ELEKTRO MARIBOR

Annual Report 2021

ELEKTRO MARIBOR

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

2021

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I. Introduction

1 FOREWORD BY THE PRESIDENT OF THE MANAGEMENT BOARD[1]

Dear Stakeholders,

Behind us is yet another year marked by the Covid-19 epidemic, which brought along a number of challenges for the global society, for the Slovenian economy, for the company Elektro Maribor d.d. and last but not least for each and every one of us. We faced precarious conditions, for which there were no lessons in the textbooks, but we had to learn them on our own, to the best of our abilities.

Elektro Maribor d.d. has been very successful in this respect. We remain an extremely important economic entity in our region; both in the field of electricity distribution for more than a fifth of the territory of Slovenia and in the field of employment, as we employ just under 800 people. We have shown a great deal of professionalism and made major shifts in our business operation.

The year 2021 was a year of overflows notably in the number of consumers, their connected load, billing capacity and peak load of the system. We have also been operating successfully and closed our operations in 2021 with a net profit of EUR 11.7 million, which is EUR 1.2 million or 12% more than in the previous year.

Faced with challenges dictated by global developments and given the challenges faced in line of our work, we have been namely adapting a lot, learning and looking for solutions, even outside the established courses of practice. At the same time, in order to limit the spread of infections, we followed the adopted regulations and instructions of the competent state authorities, we took a number of measures to ensure business continuity and at the same time protect the health of employees and users, and kept them informed about all of this.

Throughout the year, we made every effort to operate in accordance with the mission to provide our users, in various ways, even in the most demanding conditions, with a reliable, safe and stable electricity supply at all times, which was especially important for the population, the economy and the wider community during the epidemic.

By investing in assets, we are systematically increasing the robustness and strength of the network, installing advanced metering systems and striving for a more reliable and high-quality supply of electricity to our consumers. Investments in Elektro Maribor d.d. amounted to EUR 33.1 million, which is the highest in the company's history. With the installation of smart meters, we have already achieved a 99.5% share of meter points being included in the advanced metering system.

Last year, there was also an increase in the number of applications for consent to the connection of self-supply devices, and a significant challenge was a spike in network integration of new production resources and devices. As a result, in 2021 we recorded a strong increase in the number of documents issued in the process of connecting users to the electricity distribution system and other documents that we, as the owner of the electricity distribution system, are required to issue according to the law. The number of network-integrated production resources is increasing with a high growth rate, which poses a significant challenge to the distribution system.

We are aware of our responsibility for society as a whole, so in 2021 we continued our co-operation with local communities and contributed to their development with our operations. We tried to identify and understand the needs of the environment of which we are a part as much a possible, and to get involved in a number of projects in various ways.

At the forefront of our efforts are, above all, the quality of our services and business excellence. In 2021, Elektro Maribor d.d. received a Platinum Creditworthiness Certificate, which means that it meets the highest international standard of excellence AAA for at least the fifth year in a row and belongs to the Platinum Creditworthiness status of credit rating excellence in Slovenia.

We have demonstrated once again that together we successfully respond to business challenges within the company Elektro Maribor d.d. and in its environment. And we will proceed in this spirit in the coming years. Together we will build a green, energy efficient and friendly future. Above all, we await extensive investments in strengthening the distribution network aiming to increase the connected load and integrate diffuse sources, and digitalisation with which we want to increase network observability, limit peak use and ensure the possibility

[1] GRI 102-14.

of flexibility in the use of electricity, where appropriate. Due to heat pumps, summer air conditioning and increased electromobility, the structure of electricity use is namely changing constantly.

Therefore, in the future the focus will be on carefully planning the operation of the system, ensuring the high quality of our services, following trends at home and abroad, constantly adapting to a number of changes and last but not least caring for a stimulating work environment where we trust and respect each other. At the same time, the latter will be the foundation of an excellent experience of our users.

In a connected work environment, we will be able to face any challenge. Whether it be tackling backlogs related to processing applications for consent to connecting the self-supply devices, complying with statutory provisions regarding the performance of regulated activity, concern for stable business operation of the company, post-pandemic recovery, supporting the company's transition to low-carbon or shaping a green energy future.

Yours faithfully,

President of the Management Board:
Jože Hebar, BSc (Elec Eng)

2 BUSINESS HIGHLIGHTS OF 2021 – ELEKTRO MARIBOR D.D.

Surpluses in 2021 compared to previous years:
number of consumers (221,268),
consumers' connected load (3,271 MW),
billing capacity (24,802 MW),
peak load (hourly) of the system (446 MW).

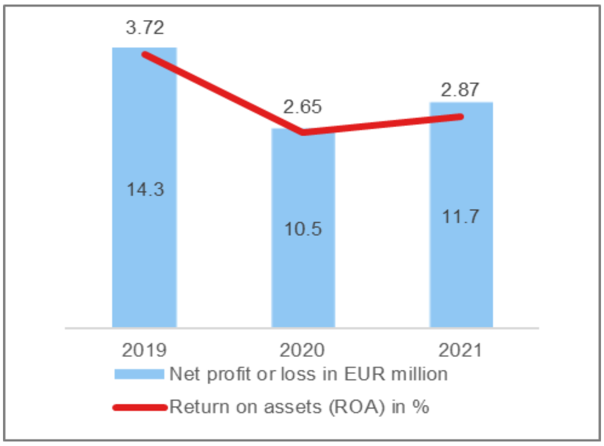

Figure 1: Net profit or loss and ROA

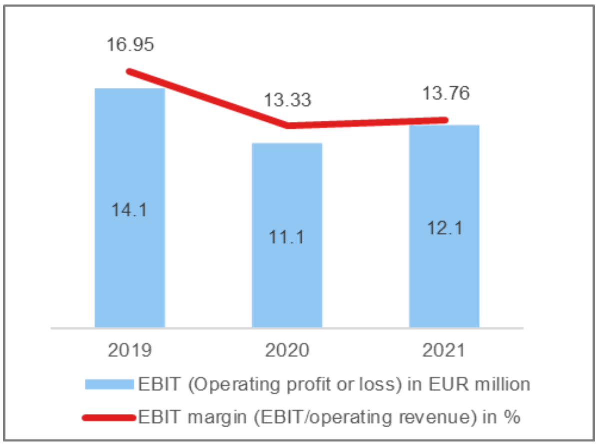

Figure 2: EBIT and EBIT margin

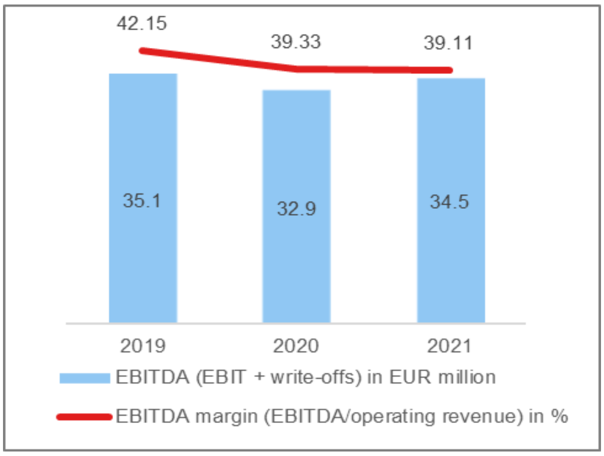

Figure 3: EBITDA and EBITDA margin

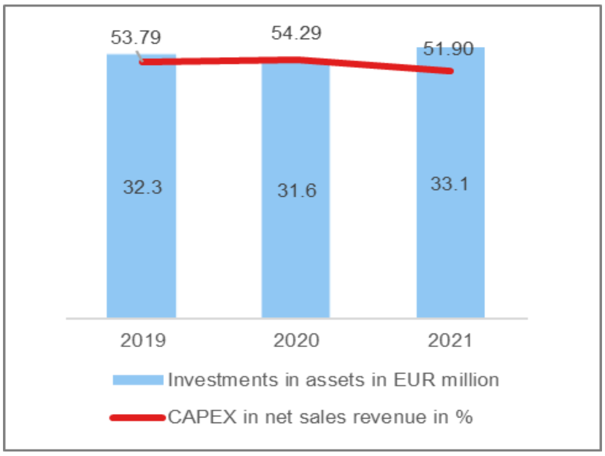

Figure 4: Investments in assets and net sales revenue

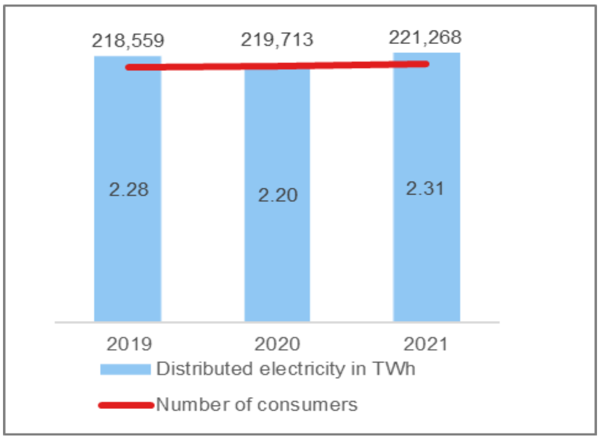

Figure 5: Distributed electricity and number of consumers

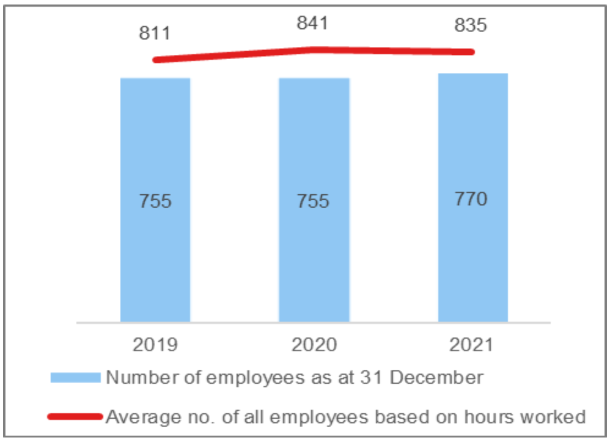

Figure 6: Number of employees

Table 1: Performance indicators of Elektro Maribor d.d.

Financial indicators	2021	2020	2019
Net profit or loss in EUR	11,719,561	10,473,594	14,274,681
Return on Assets (ROA) in %*	**2.87**	**2.65**	**3.72**
Return on Equity (ROE) in %	3.92	3.59	5.02
EBIT (Operating profit or loss) in EUR	12,131,780	11,138,216	14,105,310
EBIT margin (EBIT/operating revenue) in %	13.76	13.33	16.95
EBITDA (EBIT + write-offs) in EUR	34,473,190	32,855,097	35,071,784
***EBITDA margin (EBITDA/operating revenue) in %**	**39.11**	**39.33**	**42.15**
Total revenue in EUR	89,588,226	84,660,387	85,398,803
Operating revenue (gross operating profit) in EUR	88,139,374	83,535,628	83,201,815
Net sales revenue in EUR	63,841,981	58,153,824	60,049,868
Added value in EUR[2]	66,246,487	61,890,931	64,573,336
Added value per employee from hours worked in EUR*	**79,299**	**73,600**	**79,608**
All costs and expenses total in EUR	76,474,408	72,949,396	69,671,608
Operating costs and expenses in EUR	76,007,595	72,397,412	69,096,506
Assets as at 31 December in EUR	417,239,732	399,079,365	390,758,423
Equity as at 31 December in EUR	303,178,613	294,792,477	289,312,301
Share of own resources in liabilities in %	72.66	73.87	74.04
Financial liabilities/EBITDA	1.62	1.51	1.29
Net financial debt in EUR[3]	47,829,599	39,345,518	36,132,266
Net financial debt/EBITDA*	**1.39**	**1.20**	**1.03**

Shares	2021	2020	2019
Number of all shares	33,345,302	33,345,302	33,345,302
- of which own shares	0	0	0

Employees	2021	2020	2019
Number of employees as at 31 December	770	755	755
Average monthly number of employees as at	819.58	820.83	818.75
Average no. of all employees based on hours worked [4]	835.40	840.91	811.14
Average no. of full-time employees based on hours worked	772.10	764.68	728.65
Average salary cost per employee from hours worked	2,233	1,986	2,130

Core activity indicators	2021	2020	2019
Investments in assets in EUR	33,134,880	31,571,377	32,302,073
CAPEX[5] in net sales revenue in %*	**51.90**	**54.29**	**53.79**
Distributed electricity in MWh	2,314,390	2,197,131	2,279,153
Number of consumers connected to the distribution network	221,268	219,713	218,559
Distributed MWh per number of consumers	10.46	10.00	10.43
SAIDI (own causes)*	**33.92**	**56.22**	**66.69**
SAIFI (own causes)*	**1.02**	**1.68**	**1.73**
MAIFI*	**8.11**	**10.99**	**9.39**
Share of losses per distributed energy in %*	**4.55**	**4.84**	**4.61**
OPEX[6] regulated activities per distributed energy (EUR/MWh)*	**21.26**	**21.45**	**20.02**
OPEX regulated activities per no. of consumers (EUR/consum.)	222.35	214.52	208.74
OPEX regulated activities per network length (EUR/km)	2,896.38	2,794.36	2,733.25

* SSH indicators

[2] Added value = operating revenue – costs of goods, material and services – other operating expenses
[3] Net financial debt = non-curr. fin. liab. + curr. fin. liab. – short-term fin. investments – cash
[4] Number of hours worked / annual quota of hours. From 2020, the calculation also includes refunded hours.
[5] CAPEX = investments in assets
[6] OPEX = operating costs and expenses (costs of goods, material and services, labour costs, write-offs, other operating expenses)

