,578,292	7,270,252
Other profit reserves		25,105,452	21,253,401
Fair value reserves		-1,163,151	-609,216
Profit or loss from previous years		2,093,754	2,048,093
Profit or loss for the year		6,194,856	3,046,738
Non-current liabilities		**96,344,984**	**90,455,774**
Reservations	*KNote_14*	7,333,608	6,712,437
Deferred income	*KNote_15*	31,220,629	31,393,885
Financial liabilities	*KNote_16*	57,748,755	51,967,718
Trade payables	*KNote_17*	41,992	381,734
Current liabilities		**32,555,550**	**27,401,588**
Financial liabilities	*KNote_18*	11,286,953	8,842,288
Trade payables	*KNote_19*	18,218,802	15,020,135
Income tax liabilities	*KNote_20*	1,129,541	0
Other liabilities	*KNote_21*	1,920,254	3,539,165
TOTAL CAPITAL AND LIABILITIES		**448,026,565**	**430,183,457**

Consolidated income statement

In EUR		I–XII 2023	I-XII 2022
Net turnover	KNote_22	69,461,700	49,781,568
Capitalised own products and own services	KNote_23	20,936,463	17,442,657
Other operating income	KNote_24	3,737,021	3,891,865
Gross operating income		**94,135,184**	**71,116,090**
Cost of goods, materials and services	KNote_25	23,729,221	20,134,511
Cost of goods sold and cost of materials		15,248,582	12,082,625
Cost of services		8,480,639	8,051,886
Labour costs	KNote_26	33,830,190	30,973,243
Depreciation	KNote_27	23,676,577	23,270,254
Write-downs and other operating expenses	KNote_28	830,792	604,403
Other operating expenses	KNote_29	1,600,972	671,528
Operating profit		**10,467,432**	**-4,537,849**
Financial revenue	KNote_30	505,013	22,541,432
Financial expenses on impairment of investments	KNote_31	0	9,927,049
Financial expenditure	KNote_31	1,101,379	1,029,741
Income from share of profits of associates	KNote_32	1,355,692	4,614,168
Other revenue	KNote_33	91,525	191,044
Other expenditure	KNote_33	100,739	369,540
Profit before tax		**11,217,544**	**11,482,464**
Income tax	KNote_34	1,129,541	579
Deferred taxes	KNote_34	-338,879	-389,876
Tax		790,662	-389,297

Consolidated income statement

In EUR	I–XII 2023	I-XII 2022
Net profit or loss	**10,426,882**	**11,871,761**
Net profit attributable to owners of the parent	10,426,882	11,871,761
Operating profit from discontinued operations	0	-6,012,589
Total net profit for the year	**10,426,882**	**5,859,172**
Basic and diluted earnings per share (EUR/share)	0.31	0.18
Basic and diluted earnings per share of continuing operations (EUR/share)	0.31	0.36

Consolidated statement of other comprehensive income

In EUR	I–XII 2023	I-XII 2022
Net profit for the period	10,426,882	5,859,172
Items of other comprehensive income that will not be reclassified to the income statement in the future	-625,866	156,482
Actuarial losses/gains	-617,954	165,350
- business as usual	-617,954	165,350
Impact of deferred taxes	-7,912	-8,868
- business as usual	-7,912	-8,868
Total comprehensive income for the period	**9,801,016**	**6,015,654**

Consolidated cash flow statement

In EUR		I-XII 2023	I-XII 2022
Operating cash flows			
Operating income	*KNote_35*	**124,868,479**	**219,390,959**
Revenue from the sale of products and services		120,119,880	216,697,158
Other operating revenue		4,748,599	2,693,801
Operating expenditure	*KNote_36*	**-112,210,205**	**-231,145,555**
Expenditure on purchases of materials and services		-68,333,003	-189,862,489
Expenditure on salaries and employees' share of profits		-32,975,453	-31,659,095
Expenditure on levies of all kinds		-7,261,694	-6,871,941
Other operating expenditure		-3,640,055	-2,752,030
Cash flow from operating activities		**12,658,274**	**-11,754,596**
Investing cash flows			
Investment income	*KNote_37*	**149,325**	**17,586,425**
Interest and other profit sharing receipts		20	2
Income from shares in the profits of others		0	66,136
Proceeds from the disposal of tangible fixed assets		149,305	58,287
Proceeds from the disposal of long financial investments		0	17,462,000
Expenditure on investments	*KNote_38*	**-16,037,183**	**-13,107,755**
Expenditure on acquisition of intangible assets		-2,335,180	-1,985,601
Expenditure on acquisition of tangible fixed assets		-13,702,003	-11,042,154
Cash return on investing		**-15,887,858**	**4,478,670**

Consolidated cash flow statement

In EUR		I-XII 2023	I-XII 2022
Cash flows on financing			
Financing revenue	*KNote_39*	**14,000,000**	**58,800,000**
Proceeds from the increase in financial. Commitments		14,000,000	58,800,000
Financing expenditure	*KNote_40*	**-9,247,195**	**-47,242,188**
Expenditure on interest paid relating to finance.		-859,695	-435,062
Expenditure on financial repayments liabilities		-8,387,500	-44,806,408
Expenditure on dividends and other profit-sharing payments		0	-2,000,718
Cash outturn on financing activities		**4,752,805**	**11,557,812**
Ending cash balance		**16,416,484**	**14,893,263**
Cash resources arising from loss of control		**0**	**-294,923**
Cash result for the period	*KNote_41*	1,523,221	4,281,886
Initial cash balance		**14,893,263**	**10,906,300**

Consolidated statement of changes in equity 2023

In EUR

	Item	Called-up capital	Capital reserves	Profit reserves		Fair value reserves	Net profit or loss carried forward	Net operating result for the year from continuing operations	Total
		Share capital		Legal reserves	Other profit reserves		Net profit carried forward	Net profit	
		I/1	II	III/1	III/5	IV	V/1	VI/1	
A.1.	Balance at the end of the previous reporting period	203,932,511	75,384,316	7,270,251	21,253,402	-609,216	2,048,093	3,046,738	312,326,095
A.2	Opening balance of the reporting period	203,932,511	75,384,316	7,270,251	21,253,402	-609,216	2,048,093	3,046,738	312,326,095
B.1	Changes in equity - transactions with owners	0	0	0	0	0	-3,001,077	0	-3,001,077
g.	Payment of dividends						-3,001,077		-3,001,077
B.2	Total comprehensive income for the reporting period	0	0	0	0	-625,865	0	10,426,876	9,801,011
a.	Entry of the net profit for the year							10,426,876	10,426,876
e.	Other components of comprehensive income					-625,865			-625,865
B.3	Changes in equity	0	0	308,040	3,852,051	71,930	3,046,738	-7,278,759	0
a.	Allocation of the remainder of the net profit for the comparative reporting period to other components of equity						3,046,738	-3,046,738	0
b.	Allocation of the remainder of the net profit for the reporting period as decided by the management and supervisory bodies			308,040	3,852,051			-4,160,091	0
e.	Other changes in equity					71,930		-71,930	0
C.	Closing balance of the reporting period	203,932,511	75,384,316	7,578,292	25,105,452	-1,163,151	2,093,754	6,194,855	319,126,030

Consolidated statement of changes in equity 2022

In EUR

	Item	Called-up capital	Capital reserves	Profit reserves		Fair value reserves	Net profit or loss carried forward	Net operating result for the year from continuing operations	Total
		Share capital		Legal reserves	Other profit reserves		Net profit carried forward	Net profit	
		I/1	II	III/1	III/5	IV	V/1	VI/1	
A.1.	Balance at the end of the previous reporting period	203,932,511	75,384,316	7,068,801	18,735,769	-1,058,467	2,494,117	1,554,694	308,111,741
A.2	Opening balance of the reporting period	203,932,511	75,384,316	7,068,801	18,735,769	-1,058,467	2,494,117	1,554,694	308,111,741
B.1	Changes in equity - transactions with owners	0	0	0	0	199,419	-2,000,718	0	-1,801,299
g.	Payment of dividends						-2,000,718		-2,000,718
h.	Other changes in equity					199,419			199,419
B.2	Total comprehensive income for the reporting period	0	0	0	0	156,481	0	5,859,172	6,015,653
a.	Entry of the net profit for the year						0	5,859,172	5,859,172
e.	Other components of comprehensive income					156,481			156,481
B.3	Changes in equity	0	0	201,450	2,517,633	93,351	1,554,694	-4,367,128	0
a.	Allocation of the remainder of the net profit for the comparative reporting period to other components of equity						1,554,694	-1,554,694	0
b.	Allocation of the remainder of the net profit for the reporting period as decided by the management and supervisory bodies			201,450	2,517,633			-2,719,083	0
e.	Other changes in equity					93,351	0	-93,351	0
C.	Closing balance of the reporting period	203,932,511	75,384,316	7,270,251	21,253,402	-609,216	2,048,093	3,046,738	312,326,095

3 Notes to the consolidated financial statements

3.1 BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Reporting company

The Group is required to consolidate in accordance with International Financial Reporting Standards ("IFRS") for financial years beginning on or after 1 January 2016 in accordance with ZGD-1 and the following part details the basis, significant accounting policies and explanations of the application of the standards applicable in the current period.

The assessment of individual items in the consolidated financial statements is based on the uniform and common accounting policies of the Elektro Maribor Group, as defined in the Accounting Policies. All fundamental accounting assumptions, IFRS and the Companies Act are also taken into account.

The consolidated financial statements of the Elektro Maribor Group are prepared in accordance with IFRS as adopted by the European Union and with the interpretations adopted by the International Financial Reporting Interpretations Committee ("IFRIC") and also adopted by the European Union, and in accordance with the provisions of ZGD-1.

Elektro Maribor d.d., as the parent company, prepares consolidated financial statements and a consolidated report. The subsidiary OVEN Elektro Maribor d.o.o. is included in the consolidation.

The consolidated financial statements for the year ended 31 December 2023 are presented below. The consolidated financial statements include the parent company and its subsidiary and the Group's interests in associates.

The consolidated financial statements are prepared using the full consolidation method, which means that the following policies are applied:

- uniform accounting policies are applied to similar events in the individual financial statements;
- Items in the separate financial statements of subsidiaries are presented in the same formal way;
- the separate financial statements of the consolidated entities are prepared for the same period ending on the same date.

The consolidated financial statements are prepared on the basis of the separate financial statements of the consolidated companies, with appropriate consolidation adjustments, which are not subject to recording in the financial statements of the consolidated companies.

Declaration of conformity

The Group financial statements are prepared in accordance with IFRS as adopted by the European Union and the interpretations adopted by the International Financial Reporting Interpretations Committee and in accordance with the requirements of the ZGD-1. The Group does not disclose information for which disclosure would reasonably be expected to result in significant harm.

On 23 April 2024, the Management Board of Elektro Maribor approved and adopted the consolidated financial statements and the notes to the consolidated financial statements and the annual report presented therein.

Fundamental accounting assumptions and qualitative characteristics of accounting

The parent company continues to operate as a going concern without any risk that its business could be jeopardised. All assumptions and disclosures used are for the operating companies in the group.

The group financial statements are prepared on the historical cost basis.

The Group is required to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses when preparing financial statements in conformity with IFRS as adopted by the EU. Estimates, judgements and assumptions are reviewed regularly. All changes in accounting estimates, judgements and assumptions are recognised in the period in which the estimates are changed if the change affects only that period, or in the period of change and future periods if the change affects future periods.

Within the Group, estimates and assumptions are used mainly in the areas of:

- Estimating the useful life of depreciable assets.

  The Group considers the expected physical wear and tear, technical and economic obsolescence, and expected legal and other restrictions on use in assessing the useful lives of assets.

- Assessing influence in associates.

  The Group regularly reviews associates for changes in influence to ensure that investments are treated appropriately in the financial statements. The following facts are of particular relevance to the appropriateness of the investor's influence:

  - representation on the management and supervisory bodies of companies in which the Company has an investment,
  - participation in policy-making processes, including participation in dividend/shareholding decisions; and
  - material transactions between the investor and the investee company.

- Assessment and evaluation of indicators of impairment of investments.