3 BUSINESS HIGHLIGHTS OF 2021 – ELEKTRO MARIBOR GROUP

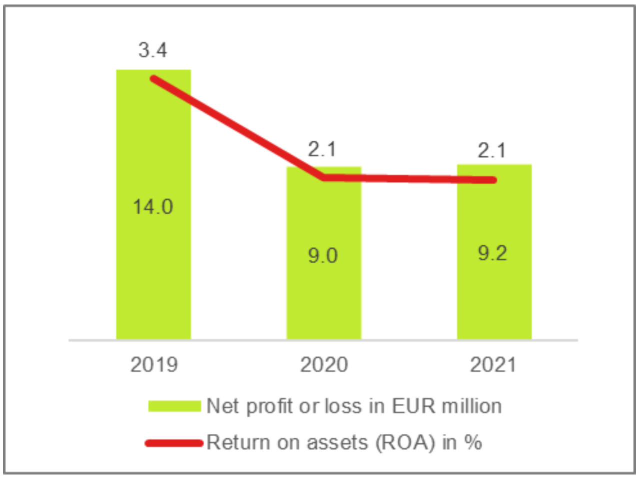

Figure 7: Net profit or loss and ROA

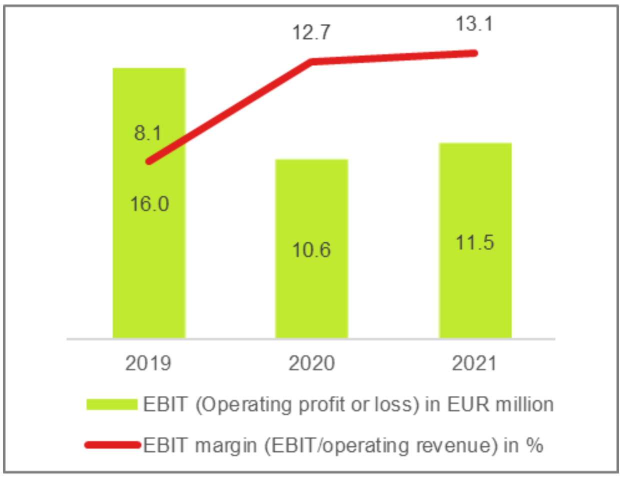

Figure 8: EBIT and EBIT margin

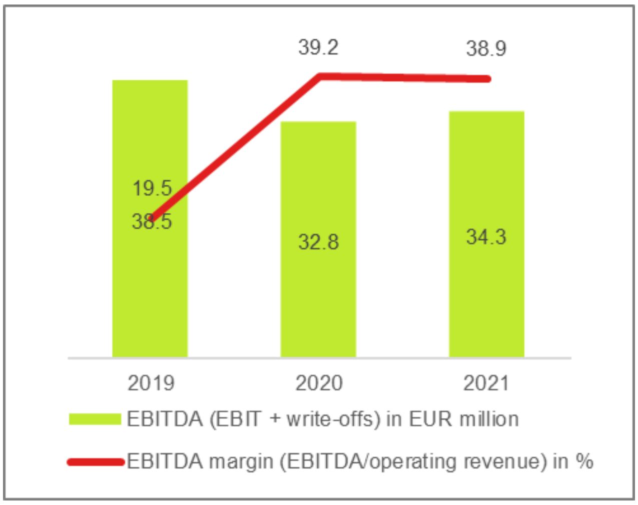

Figure 9: EBITDA and EBITDA margin

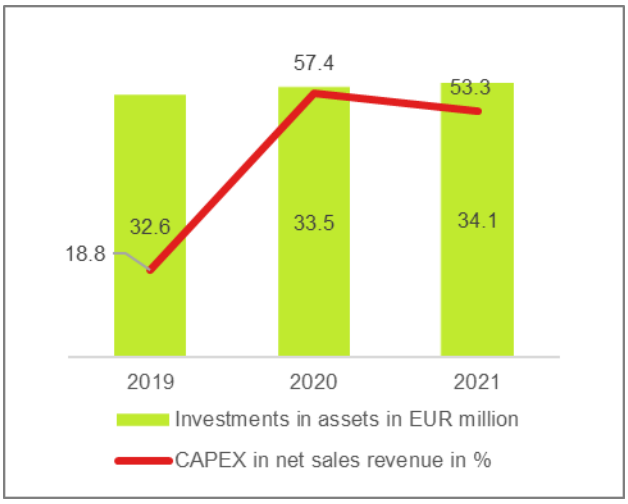

Figure 10: Investments in assets and net sales revenue

Figure 11: Electricity distributed and sold

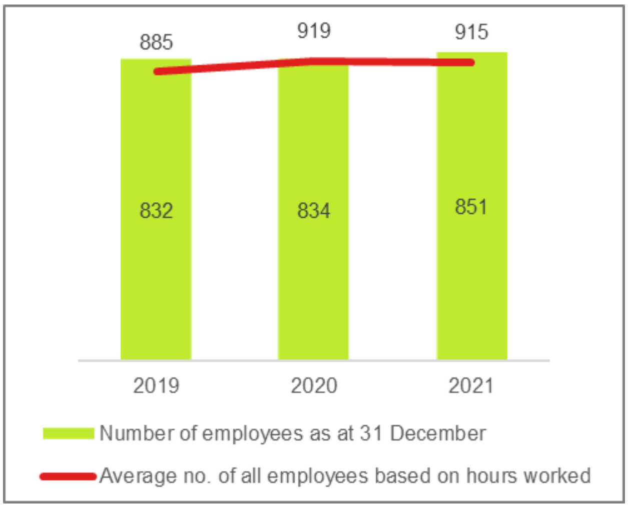

Figure 12: Number of employees

Table 2: Performance indicators of the Elektro Maribor Group

Financial indicators	2021	2020	2019
Net profit or loss in EUR	9,160,632	8,976,316	14,021,539
Return on Assets (ROA) in %	2.09	2.12	3.41
Return on Equity (ROE) in %*	3.00	3.00	4.81
EBIT (Operating profit or loss) in EUR	11,539,490	10,628,449	15,979,388
EBIT margin (EBIT/operating revenue) in %	13.08	12.68	8.12
EBITDA (EBIT + write-offs) in EUR	34,301,999	32,828,830	38,476,639
EBITDA margin (EBITDA/operating revenue) in %	38.88	39.17	19.54
Total revenue in EUR	87,736,211	84,160,442	197,356,230
Operating revenue in EUR	88,236,181	83,805,782	196,888,514
Net sales revenue in EUR	63,937,719	58,418,165	173,307,896
Added value[7] in EUR	66,245,746	62,072,417	71,117,327
Added value per employee from hours worked in EUR	72,429	67,578	80,339
All costs and expenses total in EUR	77,862,630	73,736,075	181,530,335
Operating costs and expenses in EUR	76,696,691	73,177,333	180,909,126
Assets as at 31 December in EUR	448,660,677	429,040,154	419,418,011
Equity as at 31 December in EUR	308,111,741	301,873,974	296,215,772
Share of own resources in liabilities in %	68.67	70.36	70.63
Financial liabilities/EBITDA	1.63	1.53	1,18
Net financial debt[8] in EUR	47,988,747	36,308,342	34,037,232
Net financial debt/EBITDA	1.40	1.11	0.88

Shares	2021	2020	2019
Number of all shares	33,345,302	33,345,302	33,345,302
- of which own shares	0	0	0

Employees	2021	2020	2019
Number of employees as at 31 December	851	834	832
Average no. of employees based on working hours[9]	914.64	918.53	885.22

Activity	2021	2020	2019
Investments in assets in EUR	34,089,338	33,509,942	32,617,115
CAPEX[10] in net sales revenue in %	53.32	57.36	18.82
Distributed electricity in MWh	2,314	2,197	2,279
Number of consumers connected to the distribution network	221,268	219,713	218,559
Sold electricity in GWh	1,870	1,840	1,836
Produced electricity in MWh	15,191	11,794	13,047

* SSH indicators

[7] Added value = operating revenue – costs of goods, material and services – other operating expenses
[8] Net financial debt = non-curr. fin. liab. + curr. fin. liab. – short-term fin. investments – cash
[9] Number of hours worked / annual quota of hours.
[10] CAPEX = investments in assets

4 REPORT OF THE COMPANY'S SUPERVISORY BOARD

REPORT

OF THE SUPERVISORY BOARD TO THE GENERAL MEETING

ON THE VERIFICATION AND APPROVAL OF THE CONSOLIDATED ANNUAL REPORT OF THE COMPANY FOR THE FINANCIAL YEAR 2021

(Article 282 of the Companies Act (ZGD-1))

Pursuant to Article 282 of the Companies Act (ZGD-1), the Supervisory Board of Elektro Maribor d.d., presents to the General meeting the Report on the verification and approval of the Consolidated Annual Report of the company for 2021. In 2021, the Supervisory Board carried out its work in accordance with the valid legal regulations and internal acts of the company.

Composition

In 2021, until and including 31 August 201, the Supervisory Board of the company Elektro Maribor d.d., was composed as follows:

- Tomaž Orešič – Chairman,
- David Klarič, M.Sc. – Deputy Chairman,
- Alojz Kovše, M.Sc. – member,
- Jože Golobič – member,
- Dušan Kovačič – member,
- Nenad Kajtezovič – member.

From 1 September 2021 (or on the date of the appointment to the function from 8 September 2021) until 11 November 2021, the Supervisory Board of the company Elektro Maribor was composed as follows:

- Jože Hebar – Chairman,
- Samo Iršič – Deputy Chairman,
- Tomaž Orešič – member,
- Drago Štefe, M.Sc. – member,
- Dušan Kovačič – member,
- Nenad Kajtezovič – member.

- From 11 November 2021 to 31 December 2021, the Supervisory Board of the company Elektro Maribor d.d. was composed as follows:
- Samo Iršič – Chairman,
- Tomaž Orešič – Deputy Chairman,
- Drago Štefe, MSc – member,
- Dušan Kovačič – member,
- Nenad Kajtezovič – member.

Memberships in other bodies

The member of the Supervisory Board of the company Elektro Maribor d.d. Tomaž Orešič is a member of the management or supervisory body of the non-associated company Resalta družba za upravljanje energetskih storitev d.o.o. The member of the Supervisory Board of the company Elektro Maribor d.d., David Klarič, M.Sc., is a member of the management or supervisory body of the non-associated company Pension and Disability Insurance Institute of Slovenia. The member of the Supervisory Board of the company Elektro Maribor d.d. Jože Golobič is a member of the supervisory body of the non-associated company Unior d.d., Zreče, procuration holder of the law firm BGO d.o.o. and the president of the Council of UMC Ljubljana. The member of the Supervisory Board of the company Elektro Maribor d.d., Alojz Kovše, M.Sc., is a member of the supervisory body of the non-associated company Plinovodi, Družba za upravljanje s prenosnim sistemom, d.o.o. The member of the Supervisory Board of the company Elektro Maribor d.d. Jože Hebar is a member of the management or supervisory body of the non-associated company Sine, podjetje za raziskave, razvoj in inženiring, d.o.o. The member of the Supervisory Board of the company Elektro Maribor d.d. Samo Iršič is a member of the management or supervisory body of the non-associated company Mariborska livarna Maribor d.d. Other members of the Supervisory Board do not participate as members in any management or supervisory bodies of associated and non-associated companies.

Operations of the Supervisory Board

In the financial year 2021, the Supervisory Board of the company Elektro Maribor d.d. was performing its work in accordance with the basic function of supervision over the management of company's operations and with a duty of a diligent and prudent management based on the powers conferred on them by the applicable regulations and company acts. The Supervisory Board has supervised the management and operations of the company Elektro Maribor d.d. based on the provisions of the Companies Act, the Articles of Association of the Elektro Maribor d.d., and the applicable laws.

The work of the Supervisory Board was organized and carried out according to the provisions of the Rules of Procedure of the Supervisory Board. The Supervisory Board prepared itself for the topics discussed, provided constructive suggestions and, based on the materials prepared by the company's Management Board, adopted its decisions in a responsible manner. In 2021, the company’s Management Board was invited to all regular sessions of the Supervisory Board, which in addition to the materials submitted, provided further clarifications.

At nine regular sessions, five extraordinary sessions and one correspondence session, the Supervisory Board discussed and adopted the following important decisions:

- after being briefed on the transaction documentation within the strategic integration of the company Energija plus d.o.o., granted consent to the sale of 51% of shareholding of the company Energija plus d.o.o.;
- granted consent to the Annual Business Plan of the company and the Elektro Maribor Group for 2022, with a projection of operations for 2023 and 2024;
- approved the Annual Report of the Elektro Maribor d.d. company and the Elektro Maribor Group for 2020;
- granted consent to the Management Board of the company to sign Annex no. 2 to the Contract on the lease of the power distribution infrastructure and the implementation of services for the distribution system operator for the next regulatory period;
- took note of the measures and the situation regarding the Covid-19 epidemic in the company Elektro Maribor d.d. and of the impacts of epidemic-related intervention measures on the operations of the company Elektro Maribor d.d. in 2020 and 2021;
- took note of the situation regarding the issue of consents for connecting installations for self-supply and the implementation of the Action Plan for addressing the situation regarding the issue of consents for connecting installations for self-supply;
- agreed with the proposed amendments to the Rules on job organisation and systematisation in Elektro Maribor d.d.;
- agreed with the signing of the Contract on the information system upgrade;
- granted consent to the signing of the Contract on the provision of information services with the company Informatika d.o.o. for the 2022-2024 period;
- took note of the interim reports on the operations of the company and the Elektro Maribor Group;
- was briefed on the network charges deficit in 2021 and the draft Act on the amendments to the Legal Act on the methodology for determining the regulatory framework and network charges for the electricity distribution system;
- was briefed on the activities aimed at the preparation of the new regulatory framework;

- was briefed on the drawing of loan;
- granted consent to the Management Board of the company in relation to the signing of the Framework agreement on the issue of warranties, with Intesa Sanpaolo Bank d.d. for the period of one year;
- took note of the termination of the Contract on successive deposit at BKS Bank AG, no. 12001322;
- presented a positive position on the Independent Auditor's Report on financial statements of the company Elektro Maribor d.d., and the Independent Auditor's Report on Consolidated financial statements of Elektro Maribor for 2020;
- took note of the reports on the relations with associated company, subsidiaries Energija plus d.o.o. and Oven d.o.o.;
- proposed to the General Meeting of Elektro Maribor d.d. to adopt a decision on awarding discharge to the Management Board and the Supervisory Board of the company for 2020, granted consent to the proposed allocation of distributable profit for 2020, and approved the material for the session of the General Meeting of Elektro Maribor d.d.;
- proposed to the General Meeting to appoint a member of the Supervisory Board;
- tasked the Management Board to report on a semi-annual basis to the Audit Committee about the realisation of investments of the company Elektro Maribor d.d., the value of which exceeds EUR 250,000;
- tasked the Management Board to provide an inventory of the process of self-managed investments, an inventory of all possible risks related to the key risk of overestimated/underestimated value of self-managed investments as well as an inventory of all internal controls (criteria) for managing the identified key risk;
- tasked the Management Board to adopt additional measures to improve the internal controls and risk management system;
- granted consent to the amendment to Article 1 of the Fundamental Charter on Internal Audit of the Elektro Maribor Group;
- agreed with the Internal audit plan in the Elektro Maribor Group for 2022 with the projection for 2023 and 2024;
- took note of the content of the Report on the work of the Internal Audit in 2020 in the Elektro Maribor Group;
- tasked the Management Board of Elektro Maribor d.d., to realise the written proposals of the auditor of financial statements following the performed pre-audit for 2021, in order to eliminate the identified irregularities and deficiencies;
- based on the report of the Audit Committee, the Supervisory Board was briefed on the range of internal audit transactions for the work plan of the internal audit activity 2022 and established that in the selection of priorities for 2022 it is required to provide additional resources (co-sourcing of internal audit) while assessing which planned internal audits can be substituted or replaced with audits in more risky areas where weak internal controls have been identified in the past;
- was briefed on the Management Board of the Elektro Maribor d.d. cancelling the implementation of the recommendation no. 3-NR3/2020, which refers to the definition of all key tasks of the Management Board in the Articles of Association, thereby accepting the risk of non-compliance with the corporate management best practice;
- took note of the establishment of the Supervisory Board in the subsidiary Energija plus, podjetje za trženje energije in storitev d.o.o. and agreed with the appointment of members of the Supervisory Board;
- took note of the current situation regarding the investment mHE ČAS of the company Oven Elektro Maribor d.o.o.;
- was briefed on the purpose of the purchase of the shareholding in the company Eldom d.o.o.;
- was briefed on the report of the Chairman of the Audit Committee;
- was briefed on the amendments to the Corporate Governance Code for State-Owned Enterprises;
- was briefed on the situation regarding the network integration of renewable energy sources into the distribution system and in the area of Pohorje;
- was briefed on the implementation of the project for the replacement of counters with smart counters and on the signing of Annex no. 3 with the Ministry of Infrastructure to the Contract on the co-financing of the operation of the Project for the replacement of electricity counters with smart counters;
- was briefed on the implementation of the Act on the Promotion of the Use of Renewable Energy Sources (ZSROVE);
- was briefed on the report on the status of the project for the Overhead power line 2×110 kV Murska Sobota–Mačkovci and with the operation of the 35 kV overhead power line Murska Sobota–Mačkovci;
- took note of the reports of the risk management coordinator of the company and the Elektro Maribor Group, reports of the corporate integrity and fraud risk management officer and reports of the information security officer;
- took note of the reports on the progress of individual key strategic projects of the company Elektro Maribor d.d.;

- adopted the renewed document Succession policy for a management function in the company Elektro Maribor d.d.;
- defined the remuneration criteria for the President of the Management Board in the financial year 2021;
- agreed not to pay out any attendance fee for a correspondence session of the Supervisory Board to the members of the Supervisory Board, in accordance with the current practice;
- agreed with the establishment of a building right in respect of the plot no. 1254/8, cadastral municipality 681 Pobrežje, to the benefit of the company SeneCura dom starejših občanov Maribor d.o o., and with the replacement of the plot, after the subdivision of the plot no. 973/2, cadastral municipality 681 Pobrežje, with the newly built plot, where a newly-built transformer station is located;
- took note of the situation regarding timely supplies of strategic material and tasked the Management Board to prepare a rescue plan and duly report to the Supervisory Board;
- took note of the Financial calendar of the company Elektro Maribor d.d. for 2022 and adopted the annual plan of their work for 2022;
- took note of the annual report of the council of workers of Elektro Maribor d.d. and examined the report in accordance with Article 80 of ZSDU;
- was briefed on the debt position for network use;
- was briefed on the publication of public tenders, with audit requests in the public procurement procedures and with legal transactions of the company in the value exceeding EUR 1,000,000, VAT excluded;
- adopted the training programme for Supervisory Board members for 2021;
- was briefed on the intention of the company Elektro Maribor d.d. to re-conclude the liability insurance of management and supervisory bodies of companies and agrees with the insurance policy also including insurance of members of the Supervisory Board of the company;
- performed the self-assessment for 2020;
- recalled the President of the Management Board and appointed a temporary President of the Management Board;
- appointed the HR Committee of the Supervisory Board for managing the selection procedure for the President of the Management Board;
- appointed the external member of the Audit Committee and the external member of the HR committee and specified their remuneration;
- appointed a new Chairman of the Supervisory Board and their deputy and members of the Audit Committee;
- and other.

Attendance at sessions

The attendance of members of the Supervisory Board per individual sessions was as follows:

Table 3: Attendance at sessions of the Supervisory Board of the company Elektro Maribor d.d.

Name and surname	Ordinary session	Correspondence session	Correspondence session
Tomaž Orešič	1,2,3,4,5,6,7,8,9	1,2,3,4,5	1
David Klarič	1,2,3,4,5	1,2,3,4	
Alojz Kovše	1,2,3,4,5	1,2,3,4	
Jože Golobič	2,3,4	1,2,3.4	
Dušan Kovačič	1,2,3,4,5,6,7,8,9	1,2,3,4,5	1
Nenad Kajtezovič	1,2,3,4,5,6,7,8,9	1,2,3,4,5	1
Jože Hebar	6,7	5	
Samo Iršič	6,7,8,9	5	1
Drago Štefe	6,7,8,9	5	1

Costs of work of the Supervisory Board

Table 4: Costs of work of the Supervisory Board of the company Elektro Maribor d.d.

in Euros	2021
Session fees and transport costs of the Supervisory Board – gross	23,715
Payment for the performance of the function of the Supervisory Board	92,419
Session fees and transport costs of the Audit Committee – gross	5,294
Payment for the performance of the function of the Audit Committee	11,880
Insurance premiums	1,872
Other services	1,114
Total costs	**136,293**

Work of the Supervisory Board committees

The Supervisory Board has a three-member Audit Committee of the Supervisory Board which held eight ordinary sessions in 2021.

Table 5: Attendance at sessions of the Supervisory Board committees of the Elektro Maribor d.d.

Name and surname	Ordinary session
Alojz Kovše	1, 2, 3, 4, 5, 6
David Klarič	1, 2, 3, 4, 5, 6
Tomaž Orešič	7, 8
Jože Hebar	7
Samo Iršič	8
Ivana Kuhar	1, 2, 3, 4, 5, 6

At the 48th ordinary session of 14 December 2018, the Supervisory Board of Elektro Maribor d.d. appointed Alojz Kovše, MSc, as the Chairman and David Klarič, MSc, as a member of the Audit Committee of the company Elektro Maribor d.d. At the 6th ordinary session of 8 September 2021, due to the appointment of new members of the Supervisory Board, Tomaž Orešič was appointed the Chairman of the Audit Committee and Jože Hebar was appointed a member thereof. At the 5th extraordinary session in 2021 of 11 November 2021, Jože Hebar was replaced by Samo Iršič in the function of a member of the Audit Committee because he was appointed a temporary President of the Management Board of the Elektro Maribor d.d. Ivana Kuhar, who was appointed in 2014 as one of independent experts qualified in accounting and audit, submitted her resignation on 12 November 2021. On the basis of the implemented public tender, on its 9th ordinary session of 20 December 2021, the Supervisory Board selected an external member of the Audit Committee Branka Neffat, with whom a contract was signed in 2022.

In the discussed period the Audit Committee carried out 8 ordinary sessions on which it adopted 95 decisions, of those no decisions were in progress as at 31 December 2021.

On the basis of the Recommendations for Audit Committees by the Slovenian Directors' Association, the sessions of the Audit Committee were scheduled so as to provide enough time between a session of the Audit Committee and a session of the Supervisory Board to enable all issues, which were discussed at any session of the Audit Committee and required additional monitoring of corrections, to be resolved in the period in between and to be communicated to the Supervisory Board of Elektro Maribor d.d.

At its session, the Audit Committee of the Supervisory Board discussed the following relevant matters:

- Financial reporting

Overview of annual and interim financial statements and business reports of the company/group Elektro Maribor d.d. in 2021; the review of accounting policies of the company/group Elektro Maribor d.d. and all their amendments carried out in 2021, overview of planning of the company/group Elektro Maribor d.d., strategies, policies, annual business plans/reports, accounting and/or business treatment of relevant and unusual business events in 2021, overview of all internal financial and business reports and information.

- **Internal controls and risk management**

In the discussed period, the Audit Committee of the company Elektro Maribor d.d. monitored the internal controls system and the risk management system by reviewing or taking note of the procedures of the company Elektro Maribor d.d. for fraud detection, risk management systems and internal controls system in the company Elektro Maribor d.d.

- **Internal audit**

Internal audit in the company Elektro Maribor d.d. and the Elektro Maribor Group has been operating as an independent function from 2013 and 2014, respectively. On the basis of the capital and corporate change in the subsidiary Energija plus d.o.o., in 2021 the audit environment of the internal audit activity changed, whereby the group also includes, in addition to the controlling company Elektro Maribor d.d., only the subsidiary OVEN d.o.o. The basis for its work is the Fundamental Charter of Internal Audit, which was approved by the Management Board and the Supervisory Board of the company Elektro Maribor d.d. In their work, internal audit is committed to respecting the international framework of professional conduct in internal audit, the Code of Ethics and other rules from the hierarchy of internal auditing rules. The Audit Committee has monitored the efficiency of the work of the internal audit in the company/Elektro Maribor d.d. Group by reviewing the annual plan of work of the internal audit and submitting it for approval or consent to the Supervisory Board of the company Elektro Maribor d.d. Further, it reviewed the suitability of the definition of the purpose, competencies, responsibilities and tasks of the internal audit, prior to its approval by the Supervisory Board; further, it reviewed the suitability and sufficiency of financial and human resources for the realisation of the work plan for 2021 and 2022. The Audit Committee of the company Elektro Maribor d.d. met with the Head of the Internal Audit, without the presence of the Management Board, at every session of the Audit Committee and regularly monitored and discussed quarterly reports on the work of the internal audit and reports on the realisation of the recommendations of internal audit and examined the suitability and timeliness of responses thereto. Likewise, it took note of the programme for the improvement of the quality of internal audit for 2021 and the self-assessment of internal audit for 2020. The Audit Committee of the Supervisory Board of the company Elektro Maribor d.d. took note of the assessment of external evaluation of the quality of internal audit.

- **External audit**

The Audit Committee met with the external auditor after the conducted audit for 2020 and they jointly reviewed the findings of their work. It reviewed the written management representation, letter to the management board, changes in disclosures in the annual report, which are the result of the audit; compliance of the report of the external auditor with the auditor’s report and notes to financial statements; the list of uncorrected audit differences; reviewed the draft auditor’s report. Further, it reviewed the efficiency of conducted procedures for the implementation of external audit for 2020, monitored the content and recommendations written down in the letters to the Management Board for the business year 2020, performed the assessment of the work of the external auditor for 2020, met with the external auditor prior to the beginning of the audit for 2021 and reviewed and discussed the proposed audit plan, reviewed the Independent external auditor’s report on the performed preliminary audit of the Elektro Maribor Group for 2021 with the letter to the Management Board in relation to the preliminary audit for 2021, and took note and approved the criteria for assessing the independent external auditor for 2021.

Due to the change in the composition, the Audit Committee of the Supervisory Board did not carry out the self-assessment of the work of the Audit Committee of the Supervisory Board for 2021.

Assessment of own operation

The main focus of the Supervisory Board's work in 2021 was the monitoring of company's operations, in accordance with the planned results, based on the reports prepared by the company’s Management Board.

The Supervisory Board establishes that the reports and the information were prepared and elaborated in a timely and high-quality manner, which allowed the Supervisory Board to carry out its work smoothly, in accordance with the company's Articles of Association and the applicable legislation.

Annual report audit

The Annual Report audit of the Elektro Maribor d.d. company for 2021 was performed by the audit firm BDO Revizija d.o.o., which on 6 May 2022 issued a positive opinion to the Annual Report of the company Elektro Maribor d.d.

Proposal for allocation of distributable profit

The Supervisory Board agreed to the proposed allocation of distributable profit for 2021, as proposed by the Management Board of Elektro Maribor d.d. The proposal will be submitted to the General Meeting of Shareholders.

Review and approval of the Annual Report and Consolidated Annual Report of the company, and the position on the Audit Report, including proposed decisions for the financial year 2021

The company's Management Board provided the Supervisory Board with the audited Annual Report, including the Auditor's Report, within the statutory deadline. The Supervisory Board discussed the company's Annual Report for 2021, including the report of the audit firm BDO Revizija d.o.o.

In accordance with the provisions of Articles 270 and 294 of the Companies Act, the Supervisory Board ensured that the entire remuneration of the Management Board is in appropriate proportion to the assignments of the Management Board and the company's financial position, and in compliance with the policy concerning such remuneration, and it also noted that remuneration of members of the management and supervisory bodies was disclosed accordingly within the Annual Report.

The Supervisory Board established that the contents of the Annual Report and the Consolidated Annual Report realistically show operations of the company in 2021. The Supervisory Board also took note of the opinion of the authorised audit firm BDO Revizija d.o.o., according to which the company's financial statements fairly present the financial position of the company, and has adopted the following decisions:

- The Supervisory Board finds that the Annual Report was drawn up in accordance with the provisions of the Companies Act and the Accounting Standards.

- According to the Supervisory Board, the Annual Report and the information therein are a credible reflection of the company's operations in the previous financial year.

- Following the final review of the company's Annual Report, the Supervisory Board has no comments and confirms the company's Annual Report for 2021. The Supervisory Board establishes that the authorised audit firm BDO Revizija d.o.o. did not assess legal compliance in the issue of consents for the connection of devices to self-supply.

- The Supervisory Board gives a positive opinion to the Auditor's report on the company's financial statements and consolidated financial statements for 2021, as it finds that it was drawn up in compliance with the law, and based on a diligent and comprehensive overview of the company's Annual Report and operations.

- After the final review of the Annual Report of the Elektro Maribor d.d. company and the Elektro Maribor Group for 2021, the Supervisory Board confirmed the Annual Report of the Elektro Maribor d.d. company and the Elektro Maribor Group for 2021, at its session held on 18 May 2021.

- The Supervisory Board proposes to the company's General Meeting:
    - to adopt the decision not to award the discharge to the President of the Management Board, Boris Sovič, Msc, for the period from 1 January 2021 to 11 November 2021, as he was discharged from the position of the President of the Management Board by the Supervisory Board for reasons of culpability.
    - to adopt the decision for the General Meeting to approve the work of the President of the Management Board, Jože Hebar, for the period from 11 November 2021 to 31 December 2021, and to award the discharge to him.
    - to adopt the decision on awarding the discharge to the Supervisory Board for 2021, as it assessed that the company operated in accordance with the outlined objectives and the plan for 2021.

- The Supervisory Board adopts the Supervisory Board's Report on the review of the company's Annual Report and the Consolidated Annual Report for 2021.

- The Supervisory Board took note of the proposal for convening the General Meeting and of the draft decisions, and agrees fully with the agenda and proposed decisions.

Review of the Report on relations with associated companies for the financial year 2021 (Article 546a of the Companies Act (ZGD-1))

At its 3rd ordinary session, the Supervisory Board addressed and reviewed the Report on relations with associated companies for 2021, in compliance with Article 545 of ZGD-1. The Supervisory Board established that the Report contents comply with the Companies Act. The Report contains legal transactions with the associated company, as well as all implementations, and all necessary information on completed legal transactions.

Based on the Report on relations with associated companies for the previous financial year, the Supervisory Board reviewed all the necessary circumstances and reasons for the conclusion of legal transactions, and established that there were no disadvantages between the companies.

The Supervisory Board adopted the written Supervisory Board's Report on the review of the Report on relations with associated companies, while informing the company’s General Meeting thereof.

In Maribor, on 18 May 2022

Chairman of the Supervisory Board

Samo Iršič

II. Business Report

1 CORPORATE GOVERNANCE STATEMENT

In accordance with the provision of Article 70(5) of the Companies Act (ZGD-1), Elektro Maribor d.d. provides the following corporate governance statement, which is an integral part of this business report and is available on the company's website at www.elektro-maribor.si. The corporate governance statement refers to the period from 1 January 2021 to 31 December 2021.