  The Group remeasures investments at fair value at the end of the financial year by testing whether the market for an individual investment is performing to reflect its fair value. If the carrying amount of a non-current investment is greater than the market value calculated at the last quoted market price, the Group performs an impairment test in accordance with IFRS 9. Investments that are not quoted in an active market are impaired if their carrying amount is greater than their recoverable amount. The Company assesses at the balance sheet date whether objective grounds exist to test an investment for impairment if an investment is significantly or permanently impaired or if there is objective evidence that an investment is permanently impaired (the Company's future plans).

  Investments in associates that are not quoted in an active market are impaired if their carrying amount is greater than their recoverable amount. At 31 December 2023, the Group assessed whether objective grounds existed to test the investment for impairment if the investment in Energija plus d.o.o. would be materially impaired or whether there was objective evidence that the investment was permanently impaired.

- Estimate of the provision made for lawsuits.

  The Group companies have a number of litigation claims pending which are estimated to have a greater than 50% probability of settlement, resulting in cash outflows.

  Other contingent liabilities are recognised off-balance sheet or off-balance sheet in the financial statements. The management of each company regularly reviews whether it is probable that a cash outflow will be required to settle contingent liabilities.

- Estimate of the provision made for post-employment benefits and other non-current employee benefits.

  Post-employment benefit obligations include liabilities for retirement benefits and jubilee bonuses. They are recognised on the basis of an actuarial calculation approved by the management of each company. The actuarial calculation is based on assumptions and estimates that were valid at the time the calculation was made. The calculation may differ in the future from the actual assumptions that will be in effect at that time. This applies in particular to the determination of the discount rate, the estimation of employee turnover, the estimation of mortality and the estimation of salary growth in the company. All these estimates are sensitive to changes in those estimates due to the complexity of the actuarial calculation and the non-current nature of the estimates.

- Assessment of the recoverability of deferred tax assets.

  The Group recognises deferred tax assets and liabilities in respect of provisions made for gratuities and retirement benefits and for receivables that are impaired due to doubt as to their recoverability.

  At the closing date, the Group reviews the amount of deferred tax assets recorded. The Group recognises deferred tax because it is probable that future net profit will be available against which the deferred tax asset can be utilised in the future.

- The Group applied the following approach to assessing leases:

  - Identification of lease contracts, where a contract is identified as a lease contract if it gives the group the right to control the asset. The Group controls an asset only when it has the right to use the asset and the right to the economic benefits that flow from the asset.
  - Determining the duration of the lease. The Group determined the lease term as a period based on an assessment of the needs for the use of each asset obtained from the persons responsible in each area.
  - The determination of the discount rate, which is set at the interest rate at which the Group can obtain comparable assets in the market with a comparable maturity. For intra-group transactions, the comparable market rate for related party transactions is used.

The Group follows the following policies for measuring revenue recognition:

- The buyer and the seller agree on the content of the transaction and the terms of the sale. In most cases, the agreement is in writing.
- Revenue from services rendered is measured at the selling price, which is fixed and determinable. They are recognised at the time of sale because, from the time of sale, the Group no longer has control over the services or goods sold.
- For construction contracts, revenue is recognised progressively or at the stage of completion. The basis for recognition is the customer's acknowledgement, which is deemed to be acceptance of the services rendered. Where the performance obligation is performed progressively, revenue is also recognised progressively. The Company consistently uses the input method to measure progress.

Functional and presentation currency

The accompanying consolidated financial statements are presented in EUR, which is the Group's presentation and functional currency. All financial information is presented in EUR and rounded. The rounding of figures may result in discrepancies in the totals in the tables, which are immaterial.

3.2 APPLICATION OF NEW STANDARDS OR AMENDMENTS TO EXISTING STANDARDS EFFECTIVE IN THE CURRENT FINANCIAL YEAR

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2): In February 2021, the IASB issued amendments to IAS 1 that change the disclosure requirements related to accounting policies from "significant accounting policies" to "significant information about accounting policies". The amendments provide guidance on when information about accounting policies is considered significant. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. Because IFRS Practice Statement documents are not mandatory, the effective date of IFRS Practice Statement 2 is not specified.
- Definition of accounting estimates (amendments to IAS 8): The amendment introduces a definition of an accounting estimate and other clarifications to distinguish between an accounting policy and an accounting estimate. The amendment clarifies that the effect of a change in inputs or measurement techniques is a change in an accounting estimate unless it results in a correction of a prior period error.
- IFRS 17 Insurance Contracts (a new standard) and amendments to IFRS 17 Insurance Contracts. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and reinsurance), irrespective of the type of entities issuing them, and to certain guarantees and financial instruments with discretionary participation features; some exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers and that covers all relevant accounting aspects. IFRS 17 is based on the general model, supplemented by:
  - a specific adjustment for contracts with direct participation features (variable fee approach); and
  - a simplified approach (premium allocation approach), especially for current contracts.
- Deferred tax assets and deferred tax liabilities for a particular transaction (amendments to IAS 12 Income Taxes). In May 2021, the IASB issued amendments to IAS 12. The amended standard clarifies whether the initial recognition exception applies to certain transactions that are recognised as both an asset and a liability (e.g. such as a lease under IFRS 16 Leases). The amendment introduces an additional criterion for the initial application of the exception under IAS 12.15, whereby the exception is not applied to the initial recognition of an asset or liability that gives rise to the same taxable and deductible temporary differences at the time of recognition.
- International tax reform - model rules for Pillar 2 (amendments to IAS 12):

  The amendments to IAS 12 were introduced in response to the OECD's Pillar 2 BEPS rules and include:
  - a mandatory temporary exemption from recognition and disclosure of deferred taxes related to Pillar 2 model rules; and
  - disclosure requirements relating to Pillar 2 income tax exposure.

The adoption of these amendments to existing standards and interpretations did not result in any material changes to the financial statements of the Company/Group.

3.3 STANDARDS AND AMENDMENTS TO EXISTING STANDARDS ISSUED BY THE IASB AND ADOPTED BY THE EUROPEAN UNION BUT NOT YET EFFECTIVE

At the date of approval of these financial statements, the IASB had issued the following new standards and amendments to existing standards that have been adopted by the EU and have not yet entered into force.

The following Standards and amendments will be effective for the reporting period beginning on 1 January 2024:

- Amendments to IAS 1 Presentation of Financial Statements
  - Classification of liabilities as current or non-current. The amendment requires that the entity's right to defer settlement of the liability for at least 12 months after the reporting date must have substance and must exist at the close of the reporting period. The classification of the liability is not changed because it is probable that the entity will exercise its right to defer the liability for at least 12 months after the reporting date. The Standard was subsequently amended again.
  - Non-current liabilities with commitments. If an entity's right to defer a liability is conditional on the entity satisfying certain conditions, those conditions affect whether the right to defer existed at the end of the reporting period if the entity is required to comply with the conditions at or before the end of the reporting period and not if the entity is required to comply with the conditions after the end of the reporting period. The amendment also clarifies the term 'settlement' for the purpose of classifying liabilities as current or non-current.
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback Transaction. The amendment requires a vendor-lessee to designate 'lease payments' or 'modified lease payments' so that the vendor-lessee would not recognise a gain or loss relating to a right-of-use right retained by the vendor-lessee.

The adoption of these new standards, amendments to existing standards and interpretations will not have a material impact on the financial statements of the Company/Group.

3.4 NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS ISSUED BY THE IASB BUT NOT YET ADOPTED BY THE EUROPEAN UNION

Currently, IFRS as adopted by the EU do not differ significantly from the rules adopted by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to existing standards that are effective for the reporting period beginning on 1 January 2024 or 1 January 2025 and have not yet been adopted by the EU:

- Amendment to IAS 7 Cash Flow Statement and IFRS 7 Financial Instruments: Disclosures (Amendments). On 25 May 2023, the IASB issued Supplier Financing Arrangements, which amends IAS 7 Cash Flow Statement and IFRS 7 Financial Instruments: Disclosures (Amendments). These amendments arose as a result of a submission received by the IFRS Interpretations Committee (the Committee) regarding the requirements for the presentation of liabilities and related cash flows arising from supply chain financing arrangements and the related disclosures. In December 2020, the Board issued a Work *Programme Decision Supply Chain Financing Arrangements - Reverse Factoring*, which addressed this submission based on the then-applicable requirements of IFRS accounting standards. During that process, stakeholder feedback highlighted the limitations of the then-applicable requirements to address the important information needs of users to understand the effects of financing arrangements with suppliers on an entity's financial statements and to compare one entity with another. In response to this feedback, the IASB undertook to implement a narrow range of standards, which resulted in changes. The amendments require entities to provide certain specific disclosures (qualitative and quantitative) in relation to supplier financing arrangements. The amendments also provide guidance on the characteristics of supplier financing arrangements.
- Amendment to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Convertibility.

The Company/Group anticipates that the adoption of these new standards and amendments to existing standards will not have a material impact on the Company/Group's financial statements in the period of initial application.

3.5 SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES

The Group companies consistently applied the accounting policies and policies set out below, which are presented in the consolidated financial statements for the reporting period.

The measurement basis for the economic categories in the financial statements is the initial historical cost and the final fair values as shown in the accounting records of the individual companies.

- Basis for consolidation

  A subsidiary is an entity controlled by the group. The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

- Consolidation procedure

  The consolidation includes the parent company Elektro Maribor d.d. and the subsidiary OVEN Elektro Maribor d.o.o. The consolidated financial statements are prepared using the equity method for associates.

- Subsidiaries

  Subsidiaries are companies controlled by the Group. Control exists when:
  - the investor is exposed to or entitled to variable returns from the involvement or the investee;
  - has the ability to affect the return by virtue of its control over the investee or the investee of the investment;
  - there is a link between power and yield.

  The accounting policies of the subsidiary are consistent with those of the Group

- Investments in associates

  Investments in associates are accounted for using the equity method and are recognised at cost. The consolidated financial statements include the Group's share of profits and losses and other comprehensive income. If the group's share of the losses of an enterprise is greater than its share, the carrying amount of the group's share is reduced to zero and the share of further losses is derecognised, but only to the extent of the group's control

- Transactions excluded from the consolidated financial statements

  The consolidated financial statements exclude balances and turnover, unrealised gains and losses arising from intra-group transactions. Unrealised gains arising from transactions with associates are eliminated only to the extent of the group's interest in that entity. Unrealised losses are eliminated in the same way as gains, provided that there is no evidence of impairment.

- Financial statements of group companies

  The consolidated financial statements of the Group are presented in EUR. For the purposes of the consolidated financial statements, the items of each group company included in the financial statements are presented in the same manner and in EUR.

- Financial instruments

  The Group initially recognises non-derivative financial assets, such as loans, receivables and deposits, on the date they are incurred. The Group's non-derivative financial instruments are: accounts payable and receivable, available-for-sale financial assets and cash and cash equivalents.

  Accounts payable and receivable are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value plus direct transaction costs. Subsequent to initial recognition, liabilities and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

  Cash and cash equivalents comprise cash in a TRR and an investment (a deposit if it is due within 3 months).

  Investments are classified as financial instruments at fair value through other comprehensive income. After initial recognition, investments are measured at fair value plus related transaction costs, with changes recorded within fair value reserves in other comprehensive income.

  Outstanding financial commitments

  The Group recognises a financial liability on the trade date when the Group becomes a party to the contractual provisions of the instrument. The Group recognises loans and trade and other payables as other financial liabilities.

- Share capital

  The called-up capital of the parent company Elektro Maribor d.d. appears as share capital, which is nominally defined in the Company's articles of association, registered with the court and paid up by its owners.

  Dividends are recognised as a liability in the period in which the resolution to pay the dividend is passed by the general meeting.

  Legal reserves are amounts that are earmarked to be retained from the profits of previous years, primarily to meet potential future losses. They are recorded from the current year's net profit or loss amounts, based on a decision of the Management Board.

  Fair value reserves record the effects of fair valuation of assets and actuarial gains and losses related to provisions for post-employment and other non-current employee benefits.

  The own shares reserve includes the amount paid for own shares, including transaction costs net of tax. The treasury shares reserve is deducted from total capital as treasury shares until such shares are retired, reissued or sold. If treasury shares are subsequently disposed of or reissued, any consideration received, net of transaction costs and related tax effects, is included in the capital reserve.