1.1 Corporate Governance Codes – Statement of Compliance of Operations with the Corporate Governance Codes

As the reference Corporate Governance Code in 2021, Elektro Maribor d.d. used the Corporate Governance Code for State-Owned Enterprises adopted by the Slovenian Sovereign Holding in November 2019 and March 2021[11]. In 2021, the company deviated from the following recommendation:

- Principle 6.14.2: In 2021, the Audit Committee of the Supervisory Board of Elektro Maribor d.d. held eight regular meetings which was appropriate given the work process and course of events in Elektro Maribor d.d.

As a reference code, the company also follows the Corporate Governance Code for Non-Public Companies, which was 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 Slovenian Directors' Association.[12] In 2021, it deviated from the following recommendations:

- Principle 4.6.4: According to the Elektro Maribor d.d's General Meeting of Shareholders, the supervisory body's representatives are of the same gender.
- Principle 6.5: In accordance with the company's Articles of Association adopted at the the Elektro Maribor d.d's General Meeting of Shareholders, the Management Board has only one member.

In corporate governance, the Management Board and the Supervisory Board of Elektro Maribor d.d. follow the Recommendations and Expectations of Slovenian Sovereign Holding, which were adopted in August 2020[13]. In 2021, the company deviated from the following recommendation:

- Recommendation 4.5: The binding collective agreement or the arrangements with employee representatives referring to the payment for the work performed are published on the company's intranet site. The company followed the practice of companies in the portfolio of the same operator.

In the course of its business, Elektro Maribor d.d. continuously strives to improve practices in the field of corporate governance, including proactive corporate communication with different stakeholders. In the context of recommendation 4.5, the company followed the practice of companies in the portfolio of the same operator.

[11] The Corporate Governance Code for State-Owned Enterprises is available on the website of the Slovenian Sovereign Holding, www.sdh.si.

[12] The Corporate Governance Code for Non-Public Companies is available on the website of the Chamber of Commerce and Industry of Slovenia, www.gzs.si.

[13] Recommendations and expectations of the Slovenian Sovereign Holding are published on the website of the Slovenian Sovereign Holding (SDH d.d.), www.sdh.si.

1.2 Description of the main features of internal controls and risk management systems in the company in connection to the financial reporting process

Elektro Maribor d.d. manages risks and carries out internal control procedures. 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 adequate assurance on achievement of objectives and management of key risks. The company's management is responsible for establishing the functioning of the internal control system, whereby the controls are being integrated into business processes and systems.

The objectives of the internal control operation are to ensure the compliance of operation with the legislation and other regulations, standards, contracts and company's internal acts, to ensure reliable and faultless accounting information, asset protection, to achieve the efficiency and effectiveness of operations and to achieve the set strategic objectives.

The supervision over the operation of internal controls is carried out by management supervision, internal audits, external audit of financial statements and other independent assessments. In Chapter Risks of this business report there is a detailed presentation of risk management and control mechanisms in connection with the assessment of individual risk types. The Management Board and the Supervisory Board believe that, in 2021 the present system of internal controls in Elektro Maribor d.d. and the Elektro Maribor Group provided effective and efficient achievement of business objectives, operation in accordance with the statutory provisions and fair and transparent reporting in all material aspects. The Supervisory Board and the Management Board of the company always endeavour to further improve the internal controls system in the company and the Group.

The Management Board is responsible for keeping adequate accounts and establishing and ensuring the functioning of the internal control and internal accounting controls, selection and application of accounting policies and safeguarding of company assets. In connection with the financial reporting procedure, Elektro Maribor d.d. applies, mutatis mutandis, the COSO[14] model of risk management and the system of internal controls. In setting up the internal control system according to the three lines of defence principle[15] it pursues three main objectives:

- accuracy, reliability and completeness of accounting records and true and fair financial reporting;
- compliance with the applicable laws and other regulations, and
- efficiency and effectiveness of operations.

The company's Management Board is striving for such a control system, which, on the one hand, is the most effective in limiting of an adverse event taking place and, on the other hand, to be cost-effective. The company's Management Board is aware that any internal control system, no matter how well it works, has its limitations and cannot fully prevent errors and frauds, however, it must be set up to draw attention to them as soon as possible and provide the Management Board with reasonable assurance on achieving the objectives.

For this purpose, Elektro Maribor d.d. is keeping and improving:

- a transparent organizational chart of the parent company and the Group;
- clear and harmonized accounting policies and their consistent application throughout the entire Elektro Maribor Group;
- efficient organization of the accounting function (functional responsibility) within individual companies and the Elektro Maribor Group;
- reporting for the Elektro Maribor d.d. in accordance with the Slovenian Accounting Standards, for the Elektro Maribor Group in accordance with the International Financial Reporting Standards, including all disclosure requirements and notes;
- regular internal and external audits of business operation processes.

[14] Committee of sponsoring Organizations of the Treadway Commission is the author of the risk management model in the company, which is used under the name COSO model..

[15] The three lines of defence: (1) operational management or risk owners, (2) supervisory functions, including the risk coordinator function, (3) internal audit, with the function of providing independent assurances.

1.3 Notes in accordance with Article 70(6) of the ZGD-1

Pursuant to Article 70(6) of the Companies Act (ZGD-1), Elektro Maribor d.d. provides its details according to the balance as at the last day of the financial year and all the necessary notes:

Share capital structure of Elektro Maribor d.d.

All shares are ordinary registered no-par value shares which give their holder the right to manage the company, the right to a dividend, and the right to payment of the residual value of assets in case of liquidation. All shares are shares of one class and are issued in dematerialised form.

Share transfer restrictions

All shares are freely transferable.

Significant direct and indirect ownership of the company's securities in terms of achieving a qualifying shareholding as defined by the law governing takeovers

The information on the direct and indirect ownership of the company's securities in terms of achieving a qualifying shareholding, as defined by the Takeovers Act (ZPre-1), are published in the Annual Reports. As at 31 December 2021, the Republic of Slovenia held 26,628,994 shares or 79.86%, and Pivovarna Laško Union d.o.o. held 1,922,321 shares, which constitutes 5.76%.

Notes on the holder of securities providing special controlling rights

The company has not issued any securities that would provide special controlling rights.

Employee share scheme

Elektro Maribor d.d. has no employee share scheme.

Notes regarding all restrictions on voting rights

Shareholders of Elektro Maribor d.d. have no restrictions for exercising their voting rights in terms of own shares. As at 31 December 2021, Elektro Maribor d.d. had no own shares due to the withdrawal of own shares in 2019.

Agreements between shareholders that may result in a restriction on the transfer of securities or voting rights

There are no such agreements.

Company policy on appointing and replacing members of the management or supervisory bodies and amendments to the Articles of Association

When appointing and replacing members of the management or supervisory bodies and amendments to the Articles of Association, Elektro Maribor d.d. follows the applicable legislation and the company's Articles of Association.

Members of the Supervisory Board, the representatives of capital, are appointed and recalled by the company's General Meeting, while the members of the Supervisory Board, the workers' representatives, are appointed by the Works Council. The Management Board is appointed and recalled by the company's Supervisory Board. The General Meeting adopts the company's Articles of Association and decides on its amendments.

Powers of members of the management, particularly with regard to own shares

In 2021, the General Meeting of Elektro Maribor d.d. did not grant an authorisation to the company's Management Board for purchasing own shares.

Important agreements, which enter into force, are amended or terminated based on the change in control of the company resulting from a public takeover bid

There are no such agreements.

Agreements between Elektro Maribor d.d. and members of the management or supervisory body or employees providing for compensation if due to a bid as determined by the law governing takeovers, these persons resign, are dismissed without valid reason, or their employment is terminated

There are no such agreements.

1.4 Notes on the operation of the General Meeting of Elektro Maribor d.d. and its key powers, and a description of the shareholder's rights and the manner in which they are exercised

A shareholder exercises its rights at the General Meeting. The General Meeting is convened and held in accordance with the applicable regulations. The holder of the shares has the right to manage the company, the right to a dividend, and the right to payment of the residual value of the assets in case of liquidation.

1.5 Notes on the composition and operation of the management and supervisory bodies and their committees

The composition and operation of the management and supervisory bodies are described in Chapter Presentation of Elektro Maribor d.d. and the Elektro Maribor Group.

1.6 System of compliance of operation and corporate integrity

Integrity of Elektro Maribor d.d. is of key importance for the performance of the mission of Elektro Maribor d.d. The company aims at this by both, the implementation of statutory provisions and enforcing the codes and rules of operation adopted by the Management Board in order to ensure transparent operation of Elektro Maribor d.d. This involves a commitment to ethical action, in accordance with the highest expectations and standards, all with the objective to ensure best corporate governance practice.

There is an integrity system in place in order to establish and implement a system of business compliance and integrity in the company. A Corporate Integrity Officer has been appointed (Officer). The Officer was not subjected to undue influence, and was guaranteed independence in the performance of his or her duties.

1.7 Diversity policy

In accordance with the Corporate Governance Code for State-Owned Enterprises of the Slovenian Sovereign Holding, and the Corporate Governance Code for Non-Public Companies, the Supervisory Board of Elektro Maribor d.d. developed, and on 22 December 2020 adopted 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.

Company bodies promote diversity for the benefit of the company. The company accepts the advantages of diversity, as it is a reflection of respect for universal human values and also one of the essential elements in preserving the development and competitive advantages of the company. In accordance with the decision of the General Meeting, the supervisory body is made up of representatives of one gender.

Maribor, 18 May 2022

President of the Management Board	Chairman of the Supervisory Board
Jože Hebar, BSc (Elec Eng)	Samo Iršič

2 STATEMENT ON NON-FINANCIAL OPERATIONS[16]

In accordance with Article 70c of the ZGD-1, the Annual Report of Elektro Maribor d.d. and the Elektro Maribor Group for 2021 (hereinafter the Annual Report) includes disclosures of non-financial information on environmental, social and HR issues, respect for human rights and issues related to combating corruption and bribery.

Elektro Maribor d.d. discloses information on non-financial operations based on the international reporting framework under the GRI (Global Reporting Initiative) guidelines. Information with a description of the business model and policies of the company regarding such matters, including the main risks and key non-financial performance indicators are presented throughout the annual period with references to individual GRI indicators.

The Annual Report is prepared according to GRI standards - the basic option. In writing the report, we also complied with the Companies Act (ZGD-1), the Slovenian Accounting Standards (SRS), the International Financial Reporting Standards (IFRS), and the Recommendations and Expectations of the Slovenian Sovereign Holding. The Annual Report is being prepared by individual expert service departments at Elektro Maribor d.d. and the subsidiaries.

The business section of the Annual Report provides a comparison of individual realised data for the three-year period (2019–2021), while the financial section presents data for two years (2020–2021). A comparison of certain financial data in 2021 with regard to the planned, is shown in the chapter Business Analysis.

As part of the non-financial reporting, we disclose key aspects of sustainable operations, which include the most important economic, social and environmental impacts of sustainable development and stakeholders of Elektro Maribor d. d. In selecting indicators and aspects of reporting, we followed the principle of materiality or significance. Immaterial indicators and aspects of sustainability reporting are not reported. The GRI Reporting Standards Index is presented at the end of the Annual Report.

Table 6: Key aspects of sustainability reporting

Economic impacts	Economic performance
	Indirect economic impacts
	Anti-corruption
Social impacts	Employment
	Occupational health and safety
	Training and education
	Diversity and equal opportunity
	Non-discrimination
	Marketing and labelling
Environmental impacts	Energy
	Emissions
	Effluents and waste

The company has a publicly available Diversity policy of Elektro Maribor d.d., the aim of which is to ensure the good and sustainably oriented operation of the management and supervisory body. More about the business model and diversity policy is presented in detail in the Corporate Governance Statement chapter and the chapter Presentation of the company and the Elektro Maribor Group.

Elektro Maribor d.d. applies a well-regulated risk management method to mitigate the negative impacts of risks on the achievement of goals and to enhance the positive impacts. We have adopted a Risk Management Policy and based on the risk register appointed risk managers to be in charge of individual risks. More about risks is presented in detail in the Risks chapter.

Elektro Maribor d.d. complies with applicable regulations and policies relating to environmental, social and HR issues, respect for human rights and the combating of corruption and bribery.

[16] GRI 102-16, 102-45 – 102-54, 102-56, 205-1 – 205-3, 406-1

Environment

Due to the importance of the company's activity in ensuring a quality life of the population and the economic development, we demonstrate our responsibility to the environment especially through effective sustainable realisation of our mission and by supporting humanitarian projects and projects emphasising innovation, creativity and excellence. In this field, we have introduced quality systems, which are explained in more detail in chapter Quality system. We are aware of our corporate social responsibility in creating conditions for green transformation in the wider environment. The results evidence our efforts. We have integrated an above-average share of advanced metering systems for our users, provided the network with an above-average share of underground as well as overhead lines, and integrated an above-average number of renewable energy sources into the network in our area.

We are also focused on enhancing our own energy efficiency. As the first company in this sector, we started calculating the carbon footprint and adopting measures for its management already in 2011. In 2020, we implemented the new ISO 50001 standard: Energy Management System and integrated it into the quality system together with the other standards. The key non-financial indicators and a detailed content are presented in the chapter Environmental impacts.

Social and HR issues

Concern for employee development and education, monitoring employee satisfaction and commitment, concern for safety and health at work and workplace health promotion are just some of the main factors in employee management.

The HR policy of the company and the Elektro Maribor Group pursues the objective of placing the appropriate staff to the appropriate job positions in accordance with the applicable regulations and key staff development.

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

The placement of employees to job posts and their career advancements are transparent. Employees have the opportunity to express their expectations and interest in another field of work, which the company takes into account to the extent possible.

When placing the employees to job posts, the company also follows the diversity policy and strictly adheres to the prohibition of discrimination against employees, as required by applicable law.

Respect for human rights

As a reference code, the company uses the Corporate Governance Code for State-Owned Enterprises adopted by Slovenian Sovereign Holding (hereinafter as SSH). The Code of Business Conduct and Ethics of Elektro Maribor d.d. (hereinafter the Code) is aimed at all employees of 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 unethical business conduct and behaviour in the company. And making an effort to correctly cooperate, respect, consider and cooperate with colleagues and create a favourable climate or culture in the company and beyond.

The Code also applies to other persons when they perform various works or activities in the company.

The Code is published on the company's intranet and website, and available to employees for viewing also in the secretary offices and regional/service units of the areas.

We continuously raise awareness among employees about ethical operations and conduct of employees in accordance with the Code. All employment contracts include a provision on compliance with the Code.

Combating of corruption and bribery

The term "whistleblower" is used in relation to corruption and its detection (or disclosure). This is a person who discloses any information concerning irregularities and illegal or unethical acts, usually in an organization where he or she is or has been employed. This person usually remains anonymous. Elektro Maribor d.d. organised an education course on the subject of integrity, prevention of corruption and protection of whistleblowers.

In 2021, Elektro Maribor d.d. actively proceeded with the process of identification of fraud risks. To this end, we also catalogued the controls preventing unethical activities and the possibilities of fraud.

In 2021, we addressed four applications for the issuance of consent to perform supplementary work. We did not receive any applications regarding cooperation in management and supervisory boards.

Elektro Maribor d.d. is a signatory to the Declaration on Fair Business and the Slovenian Corporate Integrity Guidelines, thus belonging to the circle of corporate integrity ambassadors.

We have adopted the Policy of prevention, detection and investigation of fraud and the Rules on prevention, detection and investigation of fraud. We have an elaborated Integrity Plan of Elektro Maribor d.d., the main purpose of which is to strengthen the integrity and transparency, and to prevent and eliminate corruption, conflicts of interests, unlawful or other unethical practices.

The integral parts of the Integrity Plan are:

- Risk register of corrupt, unlawful or other unethical practices,
- Rules on opening boxes and handling notices addressed to the corporate integrity officer,
- Rules on handling received gifts.

In 2021, we addressed seventeen reports of suspected unethical conduct. In 2021, there were no identified cases of corruption and bribery.

President of the Management Board:
Jože Hebar, BSc (Elec Eng)

3 SIGNIFICANT EVENTS

3.1 Significant events in 2021

Covid-19 epidemic
The Covid-19 epidemic continued into 2021 as well. Facing it remains a national and corporate priority, as well as a new reality, before it is possible to return life to conventional frames by appropriate vaccination coverage of the population.

The company takes care of the health of its employees through a number of measures. In cooperation with the competent health care institutions, we, as providers of critical infrastructure, enabled employees to be vaccinated.

In accordance with the Ordinance of the Government of the Republic of Slovenia, the company was obliged to ensure that employees complied with the RVT requirement. The verification of the RVT requirement was carried out in accordance with the issued measures and instructions for all employees. The employees were also allowed to self-test.

Advanced metering infrastructure
We successfully completed the construction of the advanced measuring infrastructure (AMI) ahead of schedule. All classic electromechanical meters have been replaced with new advanced ones. The advanced metering infrastructure in the distribution area of Elektro Maribor already includes 99.5% of all meter points. This will help us reach our goal, according to which all meter points should be included in the advanced metering infrastructure by the end of 2025, much sooner.

Sale of the majority share of Energije plus d.o.o.
In June 2021, management of Holding Slovenske elektrarne d. o. o. (HSE) and Elektro Maribor d.d. signed an agreement on the sale or purchase of the majority, 51% ownership interest of the company for the sale of electricity and services Energija plus d.o.o. Entry of HSE, the leading producer of electricity from renewable sources in the country, into the company Energija plus d.o.o. will be finalized after the approval of the Slovenian Competition Protection Agency.

Company's General Meeting of Shareholders
In 2021, the shareholders of Elektro Maribor d.d. met at two regular sessions of the General Meeting, namely:

- on 30 June 2021 at the 26th regular session of the company's General Meeting, where 87.66% of share capital was represented. The company's General Meeting of Shareholders took note of the audited Annual Report and the Consolidated Annual Report of the company for 2020 accompanied by the auditor's opinion and the report of the Supervisory Board on the verification and approval of the Annual Report and the Consolidated Annual Report of the company for the financial year 2020; with the report of the Supervisory Board on the verification of the management report on relations with related enterprises, with the remunerations of the management and supervisory members of the company and with Supervisory Board's policies on other rights of the Management Board. A proposal was adopted to use the entire distributable profit for distribution to the company's shareholders in the form of dividends paid by the company on 30 September 2021. The General Meeting confirmed and approved the work of the Management Board and the Supervisory Board in the financial year 2020, and also granted discharge to the Management Board and the Supervisory Board. The General Meeting elected Samo Iršič as a member of the Supervisory Board representing the shareholders for a four-year term of office from 1 September 2021 onwards.

- on 16 August 2021 at the 27th regular session of the company's General Meeting, where 83.59% of share capital was represented. The company's General Meeting of Shareholders adopted the amendments to the Articles of Association of the public limited company, which relate, inter alia, to the supplementation of the company's activities, harmonisation of the Articles of Association with the Companies Act and more precise definition of the rules for conducting an electronic general meeting. As of 31 August 2021, the company's General Meeting of Shareholders recalled three current members of the Supervisory Board and elected Jože Hebar, Tomaž Orešič and Mag. Drago Štefe for a four-year term of office from 1 September 2021 onwards.

Constitutive meeting of the Supervisory Board of Elektro Maribor d.d.

Due to the commencement of the term of office of Supervisory Board members, representatives of shareholders, the members of the Supervisory Board of Elektro Maribor d.d. met on 8 September 2021 at a constitutive meeting. The members took note of the work method of the Supervisory Board and its committee, and discussed future joint work. Jože Hebar was appointed as Chairman of the Supervisory Board, Samo Iršič as Deputy Chairman of the Supervisory Board and Tomaž Orešič as Chairman of the Audit Committee.

Amendments to the Network Charges Act

On 2 September 2021, the Energy Agency adopted amendments to the Legal Act on the methodology for determining the regulatory framework and the methodology for charging the network charge for electricity system operators; (hereinafter the Legal Act) for 2022. Based on the Legal Act, the Energy Agency issued a decision on 15 December 2021, which determined the value framework for the 2022 regulatory year.

Year-on-year network charge deficit

In 2021, there was a year-on-year deficit of the network charge for the distribution system. Part of the network charge deficit for 2021 was covered by SODO d.o.o. from available network charge surpluses from 2018 and 2019. For the remaining part, SODO d.o.o. had been reducing the payments of monthly contractual obligations to all electricity distribution companies (hereinafter as EDC) since May 2021. By doing so, the bulk of the liquidity burden had been transferred to EDCs. The estimated value of the annual distribution network charge deficit for 2021 was taken into account by the Agency when determining the regulatory framework for 2022 in the share of one third.

Annex no. 2 to the Contract with SODO d.o.o.

In September 2021, Elektro Maribor d.d. signed Annex no. 2 to the Contract on the lease of electricity distribution infrastructure and provision of services for the distribution system operator. By Annex no. 2, we thus regulated the contractual relationship for the 2022 regulatory year.

Self-supplies

In 2021, we recorded an extremely large volume of received applications for self-supply, which largely results from the disproportionate benefits received by investors.

For the distribution system, massive network integration of dispersed production resources constitutes a significant challenge, especially given the fact that due to dispersed population in the company's supply area, the lengths of the network per meter point are significantly greater, and that also otherwise, the distribution system of the company has an above-average volume of dispersed resources, and, in particular, that the expected power in the applications for consents for connection is significantly higher.

Replacement of the President of the Management Board

In November 2021, the Supervisory Board of Elektro Maribor d.d. relieved the President of the Management Board, Boris Sovič, from office, and determined that Jože Hebar, who was the Chairman of the Supervisory Board of the company, shall run the company until the new President of the Management Board is selected.

Platinum creditworthiness

In July 2021, Elektro Maribor d.d. was awarded Platinum Creditworthiness Certificate for 2021 by Dun & Bradstreet d.o.o. Dun & Bradstreet with a certificate confirms that the business entity meets the highest international standard of excellence AAA for at least the fifth year in a row and belongs to the Platinum Creditworthiness status of credit rating excellence in Slovenia. The business entity meets the criteria of credit excellence for the year 2021 and is one of the most reliable Slovenian business entities that are entitled to use internationally recognized status Platinum Excellence, which is a symbol of the standard of creditworthiness.

Publications

In honour of the 30th anniversary of independent Slovenia, the company published the book "Elektro Maribor in the pursuit of an independent and sovereign Slovenia (memories, testimonies and documents)". The publication talks about the time of great ordeals and courageous acts of colleagues, and about the significance of electricity distribution activities during the war of independence. The presentation of the book took place in July 2021 in Ptuj, where in 1991 the first shooting incident occurred during the independence of Slovenia, when a JLA operative shot at a company employee who was on official duty.

The company also issued a publication entitled "Operation of the distribution system and operations of Elektro Maribor", which shows the results of the distribution system operation and business operation in the history of Elektro Maribor d.d.

The publications are also available in electronic format on the Company's website.

Purchase of the small-scale hydropower plant Čas of the company OVEN

OVEN d.o.o. went ahead with the purchase of the MHE Čas, increasing the installed power by 16%. On average, MHE Čas produces an additional 2 GWh of production annually.

Supervisory Board and Works Council of Energija plus d.o.o.

Based on the amendment to ZGD-1K, Energija plus d.o.o. appointed a three-member Supervisory Board and an Audit Committee. Also, in accordance with the amending act, Energija plus d.o.o. formed a Works Council, who appointed its representative to the company's Supervisory Board.

3.2 Significant events after the end of the financial year

Covid-19 epidemic

The epidemic continued into 2022. In January 2022, the number of infections with the new coronavirus SARS-CoV-2 – Omicron variant was causing an increase in Covid-19 cases. As a result, the company's absence from work due to sick leave increased. There were also many absences due to risky contacts in the home environment. In these circumstances, the operation of critical infrastructure, which includes the distribution of electricity, is particularly important. Elektro Maribor d.d. continues to take care of the health of its employees by a number of measures.

Act Determining Emergency Measures to Mitigate the Consequences due to the Impact of High Energy Prices

On 22 February 2022, the National Assembly of the Republic of Slovenia adopted the Act Determining Emergency Measures to Mitigate the Consequences due to the Impact of High Energy Prices (ZUOPVCE), which entered into force on 5 March 2022. Article 4 of the Act stipulates that the tariff items for the distribution and transmission operator for billing capacity and collected working energy for all customer groups shall be reduced to zero. The identified network charge deficit for 2022 resulting from the exemption of network charge for the distribution and transmission system for final customers from all consumer groups shall be covered by the Energy Agency amending the general legal act determining the methodology for setting eligible costs, and in the process of establishing deviations from the regulatory framework for 2022 reduce the recognised rate of return on assets of the distribution and transmission operator. The measure shall apply from 1 February 2022 to 30 April 2022.

This Act will have a negative impact on the operations of the company Elektro Maribor d.d. in 2022, as it means approximately EUR 70 million less inflows to SODO d.o.o. for the network charge for the distribution network, which is used to cover the costs of renting electricity infrastructure and providing services to electricity distribution companies. In 2022, the measure will thus have an impact on reduction of regulated revenues of electricity distribution companies and, consequently, on their solvency.

On 10 March 2022, a Petition to initiate the procedure for the review of the constitutionality of Article 4 of the Act Determining Emergency Measures to Mitigate the Consequences due to the Impact of High Energy Prices has been lodged with the Constitutional Court of the Republic of Slovenia, on 18 March 2022, the Request for the review of the constitutionality of Article 4 of the Act Determining Emergency Measures to Mitigate the Consequences due to the Impact of High Energy Prices, and on 28 March 2022, the Petition to initiate the procedure for the review of the constitutionality of Article 4 of the Act Determining Emergency Measures to Mitigate the Consequences due to the Impact of High Energy Prices. The Constitutional Court of the Republic of Slovenia ruled on these two petitions and one request for the review of the constitutionality on 8 April, 12 April and 14 April 2022, and also dismissed both petitions and the request for the review of the constitutionality.

Annex no. 3 to the SODO d.o.o. Contract
With SODO d.o.o., we harmonised the content of Annex no 3 to the SODO d.o.o. Contract, which relates to the new regulatory framework for 2022. The Energy Agency gave its consent to the said Annex. Annex no. 3 determines contract values for renting the electricity infrastructure and performing services for SODO d.o.o., and time schedule for 2022. The Annex was signed by both parties on 15 April 2022.

Annex no. 4 to the SODO d.o.o. Contract
Based on the measure referred to in Article 4 of the ZUOPVCE Act, the content of Annex no. 4 to the SODO d.o.o. Contract, which relates to the reduction in the value of monthly rents charged for electricity infrastructure and services for SODO d.o.o. for the duration of the measure, was harmonised together with SODO d.o.o.

Function of the Compliance Officer
In accordance with the Corporate Governance Code for State-Owned Enterprises, Elektro Maribor d.d. appointed a Compliance and Integrity Officer.

Appointing the President of the Management Board of Elektro Maribor d.d.
At the extraordinary meeting of the Supervisory Board held on 21 February 2022, Jože Hebar was unanimously appointed President of the Management Board of Elektro Maribor d.d.

Managing the Energija plus d.o.o.
On 28 March 2022, the company member of Energija plus d.o.o., conferred power of procuration upon Mr Alan Perc.

4 PRESENTATION OF ELEKTRO MARIBOR D.D. AND THE ELEKTRO MARIBOR GROUP[17]

4.1 Parent company Elektro Maribor d.d.

Elektro Maribor, podjetje za distribucijo električne energije, d. d., is an integral part of the electricity system of the Republic of Slovenia, and one of five electricity distribution companies in the Republic of Slovenia.

Elektro Maribor d.d. is a provider of essential services in the field of energy, subsection electricity, namely for electricity distribution services.

Company name:	ELEKTRO MARIBOR, podjetje za distribucijo električne energije, d.d.
Short company name:	Elektro Maribor d.d.
Registered office:	Vetrinjska ulica 2, 2000 Maribor
Company registration number:	5231698
Tax number:	46419853
Current bank account:	SI56 0451 5000 0570 965 Nova KBM d. d. SI56 0294 1025 8087 934 NLB d. d. SI56 3500 1000 0478 316 BKS Bank AG
Share capital:	EUR 203,932,512
Entry in the court register of legal entities:	Maribor District Court, entry 1/00847/00
Code of main activity:	D 35.130 Distribution of electricity
Number of employees as at 31 Dec 2021:	770
Supply area:	North-East Slovenia
Company size according to the ZGD-1:	large company
President of the Management Board:	Jože Hebar
Toll-free call centre numbers:	080 21 05 (24- hour service for reporting failures and interruptions in the network) 080 21 01 (general information)
General email address:	info@elektro-maribor.si
Website:	www.elektro-maribor.si
Web portal for network users:	mojelektro.si

Figure 13: Company profile of Elektro Maribor d.d.

[17] GRI 102-1 – 102-7; 102-10; 102-12; 102-13; 102-18; 405-1

The main objectives of the company are:

- in the role of a distribution operator, to ensure quality and reliable supply of electricity to all users in the area of the company in an environmentally friendly and safe manner;
- sustainable operation, maintenance and development of an efficient electricity distribution system;
- to provide a technologically advanced distribution system and a long-term system capacity to meet the reasonable needs of the economy and the population for the distribution of electricity;
- to take into account the social and environmental aspects of business operations in order to ensure sustainable development of the company;
- to increase the value of the company and meet the expectations of shareholders and other stakeholders,
- to create a work environment in which employees have the opportunity to develop and put forward their skills.

4.1.1 Activity of Elektro Maribor d.d.

Elektro Maribor d. d. carries out the main activity (distribution of electricity to business and household customers) in the north-eastern part of Slovenia, in an area of 3,992 km2, which represents almost one fifth of the country's territory.

In addition to the registered activity, the company pursues other activities necessary for its existence and the implementation of the registered activity.

Figure 14: Logo of Elektro Maribor d.d.

4.1.2 Organizational structure of Elektro Maribor d.d.

Management Board

Jože Hebar, President of the Management Board

Distribution Area

Silvo Ropoša, Area Director.