- Property, plant and equipment

  Property is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to the acquisition of the assets. Cost does not include removal and restoration costs as the Group does not consider these to be significant. Cost of internally generated assets comprises the cost of materials, direct labour and other costs directly attributable to qualifying the asset for its intended use. The part of property, plant and equipment that has different useful lives is accounted for as part of property, plant and equipment. The gain or loss on disposal of property, plant and equipment is determined as the difference between the proceeds from disposal of the asset and its carrying amount and is recognised in the income statement within other operating income/other operating expenses. Also recognised as property, plant and equipment are easements for the use of land under distribution network routes.

  The Group depreciates fixed assets on a straight-line basis using depreciation rates that reflect the estimated useful lives of the assets. The useful lives are assessed annually by the responsible persons and are coordinated at the level of the working group within the electricity distribution GIZ.

- Reallocation to investment property

  The Group reclassifies owner-occupied property to investment property when it generates lease income. The Group values investment property using the cost model. The depreciation method and depreciation rates are the same as for other property, plant and equipment.

- Subsequent costs

  The cost of replacing a part of property, plant and equipment is recognised in the carrying amount of that asset if it is probable that the future economic benefits associated with that part of the asset will flow to the Group and the fair value can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs (e.g. maintenance, servicing, etc.) are recognised in profit or loss as an expense as incurred.

- Depreciation

  Depreciation is provided on a straight-line basis, taking into account the useful lives of each item of property, plant and equipment. Land is not depreciated.

Estimated useful lives

	2023	2022
Real property – construction part	20-50 years	20-50 years
Facilities and equipment	2-33 years	2-33 years

Change in accounting estimate

The responsible persons in the Group check annually the adequacy of the useful lives of each group of all fixed assets. The Elektro Maribor Group changed the accounting estimate for three groups of property, plant and equipment in 2023. The effect of the change in accounting estimate is an increase in depreciation expense of EUR 194,020 in 2023.

- Intangible assets

  Intangible assets are stated at cost less amortisation. Other intangible assets acquired by the Group relate to application software and have a finite useful life less amortisation and any accumulated impairment losses. Amortisation is provided on a straight-line basis, taking into account the useful lives of the intangible assets. It is charged when the asset is available for use.

  They are measured at initial recognition at cost, which includes: any purchase consideration and any directly attributable costs until they are available for use.

  Long-term property rights are amortised individually on a straight-line basis. They are amortised as they become available for use. Depreciation is provided using the depreciation rates specified for each type of non-current asset based on its estimated useful life.

We apply a flat depreciation rate of 10% for full software solutions and over the life of the contract for software solutions. For all other software solutions, an amortisation rate of between 10% and 50% is applied.

Estimated useful lives

	2023	2022
Application software	2-10 years	2-10 years
Servitudes and building rights	1-100 years	1-100 years

- Investment property

  Investment property is held to earn lease income or to increase the value of a non-current investment.

  Investment property is stated at cost less depreciation. Investment property includes holiday homes and owner-occupied dwellings.

  Depreciation is calculated on a straight-line basis. The estimated useful life is 50 years.

  The Group actively monitors market developments and assesses that there is no objective evidence of factors indicating a need to impair investment property in 2023.in.

- Inventories

  Inventories of materials and merchandise are valued at the lower of cost and net realisable value. The Group values inventories using the moving average price method.

  Write-offs of damaged and non-accruing inventories are made on a line-by-line basis at regular intervals during the year. At the end of the financial year, inventories as at 31 December are impaired in relation to their non-movement over a period of three years. An assessment of the recoverable amount of inventories is made at least annually, based on the position at the date of the Group's annual financial statements.

- Impairment of receivables

  The Group regularly reviews the adequacy of the reported receivables. Receivables that are presumed to be uncollectible are reported as doubtful and doubtful.

  The Group reassesses a receivable for impairment when there is objective evidence that the carrying amount of the receivable to date is greater than the present value of the expected future cash flows.

  The Group applies a 100% valuation allowance approach to doubtful and doubtful receivables, irrespective of the level of recoverability, for receivables subject to insolvency proceedings or legal action and receivables not paid within 90 days of the due date. In this case, the allowance for impairment of receivables is established on a business partner-by-business partner basis.

  In the Group's statement of financial position, receivables are shown net of allowances for doubtful debts and doubtful debts.

- Employee benefits

  Current employee benefits are measured on an undiscounted basis and are recognised as an expense when the employee's service in respect of a particular current benefit is rendered.

- Reservations

  Provisions are recognised when, as a result of a past event, the Group has a legal or constructive obligation that can be measured reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

  Provisions for guarantees on products and services are recognised when the products or services covered by the guarantee are sold. The provision is made on the basis of the original information about the warranty and an assessment of all possible outcomes in terms of their probability. The Group chose a policy based on the amount guaranteed, which is 10% of the contractual amount of the guarantee.

  Provisions for severance and jubilee benefits are made for estimated future payments discounted at the balance sheet date. The calculation is made for each individual employee by taking into account the cost of severance payments on retirement and the cost of any expected jubilee awards until retirement. The balance is reviewed annually on the basis of a calculation prepared by a chartered actuary. Actuarial gains and losses on provisions for retirement benefits are recognised in the revaluation reserve.

  The Group makes provisions for employee termination benefits and jubilee bonuses. These are based on a calculation by a chartered actuary as at the beginning and end of the financial year. The actuarial calculation is based on the provisions of International Accounting Standards (IAS) - IAS 19 and is performed at the end of each financial year when the Group reconciles the value and the balance of the provisions. They were calculated using the Projected Unit Credit method based on a multi-decrement model taking into account the decrements: probability of mortality, probability of retirement, probability of employee turnover and probability of disability.

  The most significant assumptions used in the actuarial calculation are:

  - Probability:
    - mortality (ENO2007; selection factor for the active population 75%),
    - disability (according to a model based on BUZ/BV1990x, BUZ/BV1990y; selection factor 25%);
  - Retirement under the model based on the Pension and Disability Insurance Act -ZPIZ-2 (Official Journal of the RS, No 96/2012);
  - Staff turnover:
    - 4.5% in the interval up to 35 years,
    - 3.5% between 36 and 45 years,
    - 2.5% at age 46 and over;
  - Discount rate of 3.1709%;
  - Wage growth:
    - in the Republic of Slovenia (5.5%; 4.5%, 3.5%) in the years (2024; 2025; from 2026 onwards);
    - in the Company (5.5%; 4.5%, 3.5%) in the years (2024; 2025; from 2026 onwards);
    - in the electricity sector (5.5%; 4.5%, 3.5%) in the years (2024; 2025; from 2026 onwards);
  - Employer's contribution rate of 16.1% (for payments above the amounts set by the Regulation on the tax treatment of reimbursements of expenses and other income from employment).

- State support

  Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with their terms and conditions and receive the grants. Government grants are recognised as income in the periods in which they are matched against the related costs that they are intended to replace.

- Deferred revenue

  Deferred income represents deferred income from fixed assets acquired free of charge. Deferred income is transferred to revenue in accordance with the depreciation charged on the assets so received.

- Revenue

  Revenue from the sale of goods, merchandise and materials is recognised at the fair value of the consideration received or receivable, less returns, rebates and volume discounts. Revenue is recognised when the buyer assumes all significant risks and rewards of ownership of the asset, there is certainty of repayment and the Group ceases to make any further decisions about the products sold.

The Group follows the following policies for measuring revenue recognition:

- The buyer and the seller agree on the content of the transaction and the terms of the sale. In most cases, the agreement is in writing.
- Revenue from services rendered is measured at the selling price, which is fixed and determinable.
- For construction contracts, revenue is recognised progressively or at the stage of completion. The basis for recognition is the customer's acknowledgement, which is deemed to be acceptance of the services rendered. Where the performance obligation is performed progressively, revenue is also recognised progressively. The Group consistently uses the input method to measure progress.
- The amounts charged by the Group for the sale transaction do not carry significant credit risk as the Group expects to derive an economic benefit from the transaction.

Rental income is recognised in income on a straight-line basis over the lease term.

- Financial income and financial expenditure

Financial income comprises income from interest on investments, dividends and the disposal of available-for-sale financial assets. Interest income is recognised in profit or loss when it is earned using the effective interest method. Dividend income is recognised in the income statement on the date on which the shareholder's or member's right to receive payment is established.

Financial expenses include borrowing costs and impairment losses on financial assets. Borrowing costs are recognised in the income statement using the effective interest method.

- Income tax

Tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement and is provided for in the Group's profit or loss account at the year-end date.

Current tax is the tax expected to be payable on the taxable profit for the financial year using tax rates enacted at the reporting date and any adjustments to tax liabilities in respect of previous financial years.

Deferred tax is recognised by taking into account temporary differences between the carrying amounts and the tax bases of assets and liabilities. The amount of tax is based on the expected recovery or settlement of the carrying amount of the assets using the tax rate enacted at the reporting date. The Group recognises deferred tax assets in respect of provisions for gratuities and retirement benefits, unrecognised valuation allowances and non-current deferred income. Deferred tax assets and liabilities are calculated only at the end of the financial year.

Companies in the Elektro Maribor Group are subject to individual corporate income tax.

- Basic earnings per share

The Group's share capital consists of the parent company's share capital, divided into ordinary registered ordinary shares of par value. Basic earnings per share is calculated by dividing the profit by the weighted average number of ordinary shares during the financial year.

- Comparative information

The comparative information is largely consistent with the presentation of information in the current year.

Determining fair value

The Group determined the fair value of each class of assets for measurement or reporting purposes using the methods described below.

The fair value of investment property is based on market value, which is the estimated value at which the property could be exchanged in an arm's length transaction between a seller and a buyer at the date of valuation and after appropriate marketing. The Group actively monitors market developments and assesses at the end of each financial year whether or not there is objective evidence of factors that would indicate the need to impair investment property.

The fair value of equity and debt securities is determined by reference to their bid price at the close of business on the reporting date and is determined at the end of the financial year.

The fair value of non-current trade and other receivables is calculated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Current trade receivables are not discounted due to their current nature and their carrying amount is a good approximation of fair value.

Capital management

Capital adequacy is the primary purpose of the Group's capital management. In addition to capital adequacy, the objectives of capital management are: non-current solvency, high financial stability and maximising value for the Group's stakeholders.

Cash flow statement

The cash flow statement is prepared using the direct method, based on the records of receipts and payments in the transaction accounts of the group companies.

Associated companies

The Group's share of profits and losses of associates in 2023 amounted to EUR 1,355,692.

Statement of assets, liabilities, income and expenditure of associates for the period I-XII 2023

In EUR

Company	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Expenditure	Net profit or loss	Other components of comprehensive income	Total comprehensive income
Moja energija d. o. o.	1,946,562	6,455,360	0	2,433,366	14,372,749	11,102,783	2,996,732	0	2,996,732
Eldom d. o. o.	139,746	392,744	14,333	178,068	790,976	784,335	6,181	0	6,181
Informatika d. o. o.	2,629,383	4,491,976	957,625	1,489,874	10,276,554	10,217,418	37,260	0	37,260
Energija plus d. o. o.	3,698,129	97,925,071	1,316,371	80,043,061	392,075,909	391,246,794	703,794	–4,819	698,975

Review of assets, liabilities, income and expenses of associates for the period I-XII 2022

In EUR

Company	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Expenditure	Net profit or loss	Other components of comprehensive income	Total comprehensive income
Moja energija d. o. o.	2,361,480	2,560,061	69,889	2,165,744	6,635,500	4,748,144	1,736,560	0	1,736,560
Eldom d. o. o.	142,968	494,322	14,333	281,306	723,940	697,127	21,719	0	21,719
Informatika d. o. o.	4,016,597	4,549,137	221,431	3,689,390	10,874,048	10,519,457	311,559	148,852	460,411
Energija plus d. o. o.	4,197,523	53,633,056	819,815	36,760,866	236,811,980	234,643,645	1,708,459	99,174	1,807,634

3.6 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION ITEMS

The consolidated statement of financial position is the basic financial statement that gives a true and fair view of the assets and liabilities of the Group as at 31 December 2023.

Items in the statement of financial position are stated at amortised cost, being the difference between cost less any valuation allowance. In preparing the consolidated statement of financial position, we followed the principle of individual valuation of assets and liabilities.