Andrej Roškar, Assistant Area Director

Arpad Gaal, Assistant Area Director

Mitja Prešern, Assistant Area Director

Directors of regional units:

Mladen Žmavcar - Regional Unit Maribor with its surrounding area

Uroš Kolarič – Regional Unit Murska Sobota

Franc Šmigoc - Regional Unit Ptuj

Miran Đuran - Regional Unit Slovenska Bistrica

Andrej Leskovar - Regional Unit Gornja Radgona

Service Area

Andrej Dolšak, Area Director

Directors of service units:

Damir Ćatič – Service Unit Maribor

Andrej Sraka - Service Unit Ljutomer

Head of the measuring laboratory:

Sašo Vukadinović

Finance and Economics Area
Mag. Andreja Zelenič Marinič, Area Director

Area of Joint Expert Services
Tatjana Vogrinec Burgar, Area Director

Projects Director
Mag. Peter Kaube, Projects Director

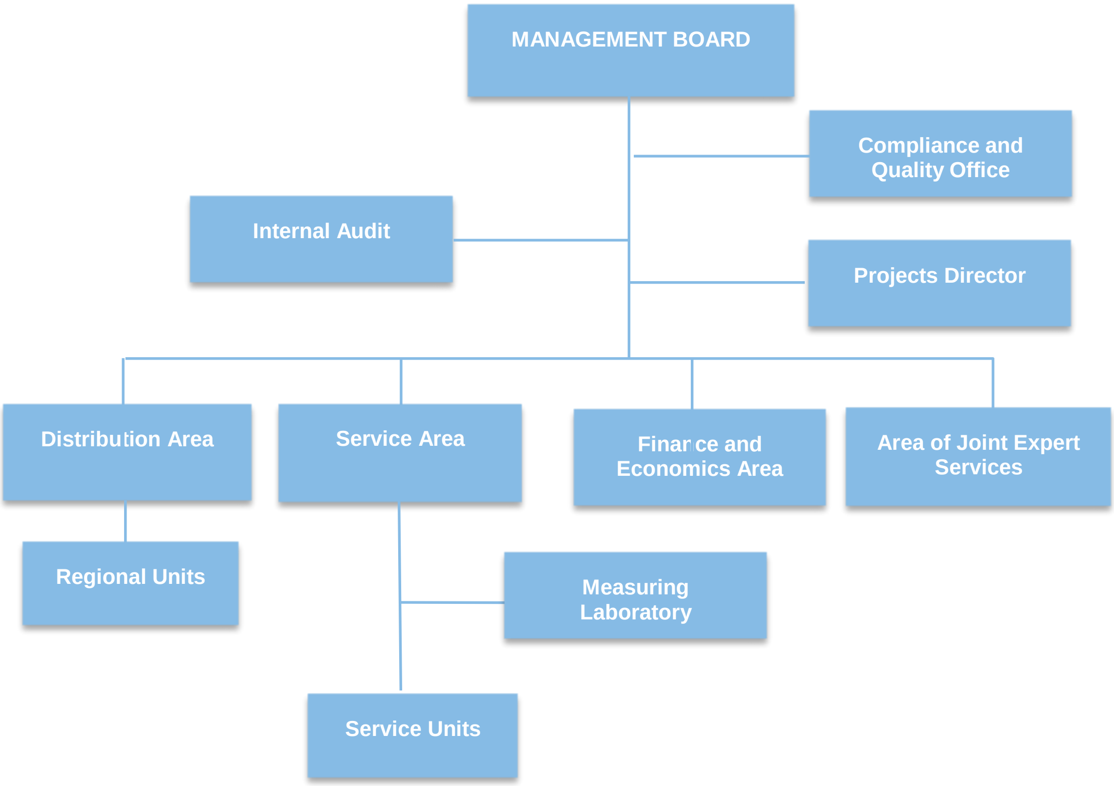

Figure 15: Organizational structure of Elektro Maribor d.d.

4.1.3 Management and corporate governance of Elektro Maribor d.d.

The company's management operates under a two-tier management system in accordance with the law, Articles of Association and internal regulations of a public limited company, with due consideration given to the reference code and the corporate governance policy.

At the General Meeting, shareholders exercise their rights in relation to the company. In accordance with the Articles of Association, the Company has a two-tier management system with a six-member Supervisory Board (four shareholders' 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 determined by the Company's Articles of Association and the law.

The company is managed by the Management Board, and its operations are supervised by the Supervisory Board. The Management Board has one member, who is appointed and dismissed by the company's Supervisory Board. The Management Board's term of office is four years with the possibility of reappointment.

On 11 Novemer 2021, the Supervisory Board of Elektro Maribor d.d. recalled the President of the Management Board, Mag Boris Sovič, and appointed Mr Jože Hebar, the Chairman of the Supervisory Board, as temporary President of the Management Board. After 11 November 2022, the Supervisory Board consisted of five members.

Table 7: Composition of Management of Elektro Maribor d.d. in 2021

Name and surname	Function (President, Member)	Area of work in the management	First-time appointment to office	End of function / term of office	Gender	Citizenship	Year of birth	Degree of education	Professional profile	Membership in supervisory bodies of unrelated companies
Boris Sovič	President of the Management Board	runs and represents the company	12 Mar 2012	11 Nov 2021	M	SLO	1956	university graduate in electrical engineering, Master of electrical engineering	management, electricity system	NO
Jože Hebar	temporary President of the Management Board	runs and represents the company	11 Nov 2021	Until the appointment of the President of the Management Board, no later than 11 Nov 2022	M	SLO	1968	university graduate in electrical engineering	management, electricity system	YES

Table 8: Composition of the Supervisory Board and Committees in 2021

Name and surname	Function (Chairman, Deputy, SB Member)	First-time appointment to office	End of function / term of office	Shareholder/ employee representative	Attendance at SB meetings by the total number of SB meetings (e.g. 5/7)	Gender	Citizenship	Year of birth	Degree of education	Professional profile	Independence as per Sec. 23 of the Code (YES/NO)	Conflict of interest in the financial year (YES / NO)	Membership in supervisory bodies of other companies	Membership in Committees (Audit, HR, Remuneration Committee…)	Chairman / Member	Attendance at committee meetings by the total number of committee meetings (e.g. 5/7)
Tomaž Orešič	Chairman until 31 Aug 2021; Member	12 Dec 2014	1 Sep 2025	Shareholder representative	15/15	M	SLO	1970	university graduate in electrical engineering	management, electricity system	YES	NO	NO	YES / Audit Committee from 8 Sep 2021	Chairman	2/8
David Klarič	Deputy	1 Sep 2017	31 Aug 2021	Shareholder representative	9/15	M	SLO	1974	university graduate in economy, MSc	finance, accounting	YES	NO	NO	YES / Audit Committee	Member from 31 Aug 2021	6/8
Alojz Kovše	Member	13 Dec 2018	31 Aug 2021	Shareholder representative	9/15	M	SLO	1955	university graduate in economics, MBA	finance, accounting	YES	NO	YES	YES / Audit Committee	Chairman until 31 Aug 2021	6/8
Jože Golobič	Member	13 Dec 2018	31 Aug 2021	Shareholder representative	7/15	M	SLO	1973	university graduate in law	law	YES	NO	YES	NO	/	/
Dušan Kovačič	Member	14 Jul 2014	13 Jul 2022	Employee representative	15/15	M	SLO	1965	university graduate in electrical engineering	electricity system	YES	NO	NO	DA/ HR Committee	Member	Start of operation of the HR Committee in 2022/
Nenad Kajtezović	Member	14 Jul 2018	13 Jul 2022	Employee representative	15/15	M	SLO	1971	Electrical engineer	electricity system	YES	NO	NO	NO	/	/
Jože Hebar	Chairman from 8 Sep 2021 to 11 Nov 2021; from 11 Nov 2021 dormant membership	1 Sep 2021	1 Sep 2025	Shareholder representative	3/15	M	SLO	1968	university graduate in electrical engineering	electricity system	YES	NO	NO	YES / Audit Committee – until 11 Nov 2021	Member	1/8
Samo Iršič	Deputy Chairman from 8 Sep 2021 to 11 Nov 2021; Chairman from 11 Nov 2021	1.9.2021	1 Sep 2025	Shareholder representative	6/15	M	SLO	1971	Master of management	finance, logistics	YES	NO	NO	YES / Audit Committee and HR Committee, both from 11 Nov 2021	Member of the Audit Committee, Chairman of the HR Committee	RK - 1/8; Start of operation of the HR Committee in 2022/
Drago Štefe	Member	1 Sep 2021	31 Jan 2022- resignation	Shareholder representative	6/15	M	SLO	1937	MBA, electrical engineer	electricity system	YES	NO	NO	NO	/	/

Table 9: Composition of external committee members in 2021

Name and surname	Committee	Attendance at committee meetings by the total number of committee meetings (e.g. 5/7)	Gender	Citizenship	Degree of education	Year of birth	Professional profile	Membership in supervisory bodies of unrelated companies
Ivana Kuhar	Audit Committee, until 12 Nov 2021	6 of 8	F	SLO	University graduate in economics	1970	finance, accounting	membership in supervisory body of unrelated companies

In 2021, the Supervisory Board of Elektro Maribor d.d. adopted a resolution on the appointment of an external member of the HR Committee, Prof. Dr Dušan Jovanovič, and an external member of the Audit Committee, Branka Neffat. They both signed work contracts and began performing their duties in 2022.

In the course of business operations, the company follows the provisions of the Corporate Governance Code of State-Owned Enterprises and the Recommendations and Expectations of the Slovenian Sovereign Holding.

As reference codes, the company is using the Corporate Governance Code for State-Owned Enterprises and the Corporate Governance Code for Non-Public Companies - advanced level, which was prepared by the Ministry of Economic Development and Technology of the Republic of Slovenia, the Chamber of Commerce and Industry of Slovenia and the Slovenian Directors' Association.

The main policy of the corporate governance is an efficient, transparent and understandable corporate governance system. The governance policies are in harmony with the vision, mission, values and strategies defined by business plans and other company documents and which define the Group as the holder of quality and business excellence and sustainable development, with a significant impact on the wider social community and all stakeholders.

Following the provisions of applicable laws and corporate governance rules of the company contributes to the promotion of transparent and efficient governance practice, aiming at creation of company's long-term value, increasing the responsibility of individual interest groups, improving the economic environment, and increasing the company's competitive ability.

4.1.4 Ownership structure and shares

Elektro Maribor d.d. is a public limited company with a share capital of EUR 203,932,512 divided into 33,345,302 ordinary registered no-par-value shares EMAG. Each share represents an equal stake and corresponding amount in the share capital.

Since 2017, the shares of Elektro Maribor d.d. have been listed on the SI ENTER market, namely in the segment of the Equity Market - Enter Basic..

In September 2021, the shares of Elektro Maribor d.d. reached the highest value of EUR 3.40 per share, and the lowest in January 2021, which amounted to EUR 2.10 per share. In 2021, the average value of the EMAG share in the SI ENTER market amounted to EUR 2.82, which is 5% more than in 2020.

In 2021, 29 transactions were performed in the SI ENTER market in the total volume of 13,107 EMAG shares.

As at 31 December 2021, there were 659 shareholders listed in the share register Elektro Maribor d.d., which is 9 shareholders or 1% less than on 31 December 2020.

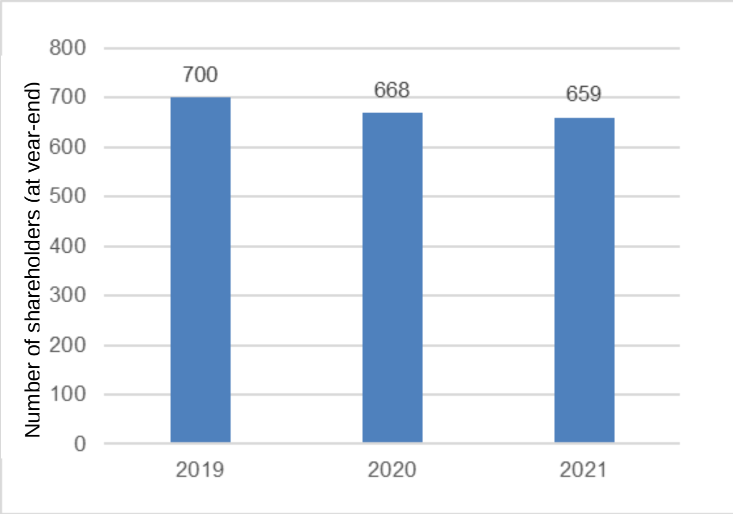

Figure 16 : Changes in number of shareholders of Elektro Maribor d.d.

In 2021, there was a change in the shareholder structure of Elektro Maribor d.d. The ownership interest held by Ampelus Holding Limited, based in Cyprus, was acquired by Kalantia Limited, also based in Cyprus. The Republic of Slovenia remains the major shareholder of Elektro Maribor d.d.

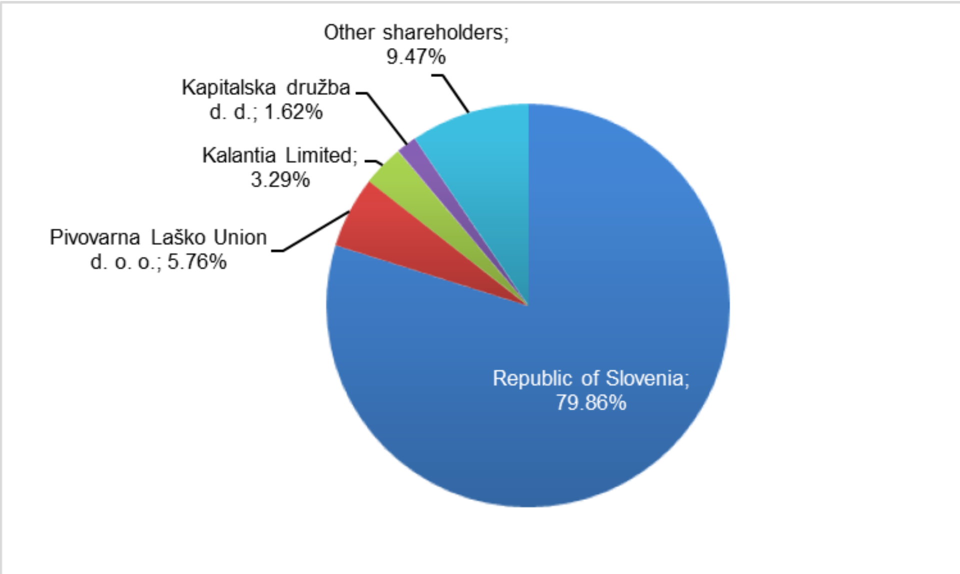

Figure 17: Shareholder structure of Elektro Maribor d.d. as at 31 December 2021

Table 10: Major shareholders of Elektro Maribor d.d. as at 31 December 2021

Shareholder	Address	Number of shares
Republic of Slovenia	Gregorčičeva ulica 2, Ljubljana, Slovenia	26,628,994
Pivovarna Laško Union d.o.o.	Pivovarniška ulica 2, Ljubljana, Slovenia	1,922,321
Kalantia Limited	28 Oktovriou, 261 View Point Tower, Limassol, Cyprus	1,096,070
Kapitalska družba d.d.	Dunajska cesta 119, Ljubljana, Slovenia	539,745
Other shareholders	-	3,158,172
Total		**33,345,302**

Table 11: Number of shares owned by Supervisory and Management Board members as at 31 December 2021

Name and surname	Function	Number of shares	Equity interest
Supervisory Board			
- Internal members		**594**	**0.0003%**
Dušan Kovačič	Member of the Supervisory Board	200	0.0001%
Nenad Kajtezovič	Member of the Supervisory Board	394	0.0002%
- External Members		**0**	**0.0000%**
Samo Iršič	Chairman of the Supervisory Board	0	0.0000%
Tomaž Orešič	Member of the Supervisory Board	0	0.0000%
Drago Štefe	Member of the Supervisory Board	0	0.0000%
Management Board		**0**	**0.0000%**
Jože Hebar	President of the Management Board	0	0.0000%

Shareholder's lawsuit

In 2015, a shareholder of Elektro Maribor d. d., Ampelus Holding Limited, filed a motion with the Maribor District Court for appointing an extraordinary auditor under Sec. 322 of the ZGD-1. In its motion, the applicant stated that an incorrect valuation of depreciation had been performed, as a result of which, in some cases, property, plant and equipment are shown to have a carrying book value of EUR 0, while the actual value had been estimated to be significantly higher. The Maribor District Court granted the motion and appointed an extraordinary auditor. Elektro Maribor d.d. appealed against the decision appointing the extraordinary auditor.

In February 2020, the Maribor District Court issued a Report on the performed extraordinary audit of property, plant and equipment of Elektro Maribor d.d., which contains, *inter alia*, the following findings:

- The company correctly and directly applies the provisions of SAS in disclosing and valuing items in its financial statements.
- The auditors who performed the extraordinary audit find that the difference between the carrying amount and the estimated value of property, plant and equipment does not constitute a materially significant amount.

The auditors who performed the extraordinary audit found that based on the intangible differences between the carrying and estimated fair values in 2016 and 2017, the applied accounting policies and the unchanged depreciation rates in the observed period, there are no indications that the value items of property, plant and equipment in the financial statements, which are an integral part of the adopted annual report in 2014, would be significantly underestimated.

The report on the conducted extraordinary audit of property, plant and equipment of Elektro Maribor d.d. of 10 February 2020 is published on the website of Elektro Maribor d.d. (www.elektro-maribor.si/media/4733/elektro-ampelus-izredna-revizija_1.pdf) and on the website of the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES).

In September 2021, the Maribor District Court forwarded a letter noting that no objection had been filed based on Article 325 of the ZGD-1, by which the shareholders would challenge the findings of the extraordinary auditor's report of 10 February 2020. This ended the non-contentious proceedings of appointing an extraordinary auditor on the basis of Article 322 of the ZGD-1.

4.1.5 Existence of branches (Article 70 of the ZGD-1)

Elektro Maribor d. d. has no branches.

4.2 Elektro Maribor Group

The Elektro Maribor Group, which was formed in 2011 by the spin-off of the Elektro Maribor d.d., is composed of the parent company Elektro Maribor d. d. and two subsidiary companies, which are 100% owned by the parent company:

- Energija plus d.o.o.,
- OVEN Elektro Maribor d.o.o.

In 2002, Elektro Maribor d.d. carried out a procedure of spin-off of the electricity production activity to a newly founded company OVEN Elektro Maribor d.o.o., of which Elektro Maribor d.d. is the sole shareholder.

In 2011, Elektro Maribor d. d. carried out a procedure of division of a company by spin-off of the activity of purchasing and selling electricity. Based on the drafted division plan, a new company was founded in June 2011, of which Elektro Maribor d.d. is the sole shareholder.

Elektro Maribor d. d., as the parent company, draws up consolidated financial statements. By signing the Agreement on the sale and transfer of a business share of Energija plus d.o.o. in June 2021, there have been some changes in the particulars of the Group and consolidated financial statements for 2021. The data provided in the consolidated financial statements for 2020 have been recalculated in a comparable manner as for 2021.

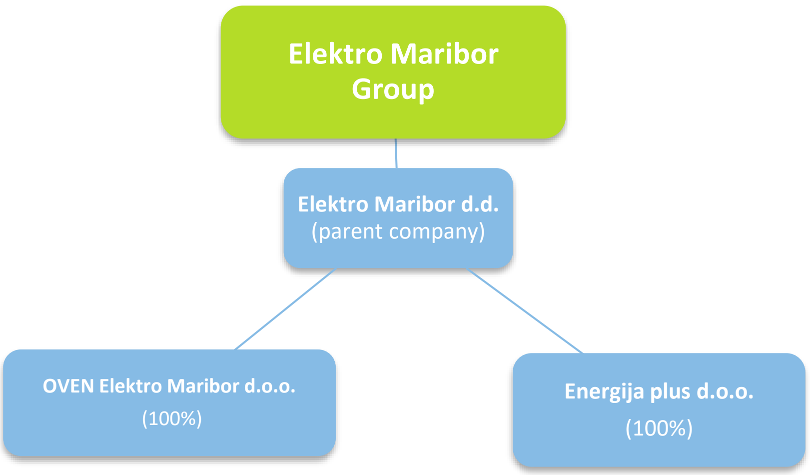

Figure 18: Organizational structure of the Elektro Maribor Group

4.3 Subsidiary Energija plus d.o.o.

Company name:	Elektro Maribor Energija plus, podjetje za trženje energije in storitev d.o.o.
Short company name:	Energija plus d.o.o.
Address:	Vetrinjska ulica 2, 2000 Maribor
Company registration number:	3991008000
Tax number:	88157598
Current bank account:	SI56 0451 5000 1853 305 NOVA KBM d.d. SI56 3500 1000 1994 426 BKS Bank AG SI56 2900 0005 0431 806 UniCredit Banka Slovenija d.d.
Share capital:	EUR 8,000,000
Entry in the court register of legal entities:	Maribor District Court, Srg 2011/23297 20 June 2011, Srg 2011/36929 1 December 2011
Code of main activity:	D 35.140 Trade of electricity
Number of employees as at 31 December 2021:	77
Company size according to the ZGD-1:	large company
Founder:	Elektro Maribor d.d.
Company Director:	Bojan Horvat
Toll-free call centre number:	080 21 15
General email address:	info@energijaplus.si
Website:	www.energijaplus.si

Figure 19: Company profile of the subsidiary Energija plus d.o.o.

Company's activity

Energija plus d.o.o. carries out energy activities in the Slovenian market. Company's most important activities are purchasing and selling energy products (electricity, heat, sale of gas and pellets) for households as well as large business systems. The company operates exclusively in the Slovenian market.

Energija plus d.o.o. is 100% owned by the parent company Elektro Maribor d.d., which is the sole shareholder and founder. The company has no branches.

Figure 20: Logo of Energija plus d.o.o.

Energija plus provides customers with a comprehensive energy supply within the context of the Energija plus brand. When marketing individual products - energy products, we make use of the following product lines:

Figure 21: Product lines of Energija plus d.o.o.

Other offer includes, LED-lamps, electric convectors, electric bikes and scooters, air conditioners, vouchers, consumption management and metering devices, and other merchandise.

Organizational structure

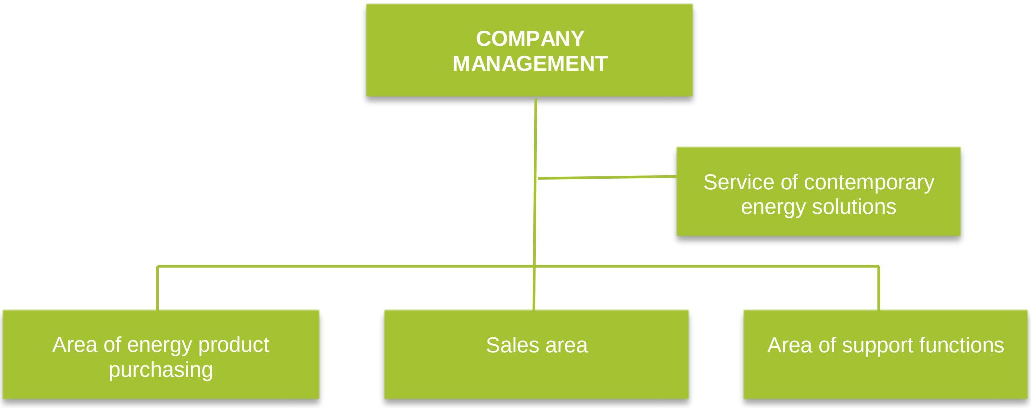

Figure 22: Organizational structure of Energija plus d.o.o.

Governance and management

In accordance with the Articles of Incorporation, Energija plus d.o.o. is manged by the director independently and on his own responsibility. The supervisory function was performed by the President of the Management Board of Elektro Maribor d.d. until 23 May 2021, from 24 May 2021 onwards, the company has its own Supervisory Board and Audit Committee. The President of the Management Board of Elektro Maribor d.d. received no payment for performing the supervisory function. As part of interim reporting taking place in the composition of the President of the Management Board of the parent company and Area Directors, the company reports to the shareholder on the company's current operations.

Company Director is Bojan Horvat, BSc (Elec Eng).

Table 12:Composition of the management of Energija plus d.o.o. in 2021

Name and Surname	Function (President, Member)	Area of work in the management	First-time appointment to office	End of function / term of office	Gender	Citizenship	Year of birth	Degree of education	Professional profile	Membership in supervisory bodies of unrelated companies
Bojan Horvat	Company Director	runs and represents the company	15 Jun 2011	14 Jun 2023	M	SLO	1957	university graduate in electrical engineering	management, electricity system	NO

Table 13: Composition of the Supervisory Board and the Committees in 2021

Name and surname	Function (Chairman, Deputy, SB Member)	First-time appointment to office	End of function / term of office	Shareholder/ employee representative	Attendance at SB meetings by the total number of SB meetings (e.g. 5/7)	Gender	Citizenship	Year of birth	Degree of education	Professional profile	Independence as per Sec. 23 of the Code (YES/NO)	Conflict of interest in the financial year (YES / NO)	Membership in supervisory bodies of other companies	Membership in Committees (Audit, HR, Remuneration Committee)	Chairman / Member	Attendance at committee meetings by the total number of committee meetings (e.g. 5/7)
Saša Prelič	Chairman of the SB	21 May 2021	20 May 2025	shareholder representative	7/7	M	SLO	1967	university graduate in law, PhD in law	management, law	YES	NO	NO	YES/ Audit Committee	Deputy Chairman of the RK	3/3
Andreja Žinkovič	Deputy Chairman of the SB	21 May 2021	20 May 2025	shareholder representative	7/7	Ž	SLO	1974	university graduate in economics	finance, accounting	YES	NO	NO	YES/ Audit Committee	Chairman of the RK	3/3
Romanca Šalamun	Member	21 May 2021	12 Dec 2021	shareholder representative	7/7	Ž	SLO	1971	graduate in economics	finance, accounting	YES	NO	NO	NO	/	/
Boštjan Majč	Member	13 Dec 2021	12 Dec 2025	employee representative	0/7	M	SLO	1978	university graduate in electrical engineering	IT, electricity systems	YES	NO	NO	NO	/	/

Table 14: Composition of external members in the Committees in 2021

Name and surname	Committee	Attendance at committee meetings by the total number of committee meetings (e.g. 5/7)	Gender	Citizenship	Degree of education	Year of birth	Professional profile	Membership in supervisory bodies of unrelated companies
Daniel Zdolšek	Audit Committee	1 of 3	M	SLO	university graduate in economics, Master of Economics and Business	1981	finance, accounting	-

Operation frameworks

The company Energija plus d. o. o. is a founding member of the United Nations Global Impact Slovenia and a founding member of the non-profit organization ETHOS that drew up the Declaration of Fair Business, which the company is a signatory of. It is also a signatory of the Corporate Integrity Guidelines and the Commitment to respect human rights in business operations.

Company's operations

Business operations of Energija plus d. o. o. are presented in detail in the Annual Report on business operations of Energija plus in 2021, which is published on the company's website http://www.energijaplus.si/porocila-o-poslovanju.

4.4 Subsidiary OVEN Elektro Maribor d.o.o.

Company name:	OVEN Elektro Maribor d.o.o.
Registered office:	Vetrinjska ulica 2, PO Box 1553, 2001 Maribor
Company registration number:	1708503
Tax number:	SI22034412
Current bank account:	SI56 2900 0005 1350 687 UniCredit Banka Slovenija d.d.
Share capital:	EUR 38,792
Entry in the court register of legal entities:	Maribor District Court, entry 1/11291/00
Code of main activity:	D 35.111 Production of electricity in HE generation facilities
Number of employees as at 31 December 2021:	4
Company size according to the ZGD-1:	small company
Founder:	Elektro Maribor d. d.
Director:	Neven Lisica
Holder of procuration:	Franc Vindiš
Telephone:	02/22 00 782
Website:	www.oven-em.si

Figure 23: Company profile of OVEN

Company's activity

OVEN Elektro Maribor d.o.o. operates five small-scale hydro power plants (MHE), one medium hydroelectric power plant (SHE) and 18 small photovoltaic power plants (MFE). The aggregate installed power of MHE and SHE amounts to a total of 3,017 kW and 611 kW for MFE. The owner and sole shareholder is Elektro Maribor d.d.

Company's basic activities are:

- Production of electricity in small-scale hydro power plants.
- Production of electricity in photovoltaic power plants.
- Maintenance of hydroelectric power plants and photovoltaic power plants.

Figure 24: Logo of OVEN Elektro Maribor d.o.o.

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

Organizational structure

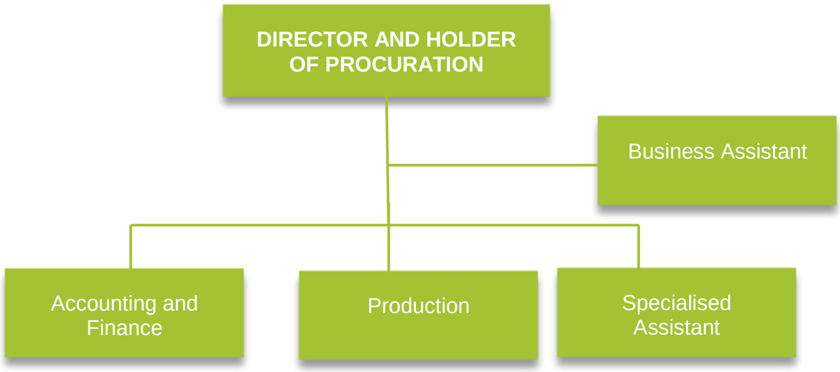

Figure 25: Organizational structure of OVEN Elektro Maribor d.o.o.