There were no corrections of material misstatements to any of the items in the Statement of Financial Position.

Intangible assets
NOTE 1

The Group's intangible assets comprise property rights arising from the use of licences and application software.

There are no intangible assets pledged to repay debts, and the Group has no assets acquired with government support.

Movement in intangible assets in the year 2023

In EUR	Intangible assets	Investments in progress	Right to use intangible assets	Total
Acquisition value				
Situation 1 Jan 2023	14,189,939	0	247,162	14,437,101
Increase	0	1,642,963	0	1,642,963
- New acquisitions	1,642,963	-1,642,963	0	0
Exclusions	3,762,787	0	0	3,762,787
Transfer	0	0	0	0
Situation 31 Dec 2023	12,070,115	0	247,162	12,317,277
Value adjustment				
Situation 1 Jan 2023	10,513,399	0	82,387	10,595,786
Exclusions	3,762,738	0	0	3,762,738
Transfer	0	0	0	0
Depreciation	1,750,297	0	82,387	1,832,684
Situation 31 Dec 2023	8,500,958	0	164,774	8,665,732
Undepreciated value				
Situation 1 Jan 2023	3,676,540	0	164,775	3,841,315
Situation 31 Dec 2023	3,569,157	0	82,388	3,651,545

Movement in intangible assets in 2022

In EUR	Intangible assets	Investments in progress	Non-current provisions	Right to use intangible assets	Total
Acquisition value					
Situation 1 Jan 2022	12,377,877	0	0	0	12,377,877
Increase	0	1,845,599	0	0	1,845,599
- New acquisitions	1,845,599	-1,845,599	127,416	247,162	374,578
Situation 31 Dec 2022	14,223,476	0	127,416	247,162	14,598,054
Value adjustment					
Situation 1 Jan 2022	8,828,592	0	0	0	8,828,592
Depreciation	1,718,343	0	1,718,343	82,387	1,800,730
Situation 31 Dec 2022	10,546,935	0	1,718,343	82,387	10,629,322
Undepreciated value					
Situation 1 Jan 2022	3,549,285	0	0	0	3,549,285
Situation 31 Dec 2022	3,676,541	0	127,416	164,775	3,968,732

Major acquisitions relate to the licensing of the implementation of the new D365FO ERP solution in the parent company and the modernisation and upgrade of IIS.

At the end of the financial year, the Group recognises a non-current liability for the purchase of intangible assets amounting to EUR 658,016 (EUR 1,130,304 in 2022).

Tangible fixed assets
NOTE 2

The Group applies the cost model in recognising property, plant and equipment.

Depreciation of property, plant and equipment in the Group amounts to EUR 21,818,805 in 2023 (EUR 21,330,508 in 2022).

All assets in the group are held by individual companies and are not pledged as collateral for debt.

The Group has some contractual commitments for the purchase of property, plant and equipment, but these are for successive deliveries of equipment, which are procured in accordance with a schedule. As at 31 December 2023, the Group had commitments for the acquisition of property, plant and equipment for EUR 5,999,130 (EUR 3,468,282 in 2022).

Tangible fixed assets

In EUR	31 Dec 2023	31 Dec 2022
Land and buildings	290,988,268	281,590,166
– land	10,052,818	10,075,483
– buildings	280,935,450	271,514,683
Manufacturing plant and machinery	89,186,225	86,905,472
Tangible fixed assets under construction or in the course of construction	9,285,050	7,592,943
Total	**389,459,543**	**376,088,581**

Movement in property, plant and equipment in 2023

In EUR	Land and rights	Construction facilities		Manufacturing plant and machinery		Investments in progress	Total property, plant and equipment
		Construction facilities	Right to use buildings	Equipment	Right to use the equipment		
Acquisition value							
Situation 1 Jan 2023	10,236,588	787,957,324	726,220	212,210,726	798,056	7,592,944	1,019,521,858
Increases, of which:	0	0	0	0	0	35,694,403	35,694,403
– Acquisitions	0	0	0	0	0	35,694,403	35,694,403
Activations	1,333	22,437,062	82,922	11,512,029	0	-33,950,424	82,922
– Activations (new acquisitions)	1,333	22,437,062	82,922	11,512,029	0	-33,950,424	82,922
Disposals	0	4,806,653	76,234	2,736,271	0	58,069	7,677,228
Reconciliations	0	0	0	0	0	6,196	6,196
Situation 31 Dec 2023	10,237,922	805,587,733	732,908	220,986,483	798,056	9,285,050	1,047,628,152
Value adjustment							
Situation 1 Jan 2023	161,105	517,020,022	148,839	125,837,291	266,019	0	643,433,276
Disposals	0	4,694,038	15,247	2,378,715	0	0	7,088,000
Depreciation	23,998	12,863,265	57,823	8,607,700	266,019	0	21,818,805
Reconciliations	0	0	4,525	0	0	0	4,525
Situation 31 Dec 2023	185,104	525,189,249	195,940	132,066,276	532,038	0	658,168,607
Undepreciated value							
Situation 1 Jan 2023	10,075,483	270,937,302	577,381	86,373,435	532,037	7,592,944	376,088,582
Situation 31 Dec 2023	10,052,818	280,398,484	536,967	88,920,208	266,019	9,285,050	389,459,545

Movement in property, plant and equipment in 2022

In EUR	Land and rights	Construction facilities		Manufacturing plant and machinery		Investments in foreign tangible fixed assets	Investments in progress	Total property, plant and equipment
		Construction facilities	Right to use buildings	Equipment	Right to use the equipment			
Acquisition value								
Situation 1 Jan 2022	10,177,357	774,243,195	484,634	209,136,858	0	0	5,522,208	999,564,252
Increases, of which:	0	0	0	0	0	0	27,357,321	27,357,321
– Acquisitions	0	0	0	0	0	0	27,357,321	27,357,321
Activations	59,231	18,271,739	241,586	6,919,644	798,056	0	-25,286,586	1,003,670
– Activations (new acquisitions)	59,231	18,271,739	241,586	6,919,644	798,056	0	-25,286,586	1,003,670
Disposals	0	4,557,609	0	3,845,777	0	0		8,403,386
Situation 31 Dec 2022	10,236,588	787,957,325	726,220	212,210,725	798,056	0	7,592,943	1,019,521,857
Value adjustment								
Situation 1 Jan 2022	137,453	508,733,821	59,114	121,065,185	0	0	0	629,995,573
Disposals	0	4,513,895	-31,720	3,525,337	0	0	0	8,007,512
Depreciation	23,653	12,800,096	58,006	8,297,442	266,019	0	0	21,445,216
Situation 31 Dec 2022	161,106	517,020,022	148,840	125,837,290	266,019	0	0	643,433,277
Undepreciated value								
Situation 1 Jan 2022	10,039,904	265,509,374	425,520	88,071,673	0	0	5,522,208	369,568,679
Situation 31 Dec 2022	10,075,482	270,937,303	577,380	86,373,435	532,037	0	7,592,943	376,088,580

Major purchases relate mainly to the acquisition of electricity facilities and equipment in Elektro Maribor.

The parent company Elektro Maribor d.d., as the owner of the electricity infrastructure, concluded a Contract on the Lease of the Electricity Distribution Infrastructure and the Provision of Services for the System Operator of the Distribution Network with ELES, the sole holder of the concession for the provision of the economic public service of the activities of the combined distribution system operator in the territory of the Republic of Slovenia. Under this contract, annexes are concluded for each current year, defining the amount of leases and services to be provided by the Company to ELES, as well as the amount of funds to cover losses in the distribution system of Elektro Maribor.

Status and evolution of electricity infrastructure in 2023

In EUR	Land and rights	Construction facilities	Servitude rights	Equipment	Total intangible and tangible fixed assets
Acquisition value					
Situation 1 Jan 2023	5,033,795	754,834,274	2,399,844	178,897,307	941,165,220
Increases, of which:	1,333	22,158,335	0	10,042,729	32,202,397
- Activations	1,333	22,158,335	0	10,042,729	32,202,397
Disposals	0	4,094,813	0	1,123,894	5,218,707
Situation 31 Dec 2023	5,035,128	772,897,796	2,399,844	187,816,142	968,148,910
Amortised cost					
Situation 1 Jan 2023	0	500,284,620	161,106	103,744,451	604,190,176
Decreases	0	4,014,579	0	832,472	4,847,051
Depreciation	0	12,158,349	23,998	6,351,402	18,533,749
Situation 31 Dec 2023	0	508,428,390	185,104	109,263,381	617,876,875
Undepreciated value					
Situation 1 Jan 2023	5,033,795	254,549,654	2,238,738	75,152,856	336,975,044
Situation 31 Dec 2023	5,035,128	264,469,406	2,214,740	78,552,761	350,272,036

Status and evolution of electricity infrastructure in 2022

In EUR	Land and rights	Construction facilities	Servitude rights	Equipment	Total intangible and tangible fixed assets
Acquisition value					
Situation 1 Jan 2022	5,009,289	741,124,940	2,365,310	175,462,076	923,961,615
Increases, of which:	24,506	18,182,359	34,534	5,205,630	23,447,029
- Activations	24,506	18,182,359	34,534	5,205,630	23,447,029
Disposals	0	4,473,025	0	1,770,399	6,243,424
Situation 31 Dec 2022	5,033,795	754,834,274	2,399,844	178,897,307	941,165,220
Amortised cost					
Situation 1 Jan 2022	0	492,592,093	137,453	99,207,586	591,937,132
Decreases	0	4,402,377	0	1,483,326	5,885,703
Depreciation	0	12,094,904	23,653	6,020,191	18,138,748
Situation 31 Dec 2022	0	500,284,620	161,106	103,744,451	604,190,176
Undepreciated value					
Situation 1 Jan 2022	5,009,289	248,532,847	2,227,857	76,254,490	332,024,483
Situation 31 Dec 2022	5,033,795	254,549,654	2,238,738	75,152,856	336,975,044

Future lease payments for leased fixed assets cannot be reliably provided as the price and volume of leases vary from year to year in line with the planned regulatory framework for each year.

The carrying amount of the leased electricity distribution infrastructure at 31 December 2023 is EUR 350,272,036.

The Group recognises a right to use assets under non-current leases of office buildings, equipment and telecommunication routes with a cost of EUR 1,530,964. The depreciation expense for such acquired assets amounts to EUR 323,842 in 2023 (EUR 324,025 in 2022).

In 2023, the Group recorded a charge of EUR 90,454 (EUR 59,114 in 2022) for current and lower-value leases.

The interest rate used for the usage rights is considered to be risk-free at 2.57%, representing the risk-free interest rate for RS bonds for a period of 10 years with a credit risk premium. The interest cost arising from the right to use the asset amounted to EUR 20,620. The depreciation charge for the assets thus acquired amounted to EUR 328,842 in 2023. The assets so recognised are not sublet but are used for the purpose of carrying out our business.

The Group does not sublet the assets so recognised, but uses them to carry on its business. All liabilities arising from the right to use the assets were settled on an accrual basis, except for invoices received which fell due in 2023. Cash flow from leases amounted to EUR 501,195 in 2023 (EUR 540,065 in 2022).

Investment property

NOTE 3

The Group holds investments in rental dwellings and holiday homes, which it markets. The cost model is used to measure and value investment property. The depreciation method used is the straight-line method and is calculated on a property-by-property basis. The Group estimates that the market values are an approximation of the official valuations of the Geodetic Administration of the Republic of Slovenia.

The responsible persons in each group company actively monitor market developments and assess that there was no objective evidence of factors indicating a need to impair investment property in 2023. As at 31 December 2023, the Group did not obtain an estimate of the fair value of investment properties prepared by a chartered valuer.

Investment property stocks and trends in 2023

In EUR	31 Dec 2023
Acquisition value	
Situation 1 Jan 2023	1,475,649
Increases	110
Situation 31 Dec 2023	1,475,759
Amortised cost	
Situation 1 Jan 2023	864,795
Depreciation	25,087
Situation 31 Dec 2023	889,882
Undepreciated value	
Situation 1 Jan 2023	610,854
Situation 31 Dec 2023	585,877

Investment property stocks and trends in 2022

In EUR	31 Dec 2022
Acquisition value	
Situation 1 Jan 2022	1,434,304
Increases	41,346
Situation 31 Dec 2022	1,475,649
Amortised cost	
Situation 1 Jan 2022	840,486
Depreciation	24,309
Situation 31 Dec 2022	864,795
Undepreciated value	
Situation 1 Jan 2022	593,817
Situation 31 Dec 2022	610,854

The Group owns all investment property and no investment property is pledged as security for debt. Rental income from investment properties amounts to EUR 153,248 (2022: EUR 138,378). Of the investment properties generating lease income in 2023, all operating costs and expenses amount to EUR 156,270 (2022: EUR 128,765).

Financial investments

NOTE 4

Investments are classified in the fair value through other comprehensive income group, except for the investment in shares of EUR 56,594 which is carried at cost as we were unable to estimate fair value.

Non-current investments of the Group

In EUR	31 Dec 2023	31 Dec 2022
Non-current financial investments other than loans	263,639	263,639
– other non-current investments in shares and other equity	56,594	56,594
– a non-current investment in an investment fund	207,045	207,045

Investments in associates

NOTE 5

In the separate financial statements, investments in subsidiaries, jointly controlled entities and associates are accounted for at cost.

In the consolidated financial statements, investments in group companies are eliminated, while investments in associates are accounted for using the equity method.

Situation and movement of investments in associates in 2023

In EUR	Situation 31 Dec 2022	Attribution of gains/losses	Situation 31 Dec 2023
Investment in Informatika d.o.o.	441,637	8,931	450,568
Investment in Eldom d.o.o.	117,423	3,091	120,514
Investment in Moja energijo d.o.o.	895,047	998,811	1,893,858
Investment in Energijo plus d.o.o.	10,800,000	344,859	11,144,859
Total	12,254,107	1,355,692	13,609,799

Situation and movement of investments in associates in 2022

In EUR	Situation 31 Dec 2021	Reclassification between investments in associates	Conversion to fair value	Impairment of an investment	Increasing the share	Payment of profit shares	Attribution of gains/losses	Situation 31 Dec 2022
Investment in Informatika d.o.o.	433,092	0	0	0	0	66,136	74,681	441,637
Investment in Eldom d.o.o.	26,564	0	0	0	80,000	0	10,859	117,423
Investment in Moja energijo d.o.o.	316,252	0	0	0	0	0	578,795	895,047
Investment in Energijo plus d.o.o.	0	7,492,840	9,284,376	9,927,049	0	0	3,949,833	10,800,000
Total	775,908	7,492,840	9,284,376	9,927,049	80,000	66,136	4,614,168	12,254,107

Trade receivables

NOTE 6

Non-current trade receivables comprise receivables arising from the accumulation of funds in the reserve fund for owner-occupied residential buildings.

The Group's receivables are not pledged as collateral for debt.

Deferred tax assets

NOTE 7

In 2023, the Group recognised deferred tax assets for temporary deductible tax differences arising from past and current unrecognised tax expenses in respect of provisions made for gratuities and retirement benefits, unrecognised tax expenses in respect of accounts receivable, non-current accruals and unused corporate income tax credits.

In calculating deferred tax assets, a tax rate of 22% was applied and is expected to continue to apply for the next five financial years

In 2023, the Group increased the deferred tax assets provided for by EUR 338,879 (EUR 389,297 in 2022).

Movement in deferred tax assets in 2023

In EUR	Trade receivables	Provisions for post-employment benefits and other employee benefits	Non-current deferred income for fixed assets acquired free of charge	Unused tax credits	Allowances for donations	Tax loss relief	Total
Situation 1 Jan 2022	**269,617**	**658,171**	**319,775**	**0**	**0**	**0**	**1,247,563**
Recognised in the income statement	0	0	0	493,450	5,491	27,384	526,325
Elimination in the income statement	44,337	72,471	19,642	0	0	0	136,450
Recognised in the statement of comprehensive income	0	-8,867	0	0	0	0	-8,867
Situation 31 Dec 2022	**225,280**	**576,832**	**300,133**	**493,450**	**5,491**	**27,384**	**1,628,570**
Situation 1 Jan 2023	**225,280**	**576,832**	**300,133**	**493,450**	**5,491**	**27,384**	**1,628,570**
Recognised in the income statement	47,055	0	24,646	400,740			400,740
Elimination in the income statement	0	77,768	0	22,919	5,491	27,384	100,687
Recognised in the statement of comprehensive income	0	-7,912	0	0	0	0	-7,912
Situation 31 Dec 2023	**272,335**	**491,152**	**324,779**	**871,271**	**0**	**0**	**1,959,537**

Inventories
NOTE 8

Inventories

In EUR	31 Dec 2023	31 Dec 2022
Raw materials and supplies	3,996,224	3,974,941
Fuel and lubricant	12,828	11,192
Office supplies	1,559	7,925
Stocks of small inventories and packaging, finishing	100,325	129,016
Total	**4,110,936**	**4,123,074**

Inventories include stocks of materials for installation in own-account investments, stocks of materials for services provided on the market and stocks of spare parts for maintenance of fixed assets. The Group's management estimates that the carrying amount of inventories is at net realisable value.

The Group has inventories of EUR 16,734 as at 31 December 2023, where there wasn no movement in the period from 1 January 2019 to 31 December 2023, but which are classified as operating reserves.

Value of inventories

In EUR	31 Dec 2023	31 Dec 2022
Gross value of stocks of materials and merchandise	4,110,936	4,123,074
Value adjustments	0	0
Net value of stocks of materials and merchandise	4,110,936	4,123,074

All inventories are owned by the Group and are not pledged as collateral for debt.

Trade receivables
NOTE 9

Trade receivables

In EUR	31 Dec 2023	31 Dec 2022
Current trade receivables from customers, of which:	**14,237,950**	**10,737,271**
– receivables for energy sold and network use	3,897,059	2,691,312
– receivables for leases and services under the ELES contract.	9,666,989	6,687,418
– receivables for other services charged	668,602	1,356,255
– interest receivable	5,300	2,286

Customers mostly settle their claims on time or with a small delay. When payments are delayed, customers are charged contractually agreed interest on late payments.

The Group's receivables are mainly secured by bills of exchange. The Group has no receivables pledged as collateral. At the end of the financial year, the Group does not recognise any receivables from the management and members of the Supervisory Board.

Value of trade receivables

In EUR	31 Dec 2023	31 Dec 2022
Gross receivables	15,576,454	12,022,908
Value adjustment	1,338,504	1,285,637
Net receivables	14,237,950	10,737,271

Other assets
NOTE 10

Other assets

In EUR	31 Dec 2023	31 Dec 2022
Other trade receivables	1,090,041	1,265,348
Current deferred expenditure	140,204	134,147
VAT in advances received	34,501	42,772
Total	**1,264,746**	**1,442,267**

Other assets mainly represent receivables from the State in respect of EU grants (NOO) from Elektro Maribor d.d.

Assets under contracts with customers
NOTE 11

Assets under contracts with customers are shown at EUR 860,696 (EUR 370,944 in 2022), mainly representing unbilled lease payments for telecommunications equipment bases and construction services provided.

Cash and cash equivalents
NOTE 12

Cash

In EUR	31 Dec 2023	31 Dec 2022
Funds in accounts	16,416,484	14,893,263
Total	**16,416,484**	**14,893,263**

Capital
NOTE 13

The Company's share capital amounts to EUR 203,932,511 and is divided into 33,345,302 ordinary registered par value shares.

The Group's share capital is represented by the Parent Company's share capital divided into 33,345,302 ordinary registered ordinary shares of 33,345,302 pence each, being the weighted average number of ordinary shares outstanding during the period.

Capital reserves show the capital surplus fully paid up.

Capital

In EUR	31 Dec 2023	31 Dec 2022
Share capital	203,932,511	203,932,511
Capital reserves	75,384,316	75,384,316
Legal reserves	7,578,292	7,270,252
Other profit reserves	25,105,452	21,253,401
Fair value reserves	-1,163,151	-609,216
Net profit or loss carried forward	2,093,754	2,048,093
Net profit for the year	6,194,856	3,046,738
Total	**319,126,030**	**312,326,095**

The fair value reserve reflects the actuarial loss arising from the calculation of the provision for gratuities and retirement benefits for group companies.

Statutory reserves and other profit reserves are built up from the net profit for the current years since 2003.

The Group achieved a net profit of EUR 10,426,882 in 2023 (EUR 5,859,172 in 2022). Earnings per share from group operations amount to EUR 0.31 (EUR 0.18 in 2022), and earnings per share from continuing operations are calculated at EUR 0.31 (EUR 0.36 in 2022).

The Group's book value per share is EUR 9.57 (EUR 9.37 in 2022).

Reservations

NOTE 14

Reservations in 2023

In EUR	Situation 31 Dec 2022	Consumption	Increases	Elimination	Situation 31 Dec 2023
Provisions for jubilee awards	1,979,603	263,247	486,039	1,031	2,201,364
Provisions for pensions	3,950,093	427,517	962,436	0	4,485,011
Provisions for guarantees given	46,742	0	0	7,570	39,172
Provisions for accrued expenses	736,000	179,252	51,312	0	608,060
Total	**6,712,438**	**870,016**	**1,499,787**	**8,601**	**7,333,608**

Reservations in 2022

In EUR	Situation 31 Dec 2021	Consumption	Increases	Elimination	Situation 31 Dec 2022
Provisions for jubilee awards	1,789,955	273,403	469,318	6,267	1,979,603
Provisions for pensions	4,222,131	489,447	228,285	10,876	3,950,093
Provisions for guarantees given	50,683	0	0	3,941	46,742
Provisions for accrued expenses	664,411	0	71,589	0	736,000
Total	**6,727,180**	**762,850**	**769,192**	**21,084**	**6,712,438**

Sensitivity analysis 2023

	Discount rate		Wage growth		Staff turnover	
Change in percentage points	0.5	-0.5	0.5	-0.5	1.0	-1.0
Impact on liabilities in EUR	-257,488	277,508	27,760	-257,114	-527,936	605,511

Sensitivity analysis 2022

	Discount rate		Wage growth		Staff turnover	
Change in percentage points	0.5	-0.5	0.5	-0.5	1.0	-1.0
Impact on liabilities in EUR	-67,668	72,192	71,724	-67,874	-140,968	158,345

Provisions for guarantees given are made in the event that the Group grants a guarantee period of five years to foreign customers to remedy defects in the construction of facilities. The Group made these provisions for an estimated 10% of the total exposed contract value.

The amount of the provision for litigation liabilities is EUR 608,060 (EUR 736,000 in 2022) and is a best estimate of the expenditure needed to settle them. In arriving at the best estimate, we took into account the risks and uncertainties that inevitably accompany the litigation for which the provision was made.

The amount of the provision is equal to the present value of the expenditure expected to be required to settle these commitments.

Deferred income

NOTE 15

Deferred income shows the balances of property, plant and equipment taken over free of charge and the balances of co-financed assets. The Group uses these non-current accrued liabilities to cover the depreciation costs of these assets at an annual depreciation rate of 2.93%.

For the purpose of generating deferred income from 2010 onwards, amounts corresponding to the actual depreciation rate of each fixed asset are drawn to cover depreciation charges.

The Group fully utilises the long term accrued liabilities arising from the NOO grants received to cover the depreciation costs of the assets so acquired.

Movement in non-current deferred income in 2023

In EUR	Situation 31 Dec 2022	Decreases	Increases	Elimination	Situation 31 Dec 2023
Non-current deferred income from free take-up of house connections	18,226,546	848,383	0	0	17,378,163
Non-current deferred income from fixed assets acquired free of charge	7,576,396	319,939	0	0	7,256,457
Non-current deferred revenue from average connection costs	2,785,752	174,357	0	0	2,611,394
Non-current deferred co-financing income - Eco-Fund	41,883	2,630	0	0	39,252
Non-current deferred co-financing revenue	2,763,310	155,571	429,823	0	3,037,561
Non-current deferred income - NOO	0	2,416	900,217	0	897,802
Total	**31,393,885**	**1,503,296**	**1,330,040**	**0**	**31,220,629**

Movement in non-current deferred income in 2022

In EUR	Situation 31 Dec 2021	Decreases	Increases	Elimination	Situation 31 Dec 2022
Non-current deferred income from free take-up of house connections	19,074,953	848,408	0	0	18,226,546
Non-current deferred income from fixed assets acquired free of charge	7,484,680	311,029	402,745	0	7,576,396
Non-current deferred revenue from average connection costs	2,960,109	174,357	0	0	2,785,752
Non-current deferred co-financing revenue	0	2,630	44,513	0	41,883
Non-current deferred income on contributions for disabled persons	2,754,121	150,708	159,897	0	2,763,310
Non-current deferred income - EU - projects	1,321,377	1,622,997	0	301,620	0
Total	**33,595,241**	**3,110,130**	**607,155**	**301,620**	**31,393,885**

Non-current financial liabilities

NOTE 16

Non-current financial liabilities mainly relate to non-current loans received from commercial banks.

The Group incurred non-current debt of EUR 14,000,000 in 2023 for the purpose of financing investments.

The maturity of the loans received varies between 8 and 15 years. The interest rate varies between 3 and 6-month EURIBOR, with a mark-up of 0.5% to 0.7%, or at a fixed rate of between 0.184% and 3.84% per annum.

The carrying amount of non-current debt is equal to its fair value. The Company's non-current debt is not exposed to specific currency and credit risks. The exposure to interest rate risk is only represented by adverse movements in the EURIBOR benchmark interest rate.

The Company's bills of exchange are secured by loans taken out from banks in Slovenia.

Over a period of more than five years from the balance sheet date, EUR 24,537,500 of principal amounts become due for payment. We pay all principal and interest instalments due regularly and on time.

Other non-current financial liabilities relate to liabilities for rights to use an asset.

Non-current financial liabilities

In EUR	31 Dec 2023	31 Dec 2022
Non-current financial liabilities	69,035,708	60,810,006
Current portion of non-current financial liabilities	-11,286,953	-8,842,288
Total	**57,748,755**	**51,967,718**

Non-current payables

NOTE 17

The Group's non-current trade payables mainly represent non-current securities received as performance bonds from suppliers.

Current financial liabilities

NOTE 18

Current financial liabilities amount to 11,286,953 euros (8,842,288 euros in 2022) and mainly show the current portion of non-current loans receivable maturing within one year from the balance sheet date amounting to 7,825,000 euros (8,387,500 euros in 2022) and other current liabilities related to the distribution of profit or loss amounting to 3,030,711 euros (8,387,500 euros in 2022).

Current payables

NOTE 19

Current payables

In EUR	31 Dec 2023	31 Dec 2022
Current trade payables for fixed assets	5,999,130	3,866,350
Current trade payables to suppliers for working capital	3,475,338	3,384,189
Current payables to ELES d.o.o.	3,404,820	3,187,941
Current payables to employees	3,800,406	3,255,137
Current payables to government and other institutions	1,574,609	512,634
Current payables based on advances	943,252	712,168
Other current payables	150,789	101,715
Total	**19,348,343**	**15,020,134**

Income tax liabilities

NOTE 20

The Group's income tax liability shows a calculated liability based on the 2023 tax return of EUR 1,129,541.

Other current liabilities

NOTE 21

Other current liabilities show accrued expenses and deferred income. They comprise receivables and payables that are expected to arise within one year and for which it is probable that they will arise and the amount can be estimated with a high degree of certainty.

Other liabilities

In EUR	31 Dec 2023	31 Dec 2022
Accrued costs for untaken annual leave	1,081,796	999,082
Accrued litigation costs	0	331,751
Accrued costs of deviations	0	2,208,332
Other accrued costs	838,457	0
Total	**1,920,254**	**3,539,165**

Movement in other liabilities in 2023

In EUR	Situation 31 Dec 2022	Design	Consumption	Elimination	Situation 31 Dec 2023
Accrued charges for untaken annual leave	999,062	1,055,826	937,947	35,144	1,081,796
Current deferred income	331,751	0	0	331,751	0
Other accrued costs	2,208,355	838,458	2,208,355	0	838,458
Total	**3,539,167**	**1,894,284**	**3,146,302**	**366,895**	**1,920,254**

Movement in other liabilities in 2022

In EUR	Situation 31 Dec 2021	Design	Consumption	Elimination	Situation 31 Dec 2022
Accrued costs for untaken annual leave	932,166	1,002,173	891,060	44,218	999,061
Current deferred income	180,951	331,751	0	180,951	331,751
Other accrued costs	3,053	2,208,332	3,031	0	2,208,354
Total	**1,116,170**	**3,542,256**	**894,091**	**225,169**	**3,539,166**

Contingent liabilities

Contingent liabilities

In EUR	31 Dec 2023	31 Dec 2022
Contingent liabilities	194.850	234.102
Total	**194.850**	**234.102**

The Group does not recognise off-balance sheet contingent liabilities as defined in the ZGD-1.

Determining fair value

Fair values and carrying amounts of assets and liabilities

In EUR	31 Dec 2023 Book value	31 Dec 2023 Fair value	31 Dec 2022 Book value	31 Dec 2022 Fair value
Investments at fair value through other comprehensive income	207,044	207,044	207,044	207,044
Non-current trade receivables	1,614,016	1,605,815	3,190,182	3,166,895
Loans received	65,100,000	65,100,000	59,487,500	59,487,500
Non-current payables	41,992	0	381,734	381,734
Total	**66,963,052**	**66,912,859**	**63,266,460**	**63,243,173**

The table includes assets and financial liabilities for which fair value is disclosed, while only investments at fair value through other comprehensive income are measured at fair value. Current trade receivables, cash and current trade payables are not shown as they are considered to be a good approximation of fair value in accordance with IFRS.

Assets and liabilities are classified into the following levels for the purpose of determining their fair value: Level 1 - assets at market price, Level 2 - assets whose value is determined from comparable market data, and Level 3 - assets and liabilities whose value is not observable from market data.

Assets and liabilities by their fair values

	31 Dec 2023				31 Dec 2022			
In EUR	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale investments	207,044	0	0	207,044	207,044	0	0	207,044
Non-current trade receivables	0	0	1,605,815	1,605,815	0	0	3,166,895	3,166,895
Non-current payables	0	0	41,992	41,992	0	0	381,734	381,734
Loans received	0	0	65,100,000	65,100,000	0	0	59,487,500	59,487,500

3.7 NOTES TO THE CONSOLIDATED INCOME STATEMENT ITEMS

Types of revenue

In EUR	2023	2022
Operating income	94,135,184	71,116,090
Financial revenue	1,860,705	27,155,600
Other revenue	91,525	191,044
Total	**96,087,414**	**98,462,734**

Net turnover
NOTE 22

Net turnover

In EUR	2023	2022
Sales of electricity and other energy products	5,404,028	556,849
Rents charged	33,812,068	17,941,553
– ELES d.o.o. – lease	33,363,837	17,473,527
– Other	448,231	468,026
ELES d.o.o. services under contract	26,250,265	26,118,753
Services charged	3,836,996	4,979,303
Sale of waste material	158,343	185,110
Total	**69,461,700**	**49,781,568**

Taking into account ELES, regulatory settlements in 2023

In EUR	Achieved revenue 2023	Final settlement 2022	Return elimination 2022	Provisional 2023	Final 2023 return.	Total 2023
Rent	33,746,474	-406,981	404,947	-407,039	26,436	33,363,837
Services	24,547,460	-54,661	-73,196	1,808,539	22,123	26,250,265
Total	**58,293,934**	**-461,642**	**331,751**	**1,401,500**	**48,559**	**59,614,102**

Taking into account SODO, regulatory settlements in 2022

In EUR	Revenues achieved 2022	Final reckoning 2021	Return 2021	Provisional 2022	Final 2022 return.	Total 2022
Rent	26,992,598	2,312	0	-9,116,437	-404,947	17,473,527
Services	19,391,254	14,976	180,951	6,458,377	73,196	26,118,753
Total	**46,383,852**	**17,288**	**180,951**	**-2,658,060**	**-331,751**	**43,592,280**

Capitalised own products and services
NOTE 23

Capitalised own products and services

In EUR	2023	2022
Capitalised products	20,511,029	17,044,495
Facilitation services	425,434	398,162
Total	**20,936,463**	**17,442,657**

Captive own products and services represent investments carried out in-house and revenues from in-house services (finishing of equipment).

Other operating income
NOTE 24

Other operating income

In EUR	2023	2022
Reversal of provisions and TOR	216,028	55,267
Drawing on non-current ODA	1,503,296	1,487,133
State aid received	677	51,775
Compensation received from the insurer	915,828	471,947
Profit on sale of fixed assets	114,637	56,006
Recoveries from previous years	31,259	48,908
Other operating income	955,295	1,720,830
Total	**3,737,021**	**3,891,865**

Other operating income mainly relates to income from the utilisation of non-current deferred income for amounts to cover the depreciation costs of property, plant and equipment acquired free of charge and co-financing in electricity facilities, insurance premiums received in respect of damage to the electricity system and recoveries of receivables for electricity and network use, income from the reversal of impairments of current trade receivables, and income from accrued employee sickness and other absences.

Cost of goods, materials and services
NOTE 25

Cost of goods, materials and services

In EUR	2023	2022
Material costs	15,248,584	12,082,625
Cost of services	8,480,637	8,051,886
Total	**23,729,221**	**20,134,511**

Cost of materials mainly reflects the cost of materials for capital and construction works in the parent company.

Cost of services mainly includes amounts for maintenance services for fixed assets, insurance premiums and IT. The cost of services related to maintenance amounts to EUR 3,013,857 in 2023 (EUR 2,521,433 in 2022).

The audit contract for the audit of the Annual Report for the financial year 2023 was concluded for an amount of EUR 22,845 excluding VAT. This amount also includes the cost of the audit of the Consolidated Annual Report for an amount of EUR 985. The selected auditor also produced reports on agreed procedures and on assurance engagements in 2023 at a cost of EUR 2,985. There were no other engagements with the selected auditor in 2023.

Labour costs
NOTE 26

Labour costs

In EUR	2023	2022
Payroll costs	23,854,240	21,627,905
Employee supplementary pension scheme costs	1,126,208	1,089,441
Employer's contributions and other payroll charges	3,888,440	3,537,565
Other labour costs	4,961,303	4,718,332
Total	**33,830,191**	**30,973,243**

In paying wages, the companies followed the provisions of the sectoral and Company collective agreements and employment contracts.

Other staff costs include the cost of annual leave allowance, reimbursements to employees for material costs and the amount of provisions made for gratuities and retirement benefits.

Gross benefits of special groups persons

In EUR	2023	2022
Members of Company boards and management	196,106	170,131
– Jože Hebar, President of Elektro Maribor d.d. (until 5 April 2023)	78,510	107,838
– Tatjana Vogrinec Burgar, President of Elektro Maribor d.d. (from 1 August 2023)	39,827	0
– Aleš Kumperščak, Director of OVEN Elektro Maribor d.o.o. (until 5 December 2023)	77,769	37,729
– Neven Lisica, Director of OVEN Elektro Maribor d.o.o. (until 3 May 2022)	0	24,564
Other staff under a contract not covered by the tariff part of the CA	936,687	833,801
Members of the Supervisory Board of Elektro Maribor d.d. group companies	119,326	81,700
SB Committees	44,538	27,585
Total	**1,296,657**	**1,113,217**

From April to July 2023, Elektro Maribor d.d. was managed by Jure Boček on the basis of a management contract. The cost of services in 2023 includes management costs of EUR 42,213.

The Supervisory Board of the Group is held by the parent company Elektro Maribor d.d., the names of the members are disclosed in Section II. Management Report, where the names of the members of the Management Boards of the Group companies are also disclosed.

The Group companies have no outstanding receivables and payables from members of the Management and Supervisory Boards, except for the December payroll, emoluments and emoluments for office, which were paid in January 2024.

The Group did not make any advances or loans to employees under a contract not covered by the tariff part of the Collective Agreement, to the management of individual Group companies and to members of the Supervisory Board and its committees.

Depreciation
NOTE 27

Depreciation

In EUR	2023	2022
Depreciation of intangible assets	1,750,297	1,718,343
Depreciation of intangible assets – easements	23,998	23,653
Depreciation of property, plant and equipment	21,877,195	21,503,950
Depreciation of investment property	25,087	24,309
Total	**23,676,577**	**23,270,255**

Write-downs and other operating expenses
NOTE 28

The Group's allowances for receivables mainly relate to receivables for which doubt as to their recoverability was identified, arising from the use of the network and the services provided.

Write-downs and other operating expenses

In EUR	2023	2022
Operating expenses for tangible and intangible fixed assets	518,633	399,786
Operating expenses for receivables, of which:	312,159	204,617
– from the use of the network and the sale of electricity	245,828	191,756
– from services rendered	66,331	12,861
Total	**830,792**	**604,403**

Other operating expenses
NOTE 29

Other operating expenses

In EUR	2023	2022
Provisions for litigation	51,312	71,589
Building land use tax	391,910	358,221
Other charges and expenses	1,157,751	241,718
Total	**1,600,973**	**671,528**

Financial revenue
NOTE 30

Financial revenue

In EUR	2023	2022
Financial income from investments	**1,355,692**	**27,137,563**
Financial proceeds from the sale of the investment Energija plus	0	22,523,395
Financial income of associates, of which:	1,355,692	4,614,168
Financial income from trade receivables	**505,013**	**18,037**
Financial income from trade receivables due from others	505,013	18,037
Total	**1,860,705**	**27,155,600**

Financial expenditure
NOTE 31

Financial expenditure

In EUR	2023	2022
Financial expenditure on financial liabilities	**895,742**	**503,055**
Financial expenses on loans received from others	862,286	445,064
Financial expenses on other financial liabilities	33,456	57,991
Financial charges on payables	**205,636**	**526,686**
Financial expenses from payables to suppliers	457	471,428
Financial expenses from other payables	205,179	55,258
Financial expenses on impairment of investments	**0**	**9,927,049**
Total	**1,101,379**	**10,956,790**

Income from share of profits of associates
NOTE 32

Share in profits of associates

In EUR	2023	2022
Share in profits of associates	1,355,692	4,614,168

Other income and expenditure
NOTE 33

Other revenue and expenditure

In EUR	2023	2022
Other revenue	91,525	191,044
Other expenditure	100,741	369,540

Tax
NOTE 34

Income tax - adjustment to the effective tax rate

In EUR	2023	2022
Tax assessed	1,129,541	579
Deferred tax	-338,879	-389,876
Total income tax	**790,662**	**-389,297**
Profit before tax	**11,217,544**	**11,482,464**
Tax levied at 19%	2,131,333	2,181,668
Tax on the reduction in revenue	-283,812	-2,431,435
Tax on unrecognised expenses	320,665	277,684
Tax on tax credits	-812,228	-985
Tax on increases/decreases in expenditure for tax purposes	-391,422	-416,228
Impact on deferred taxes of a change in the tax rate from 19% to 22%	-173,855	0
Total income tax	**790,662**	**389,297**
Effective tax rate	**7.0%**	**3.4%**

Deferred taxes

In EUR	2023	2022
Deferred tax on provisions for gratuities and retirement benefits	-77,768	-72,471
Deferred tax on valuation allowances on receivables	47,055	-44,337
Deferred tax on non-current accrued liabilities	24,646	-19,642
Deferred tax on investment allowances	377,821	493,450
Deferred tax on donation relief	-5,491	5,491
Deferred tax on tax losses	-27,384	27,384
Total	**338,879**	**389,875**

In 2023, the Group recognised deferred tax assets for temporary deductible tax differences arising from past and current unrecognised tax expenses in respect of provisions made for gratuities and retirement benefits, unrecognised tax revaluation expenses in respect of accounts receivable, non-current accruals and unused tax credits. In calculating deferred tax assets, a tax rate of 22% was applied and is expected to continue to apply for the next five financial years.

3.8 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT ITEMS

The consolidated cash flow statement is prepared using the direct method from the turnover and account balances of the individual group companies.

The consolidated cash flow statement does not include items of intercompany receipts and payments.

Operating income
NOTE 35

Operating income of EUR 124,868,479 (EUR 219,390,958 in 2022) represents 90% of the Group's total income and mainly relates to income from leases for electricity infrastructure and services provided to ELES d.o.o. and income from the sale of electricity generated.

Operating expenditure
NOTE 36

Operating expenses of EUR 112,210,205 (EUR 231,145,554 in 2022) represent 82% of the Group's total expenses and mainly relate to expenditure on purchases of materials and services.

Investment income
NOTE 37

Investment income of EUR 149,325 (EUR 17,586,425 in 2022) relates mainly to income from the disposal of property, plant and equipment.

Expenditure on investments
NOTE 38

Capital expenditure of EUR 16,037,183 (EUR 13,107,755 in 2022) represents 12% of the Group's total expenditure and relates mainly to expenditure on the acquisition of property, plant and equipment.

Financing revenue
NOTE 39

Financing income of EUR 14,000,000 represents 10% of the Group's total income and relates to a non-current loan received to finance the construction of electricity installations amounting to EUR 14,000,000.

Financing expenditure
NOTE 40

Financing expenses of EUR 9,247,195 (EUR 47,242,188 in 2022) represent 7% of the Group's total expenses and relate to repayments of financial liabilities and interest.

Cash result
NOTE 41

The Group's cash result for the period is positive at EUR 1,523,221.

3.9 RELATED PARTY TRANSACTIONS

Related parties of the Elektro Maribor Group are companies in which the Elektro Maribor Group has significant influence, or companies in which the Group, together with other owners, jointly controls the operations of the Company, and companies that are majority state-owned. The parent company Elektro Maribor d.d. is 79.9% owned by the Republic of Slovenia.

The Elektro Maribor Group conducted its business with related parties on the basis of concluded sale and purchase agreements. Sales and purchases include the turnover of all transactions (net of VAT), including financial income. The most significant transactions with related parties include the following:

- transactions with group companies and associates; and
- transactions with the Republic of Slovenia and legal entities directly majority owned by the Republic of Slovenia in 2023 that are significant for the Elektro Maribor Group in terms of the level of materiality of the transactions according to the transaction size criterion (revenues or expenses exceeding EUR 100,000).

The operations of specific groups of entities within the Elektro Maribor Group are explained in more detail in *Note 26*.

Information on related party transactions in 2023

In EUR	For sale	Shop	Receivables 31 Dec 2023	Commitments 31 Dec 2023
Group companies	51,847	0	15,384	0
Associated companies	99,710	1,907,674	11,596	1,067,229
Total	**151,557**	**1,907,674**	**26,980**	**1,067,229**

Information on related party transactions in 2022

In EUR	For sale	Shop	Receivables 31 Dec 2022	Commitments 31 Dec 2022
Group companies	126,729	143,104	4,216	0
Associated companies	75,771	1,378,338	17,431	244,387
Total	**202,500**	**1,521,442**	**21,647**	**244,387**

Transactions with the Republic of Slovenia and legal entities directly majority owned by the Republic of Slovenia in 2023

In EUR	Open receivables 31 Dec 2023	Open commitments 31 Dec 2023	Revenue I-XII 2023	Expenditure I-XII 2023
Zavarovalnica Sava d.d.	68,315	18,046	226,208	1,301,657
Telekom Slovenije d.d.	111	35,902	3,940	197,087
Pošta Slovenije d.o.o.	26,078	22,024	31	198,361
Elektro Celje d.d.	25,609	0	157,667	1,773
ELES d.o.o.	11,227,504	3,405,779	59,305,653	30,452,759
Stelkom d.o.o.	52,773	0	129,682	0
Total	**11,400,389**	**3,481,751**	**59,823,180**	**32,151,637**

Transactions with the Republic of Slovenia and legal entities directly majority owned by the Republic of Slovenia in 2022

In EUR	Open receivables 31 Dec 2022	Open commitments 31 Dec 2022	Revenue I-XII 2022	Expenditure I-XII 2022
Zavarovalnica Sava d.d.	54,480	10,116	456,904	1,145,659
Telekom Slovenije d.d.	129,178	34,208	105,883	96,664
Pošta Slovenije d.o.o.	0	20,464	1,004	200,221
SODO d.o.o.	9,785,161	3,187,941	43,846,797	0
Elektro Celje d.d.	12,609	0	139,172	0
ELES d.o.o.	636,640	0	636,640	0
Stelkom d.o.o.	52,502	0	124,636	0
Total	**10,670,569**	**3,252,729**	**45,311,037**	**1,442,544**

3.10 EVENTS AFTER THE DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS

Events occurring after the date of the group financial statements do not have a material impact on the 2023 consolidated financial statements that would require additional disclosure in the financial report, but we highlight a few factors that will have a material impact on the group's performance in 2024:

- **Small shareholder lawsuit**

  In January 2024, we received a judgment of the District Court filed by a shareholder challenging the decision on the use of the balance sheet profit as at 31 December 2021. Based on the decision of the 28th Ordinary General Meeting of Shareholders of the Company, Elektro Maribor d.d. used part of the balance sheet profit in the amount of EUR 3,691,882 for the payment of dividends in the amount of EUR 2,000,718. The remainder of the balance-sheet profit of EUR 1,691,164 remained unallocated. According to the decision of the District Court, the balance-sheet profit as at 31 December 2021 must be allocated in full for distribution to the Company's shareholders. Elektro Maribor d.d. appealed against the judgment to the High Court.

  The balance sheet profit of Elektro Maribor d.d. for 2022 amounted to EUR 3,001,077 and consisted of the unallocated net profit for 2021 of EUR 1,691,164 and the net profit for 2022 of EUR 1,309,913, which remained unallocated following the resolution of the General Meeting. Also after the 30th Ordinary General Meeting of the Company in 2023, the minority shareholder filed a lawsuit challenging the resolution on the use of the balance sheet profit for 2022.

  Following the precautionary principle and in line with the case law of other electricity distribution companies, Elektro Maribor d.d. reallocated the 2022 balance sheet profit of EUR 3,001,077 to current financial liabilities, as it reasonably expects the payment to take place in 2024.

- **Call for tenders for the co-financing of distribution transformer substations and the construction of low-voltage distribution networks for the period 2023-2026**

  In 2023, we applied to the Ministry of Environment, Climate and Energy's call for grants under the Recovery Plan, which was launched on 21.4.2023. On 15.12.2023, we received the decision to award the grant for investments in the period 2023-2026. We therefore reclassified the funds co-financed under this heading in our accounts. We also already took account of the reclassification in the corporate income tax statement, where we excluded the investment in equipment under this heading as an investment relief option. As the signing of the Contract took place in March 2024 and as the approval of the funds relates to completed facilities already in 2023, we already recognised the receivables and payables in the 2023 accounts, even though the receipt of cash under this heading has not yet taken place.

4 Financial risks

Financial risks are potential events that (adversely) affect the achievement of the Group's strategic and annual financing objectives and include:

- Credit risk as the risk of loss (benefit) arising from the (non-)fulfilment of a debtor's obligations to a group entity.
- Market risk as the risk of loss (benefit) from changes in the prices of commodities, currencies or financial instruments, or changes in interest rates.
- Liquidity risk as the risk of loss (benefit) due to short-term solvency (in)ability.
- Capital risk as the risk that an individual group entity does not (always) have sufficient non-current funding in relation to the volume and types of business it carries out and the risks to which it is exposed in carrying out that business.

Risk management, risk management processes and controls are explained in the Risk Management section of the business section of the report.

4.1 CREDIT RISK

In 2023, the Group actively monitored the status of trade receivables and implemented appropriate recovery processes accordingly.

The Group actively manages its exposure to credit risk by monitoring and financially securing outstanding receivables on an ongoing basis, actively collecting overdue and unpaid receivables and charging interest on late payments.

Breakdown of current trade receivables by maturity

In EUR	31 Dec 2023	Structure in %	31 Dec 2022	Structure in %
Outstanding receivables	13,756,126	96.6	7,439,908	69.3
Up to 30 days overdue	368,886	2.6	353,022	3.3
31-60 days overdue	59,033	0.4	41,545	0.4
61-90 days overdue	5,301	0.0	2,689	0.0
Over 90 days overdue	48,604	0.3	2,900,107	27.0
Total	**14,237,950**	**100.0**	**10,737,271**	**100.0**

Movement in the allowance for doubtful accounts in 2023

In EUR	Situation 31 Dec 2022	Decreases	Increases	Situation 31 Dec 2023
Allowances for current trade receivables:				
- Decreases of valuation allowances due to payments		30,375		
- Decreases in valuation allowances due to write-downs		228,837		
Total	**1,285,637**	**259,212**	**312,079**	**1,338,504**

Movement in the allowance for doubtful accounts in 2022

In EUR	Situation 31 Dec 2021	Decreases	Increases	Situation 31 Dec 2022
Allowances for current trade receivables:				
- Decreases of valuation allowances due to payments	0	43,104	0	0
- Decreases in valuation allowances due to write-downs	0	325,943	204,617	0
Total	**1,450,066**	**369,047**	**204,617**	**1,285,636**

Credit risk is assessed to have a moderate impact on the business. The probability of an (un)desirable event occurring is between 25 and 50%. The probability of an impact on the Group's revenue or expenses ranges from EUR 10,000 to EUR 100,000.

4.2 INTEREST RATE RISK

The carrying amount of non-current debt is equal to its fair value. The Group's non-current debt is not exposed to specific currency and credit risks. The exposure to interest rate risk is limited to potential adverse movements in the EURIBOR benchmark interest rate. The Group does not specifically hedge interest rate movements with financial instruments. In fact, the Group's exposure to interest rate risk is assessed as low, as only 14.5% of its assets are financed by bank loans.

The cash flow sensitivity analysis is based on the sensitivity of the change in the EURIBOR reference rate for floating rate borrowings. Given the volume of floating rate borrowings at 31 December 2023 and assuming all other variables remain constant, a change of 1.0 percentage point (100 basis points) in the EURIBOR reference rate would result in higher expenditure of 143.596 euro, a change of 1.5 percentage points (150 basis points) in the interest rate would lead to higher expenditure of 215,394 euro and a change of 2.0 percentage points (200 basis points) in the interest rate would lead to higher expenditure of 287,192 euro.

4.3 LIQUIDITY RISK

Liquidity risk is the mismatch between the maturity of financial assets and the payments of liabilities that can lead to the Group's insolvency, which is manifested by the Group's inability to settle its liabilities at a given point in time. The Group manages its exposure to liquidity risk by planning and monitoring weekly realised inflows and outflows and by taking a timely approach to forecast borrowings.

In order to finance investments, the Group takes a timely approach to obtaining the necessary opinions and consents for debt. Borrowings to finance investments are shown according to contractual cash flows, which include the principal amount plus interest.

Liabilities maturing on 31 Dec 2023

	Vintage			Total
In EUR	up to 1 year	1 to 5 years	over 5 years	
Loans to finance investments	9,201,961	36,707,345	26,797,760	72,707,066
Non-current payables	41,992	0	0	41,992
Non-current lease liabilities	431,242	40,275	473,033	944,550
Current payables	18,574,987	0	0	18,574,987

Liabilities maturing on 31 Dec 2022

	Vintage			Total
In EUR	up to 1 year	1 to 5 years	over 5 years	
Loans to finance investments	9,188,612	33,086,857	20,521,790	62,797,259
Non-current payables	0	381,734	0	381,734
Non-current lease liabilities	425,154	343,438	524,280	1,292,872
Current payables	14,975,854	0	0	14,975,854

Liquidity risk is managed by monitoring key indicators of the horizontal financial composition.

Key liquidity risk indicators

	31 Dec 2023	31 Dec 2022
BASIC INDICATORS OF HORIZONTAL FINANCIAL COMPOSITION		
Capital adequacy ratio of fixed assets = capital / fixed assets	0.81	0.82
Quick ratio (direct current ratio) = liquid assets / current liabilities	0.54	0.62
Accelerated ratio (accelerated current ratio) = liquid assets + current receivables / current liabilities	1.04	1.15
Current ratio (current ratio of current liabilities) = current assets / current liabilitiesti	1.17	1.33

Liquidity risk is assessed to have a low impact on the business. The probability of an (un)desirable event occurring is less than 25%. The probability of an impact on the Group's revenue or expenses is up to EUR 10,000.

4.4 CAPITAL RISK

The main objective of capital management is to ensure capital adequacy, financial stability, non-current solvency and maximise shareholder value.

Key capital risk indicators

	31 Dec 2023	31 Dec 2022
FUNDAMENTAL FINANCING INDICATORS		
Equity financing ratio in % = equity / liabilities to sources of funds	71.23	72.60
Non-current funding ratio in % = equity + debt + provisions + debt PCR / liabilities to sources of funds	92.73	93.63
BASIC INDICATORS OF HORIZONTAL FINANCIAL COMPOSITION		
Capital adequacy ratio of fixed assets = capital / fixed assets	0.81	0.82
CORE PROFITABILITY INDICATORS		
Net return on equity in % = net profit / average equity (excluding profit for the period)	3.35	3.86

Lenders require that the financial covenants defined in loan agreements are met, and the consequences of non-achievement could lead to early repayment of loans. As at 31 December 2023, the Group was in full compliance with its financial covenants with its lenders.

Capital risk is estimated to have a low impact on the business. The probability of an (un)desirable event occurring is less than 25%. The probability of an impact on the Group's revenue or expenses is up to EUR 10,000.

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2 Glossary of Abbreviations

AC	Active accruals
ADMS	Advanced Distribution Management System
AL	Accrued liabilities
CAPEX	Capital Expenditure
CEEPS	Central Electricity Portal of Slovenia
CHP	Combined heat and power
CHP	Combined heat and power
CL	Cable line
DOD	Socially responsible employer (certificate)
DPP	A family-friendly company (certificate)
DS	Distribution station
DTS	Distribution transformer substation
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ECB	European Central Bank
EDP	Electricity distribution provider
EEA	Power cable with polyethylene insulation, a semi-conductive layer around the insulation and a polyvinyl chloride outer sheath
EFQM	European Foundation for Quality Management

EIB	European Investment Bank
EMAG	Code for shares of Elektro Maribor d.d.
ERP	Enterprise Resource Planning software
EU	European Union
EURIBOR	Euro Interbank Offered Rate
GDP	Gross domestic product
GIZ	Economic Interest Grouping
GRI	International Sustainability Reporting Guidelines (Global Resource Planning)
GWh	Gigawatt hours
HPP	Hydroelectric power plant
HV	High voltage
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IEC	International Electrotechnical Commission
IFRS	International Financial Reporting Standards
IIS	Integrated Information System
ISMS	Information security management system
ISO	International Organisation for Standardisation
KDD	Centralna klirinško depotna družba d. o. o.
KI	Supervisory Board Investment Committee
KK	Supervisory Board HR Committee
kV	Kilovolt
LNU	SDH Annual Investment Management Plan
LV	Low voltage
LVN	Low-voltage network
MAIFI	Momentary Average Interruption Frequency Index
MAM	Maximo Asset Manager application to improve data entry
MV	Medium voltage
MVA	Megavoltamper
MW	Megawatt
MWh	Megawatt hours
NEPN	National Energy Climate Plan
NMS	Network Management System
NOO	Recovery and resilience plan
NSP	National spatial plan
OHSAS	Occupational Health and Safety Advisory Services
OPEX	Operating expense
PL	Power line
PLC	Power Line Carrier
PTS	Primary transformer substation
RCS	Remote controlled switch
RCSP	Remotely controlled separation points
RK	Audit Committee of the Supervisory Board
RL	Road lighting
ROA	Return on Assets
ROE	Return on Equity
RS	Republic of Slovenia
RU	Regional unit

SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SB	Supervisory Board
SDH	Slovenian State Holding
SHPP	Small hydroelectric power plant
SiOK	Slovenian organisational climate
SIST	Slovenian Standards Institute
SODO	Distribution network operator
SONDSEE	System operating instructions for the electricity distribution system
SPPP	Small photovoltaic power plant
SRS	Slovenian Accounting Standards
SU	Service unit
TR	Transformer
TRR	Transaction account
TS	Transformer substation
TWh	Terawatt hours
UMAR	Office of Macroeconomic Analysis and Development of the Republic of Slovenia
VAT	Value added tax
XHP	Power cable with cross-linked polyethylene insulation, a semi-conductive layer around the insulation and a polyvinyl chloride outer sheath
ZGD-1	Companies Act
ZJN-3	Public Procurement Act
ZOEE	Electricity Supply Act

3 Table of Contents According to GRI Reporting Standards

Declaration of use	Elektro Maribor reported in accordance with GRI standards for the period from 1 January 2023 to 31 December 2023
GRI 1 in use	GRI 1: 2021 Basis
Relevant industry standards	At the time of writing this sustainability report, there is no GRI industry standard

GRI standard	Description	Page
Management		
2-9	Governance structure and composition	24
2-10	Appointment and selection of the highest governance body	24
2-11	Chairperson of the highest governance body	24
2-12	Role of the highest governance body in the control of the management of influence	24
2-13	Delegation of responsibility for influence management	24
2-14	Role of the highest governance body in sustainability reporting	72
2-15	Conflict of interest	72
2-16	Communication of critical concerns	72
2-17	Collective knowledge of the highest governance body	17
2-18	Assessment of the work of the highest governance body	17
2-19	Remuneration policies	88
2-20	Remuneration setting process	88
2-21	Total annual compensation rate	88
Strategy, policies and practices		
2-22	Sustainable development strategy statement	9
2-23	Commitments in line with the guidelines	72
2-24	Embedding commitments in line with the guidelines	72
2-25	Procedures to address negative impacts	72
2-26	Mechanisms for seeking advice and raising concerns	72
2-27	Compliance with legislation and regulations	72
2-28	Membership of associations	24
Stakeholder involvement		
2-29	Approach to stakeholder involvement	81
2-30	Collective agreements	84

GRI standard	Description	Page
GRI 3: Relevant topics 2021		
3-1	Process for identifying relevant topics	72
3-2	List of relevant topics	72
GRI 201: Economic Performance 2016		
3-3	Tackling relevant topics	72
201-1	Economic value directly created and distributed	67, 92
201-2	Financial impacts and other risks and opportunities for the organisation's climate change activities	100
201-3	Pension plan liabilities	88
GRI 203: Indirect Economic Impacts 2016		
3-3	Tackling relevant topics	72
203-1	Development and impact of major infrastructure investments and services supported by the organisation	62
GRI 205: Anti-Corruption Conduct 2016		
3-3	Tackling relevant topics	72
205-1	Number and proportion of activities where corruption risks were checked	72
205-2	Communication and education on anti-corruption policies and practices	72
205-3	Number of confirmed cases of corrupt practices and actions taken	72
GRI 302: Energy 2016		
3-3	Tackling relevant topics	72
302-1	Energy consumption in the organisation	101
302-2	Energy consumption outside the organisation	100
302-4	Reduction of energy consumption	101

GRI standard	Description	Page
GRI 305: Emissions to Air 2016		
3-3	Tackling relevant topics	72
305-1	Direct (Scope 1) greenhouse gas emissions	101
305-2	Indirect (scope 2) greenhouse gas emissions	101
305-3	Other indirect (scope 3) greenhouse gas emissions	101
305-5	Greenhouse gas emission reductions	101
GRI 306: Waste 2020		
3-3	Tackling relevant topics	72
306-3	Waste generated	102
GRI 401: Employment 2016		
3-3	Tackling relevant topics	72
401-1	Number and rate of new employees and turnover	84
401-2	Benefits for full-time employees not available to fixed-term or part-time employees according to main activities	88
GRI 403: Health and Safety at Work 2018		
3-3	Tackling relevant topics	72
403-1	Explanation of whether the undertaking has a health and safety management system in place	98
403-9	Injuries at work	90
GRI 404: Training 2016		
3-3	Tackling relevant topics	72
404-1	Average number of training hours per employee	86
404-3	Proportion of staff members included in regular performance and career development reviews, by gender	88

GRI standard	Description	Page
GRI: 405: Diversity and Equal Opportunities 2016		
3-3	Tackling relevant topics	72
405-1	Diversity of management bodies and staff	24, 84
GRI 406: Non-Discrimination 2016		
3-3	Tackling relevant topics	72
406-1	Number of cases of discrimination and measures taken to eliminate it	72
GRI 417: Marketing and Labelling of Products 2016		
3-3	Tackling relevant topics	72
417-2	Number of cases of non-compliance with legislation and voluntary codes on product labelling and customer information on products and services	44, 47


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