Governance and management

From 15 December 2021, OVEN Elektro Maribor d.o.o. is run by the company director and holder of procuration independently and at their own responsibility. The supervisory function is performed by the President of the Management Board of Elektro Maribor d.d., who also represents the company's General Meeting. The President of the Management Board of Elektro Maribor d.d. receives no payment for performing the supervisory function. As part of interim reporting taking place in the composition of the President of the Management Board of the parent company and Area Directors, the company reports to the shareholder on the company's current operations.

Company Director: Neven Lisica, BSc (Econ)

Holder of Procuration: Franc Vindiš, BSc (Law).

Company's operations

Business operations of OVEN Elektro Maribor d.o.o. are presented in detail in the Annual Report on business operations of OVEN in 2021, which is published on the company's website https://www.oven-em.si.

5 ECONOMIC TRENDS

Economic trends

For 2021, most indicators of economic activity in Slovenia indicated the maintenance of relatively favourable trends in the export part of the economy and domestic consumption. With the epidemiological situation changing for the worse, the growth especially in service activities slowed down, while the persistence of supply chain disruptions has increasingly impaired the manufacturing, in particular the automotive industry. Employment has been at a historically high level, with unemployment continuing to decline. Inflation further intensified at the end of 2021. Year-on-year, the most contributing factor thereto were the higher prices of energy products. As a result of high prices of raw materials and energy products on world markets and problems in supply chains, the prices of durable and semi-durable non-energy industrial goods and food were also higher.

Economic growth forecasts for the European area remain relatively high, and accompanied by a high degree of uncertainty related to high commodity prices, supply chain disruptions and the epidemiological situation intensifying again (source: UMAR).

Table 15: Economic trends in Slovenia

Real growth rates in %	2022 forecast	2021 forecast	2020	2019	2018
Gross domestic product (BDP)	4.7	6.1	-4.2	3.3	4.4
Employment	1.5	0.8	-0.6	2.5	3.2
Gross wages per employee	-0.8	4.3	5.9	2.7	1.6
Private consumption	6.0	5.6	-6.6	4.8	3.6
National consumption	1.5	1.8	4.2	2.0	3.0
Inflation (year-end)	1.9	2.5	-1.1	1.8	1.4
Capital expenditures	8.0	10.0	-8.2	5.5	9.7

Source: UMAR's Autumn Forecast of Economic Trends 2021

6 OPERATING IN THE INDUSTRY

Distribution activities

The Energy Agency is the regulator of the Slovenian energy market. It monitors, directs and oversees the providers of energy activities. In 2019, a new regulatory framework for the 2019–2021 period entered into force based on the Legal Act on the methodology for determining the regulatory framework and network charges for the electricity distribution system (Official Gazette of the Republic of Slovenia, No. 46/18, 47/18- corr., 86/18, 76/19, 78/19-corr., and 85/20). The value-based regulatory framework for the 2019–2021 period was determined by the Energy Agency's decision no. 211- 42/2018-58/452 (hereinafter: the Decision). The regulatory framework is a value-based definition of eligible costs, network charges, and other revenues from the implementation of activities, surpluses or deficits of network charges from previous years.

In Slovenia, the electricity distribution activity is carried out by five companies, namely Elektro Maribor d.d., Elektro Primorska d.d., Elektro Gorenjska d.d., Elektro Ljubljana d.d. and Elektro Celje d.d. With SODO d.o.o., which holds the concession for performing the public utility service of an electricity distribution network system operator, we do business based on the Contract on the lease of electricity distribution infrastructure and provision of services for the electricity distribution network system operator (hereinafter: the SODO Contract).

Comparison of Elektro Maribor d.d. with other electricity distribution companies (EDC) is made on the basis of publicly available data for 2020.

In 2020, Elektro Maribor d.d., with network representing 26.5% of the total length of the EDCs network, distributed 22.8% of electricity to Slovenian distribution consumers. Under the existing regulation of activities, the company's share in the total regulated activity revenues of all EDCs is 22.5 %. The volume of distributed electricity otherwise reflects the economic and social situation in the company's supply area and the company has no influence over it, while the number and connected load of users' meter points, the network length and volume of devices and the peak load reflect the fundamental characteristics that have an important effect on the funds required for the operation, maintenance and development of the distribution system. In the valid regulatory framework, Elektro Maribor d.d. maintains, operates and develops 26.5% of the Slovenian electricity distribution network with 22.5% of assets for 22.8% Slovenian users, which definitely poses a considerable challenge.

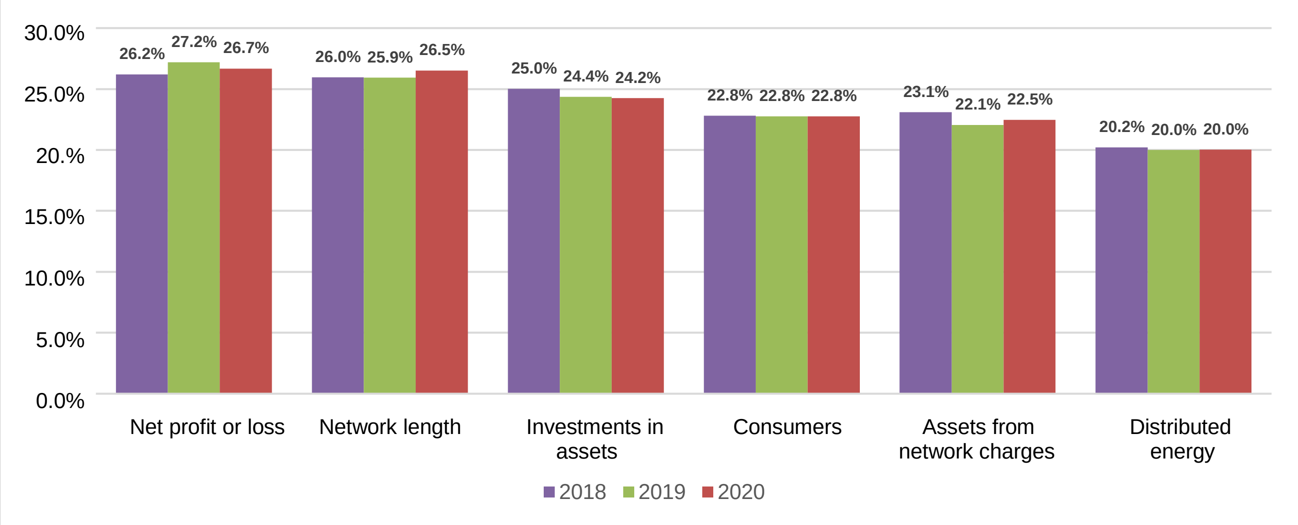

Figure 26: Elektro Maribor d.d.'s share in all distribution companies together

Trends in electricity in natural gas prices

Trends in electricity on the futures market in 2021 was largely dependent on the prices of other energy products, political decisions and epidemiological conditions around the world. Electricity prices on the daily spot market were affected by weather conditions and temperatures across Europe. Record prices on the daily electricity market last year were the result of a long, cold winter, heat waves in the summer months, higher electricity consumption by industrial customers and lower electricity generation from wind farms in Germany. The marginal price of electricity generation has started to increase dramatically with the integration of the most expensive sources (natural gas, coal). In December 2021, we also witnessed prices over €300 per MWh on the daily market. There are supply bottlenecks in the energy markets, which means that demand has exceeded supply. Gas stocks across Europe were and still are at low levels, currently being around 15% lower than in previous years (46% occupancy). Rising European gas prices have at some point encouraged the switch from energy products to electricity generation, namely the transition from natural gas to coal as well as crude oil. The Brent price exceeded the $85 per barrel threshold and was thus the highest since October 2018. Emission allowance prices increased by more than 200% last year due to a package of renewed climate and energy regulations (Fit for 55) and high natural gas prices. At the same time, there is still a strong interest of investors in entering the emission allowances market, so prices are rising and reaching new highs. Coal prices have been rising steadily since last spring, mainly on the account of lower stocks in European ARA ports and higher demand from Asian buyers. At some point, the prices of physical coal shipments to Europe also exceeded the price of $150/t for deliveries in 2022. At the end of 2021, the price of natural gas for 2022 was 5 to 6 times higher than at the beginning of 2021. Thus, the marginal price of electricity generation, by including the resource costs, began to increase dramatically, especially in the second half of last year and in December 2021 in Hungary, which (reference market for Slovenia for 2022 also exceeded €330 per MWh.

The average price in the "BSP Energy Exchange" spot market for 2021 amounted to €37.55 per MWh, having increased by 206% compared to 2020, when it was €37.55 per MWh.

The price of base load electricity in the futures market in 2021 for 2022 ranged between €50 and 300 per MWh, while the price of base load electricity in 2020 for 2021 ranged between €45 and 56 per MWh.

In 2021, the price of natural gas in the current market in Austria, which is the reference market for Slovenia, the natural gas price was about € 47 per MWh, having increased by 370% compared to 2020, when it was €10.00 per MWh. Thus, in 2021, the price curve with minor intervals in the first months was in a distinct upward trend and reached the annual peak in the second half of December 2021, when the natural gas price for 2022 increased to €130 per MWh. Since the summer of 2020, however, the natural gas market is recording a positive trend, which, however, severely weakened in the first weeks of 2022, mainly due to favourable weather conditions and higher LNG flow to Europe. The gas price in the futures market in 2021 for 2022 ranged between €16 and 130 per MWh, while the gas price in 2020 for 2021 ranged between €12 and 16 per MWh.

7 DEVELOPMENT STRATEGY

7.1 Expected development

The expected development of the company is defined in the following documents: The Strategy of Elektro Maribor d.d., the Strategy of technical and technological development of the electricity distribution system of Elektro Maribor d. d. for the 2015–2030 period, the Annual business plan of Elektro Maribor d.d. and the Elektro Maribor Group for 2022, with a projection of operations for 2023 and 2024, and the Development plan for the distribution network of Elektro Maribor d.d. for the period from 2021 to 2030.

Company's strategy

The company has its mission, vision and values defined in the company's Strategy. In the course of business operations, we follow the strategy set forth, which shall be harmonised with regard to new facts of strategy documents at state level, in particular the Energy Concept of Slovenia, and on the basis of the adopted acts and relevant regulations.

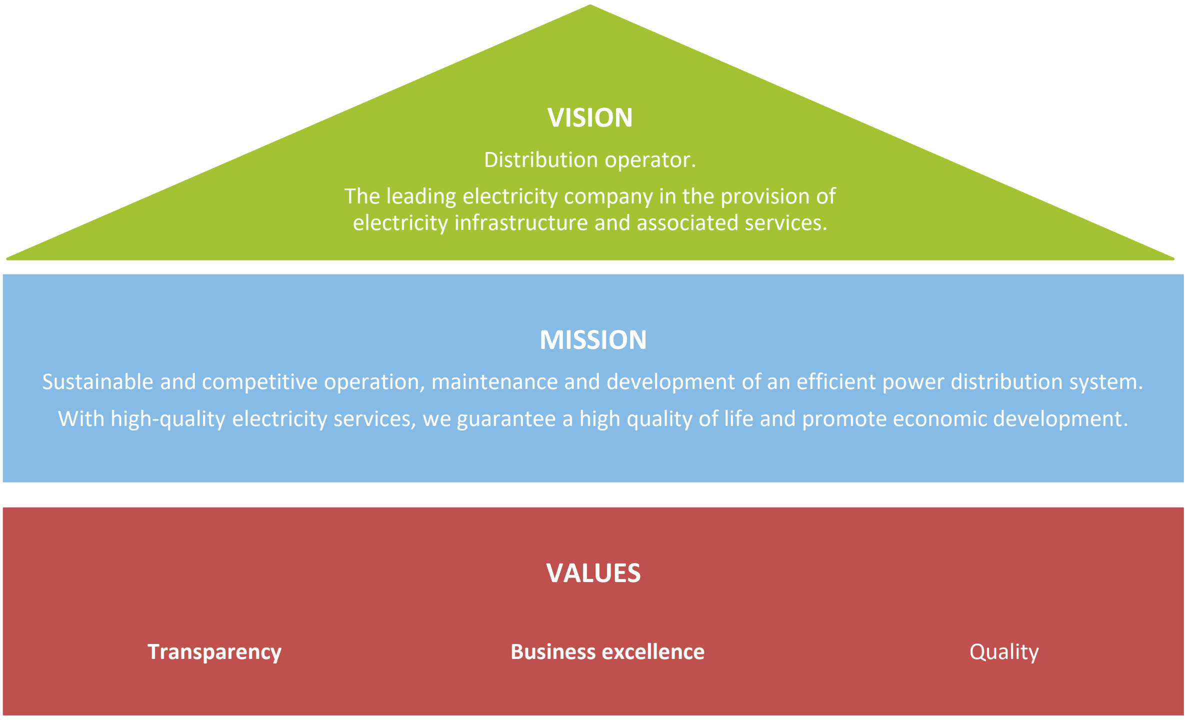

Figure 27: Vision, mission and values

2022 Annual Business Plan

The Annual Business Plan of Elektro Maribod d.d. and the Elektro Maribor Group for 2022 with projections of operations for 2023 and 2024 (hereinafter: LPN 2022) was adopted by the company's Management Board on 13 October 2021 subject to prior consent of the Supervisory Board of Elektro Maribor d.d.

We are aware of our responsibility to our users, employees, shareholders and the society, which is why the LPN 2022 was prepared in accordance with the fundamental statutory objectives and the strategy of Elektro Maribor d.d., taking into account the Annual Asset Management Plan for 2021, and the Recommendations and Expectations of the SSH.

In 2022, we will continue to achieve the strategic goals of increasing the intensity, robustness and advancement of the distribution system. Great emphasis shall be placed on efficient and profitable operations through cost control and intensive investment in electricity infrastructure. The company has defined strategic goals in its Strategy, which also include aspects of sustainable business operations and relate primarily to:

- business and financial performance (financial indicators),
- the wider environment (responsibility for the natural and social environment),
- employees (providing competent staff, motivating employees …),
- technical and technological development (continuity / reliability of power supply, voltage quality …).

In LPN 2022, we took into account key aspects of sustainability reporting and followed the principle of materiality in the selection of indicators. In LPN 2022, we upgraded our business goals with sustainability objectives, which refer to:

- economic objectives,
- social objectives, and
- environmental objectives.

Table 16: Sustainable business objectives of Elektro Maribor d.d. for 2022

			Plan 2022
	Economic objectives		
1.	Return on assets ROA in %	≥	3.18
2.	EBITDA margin in %	≥	42.84
3.	Added value per average no. of employees from hours worked (in EUR thousand)	≥	80.10
4.	Share of revenue in the market and capitalized own products and services in all operating revenue in %	≥	30.12
	Social objectives		
5.	Share of losses subject to distributed energy in %	≤	4.70
6.	Share of underground and insulated overhead MV and LV lines in all MV and LV lines %	≥	74.28
7.	Share of insulated overhead MV and LV lines in overhead MV and LV lines in %	≥	43.61
8.	Share of TS integrated in the advanced metering infrastructure in %	≥	95.00
9.	Share of meter points included in the advanced metering system in %	≥	99.50
10.	Share of meter points with G3 meters integrated in NMS in %	≥	46.10
11.	Integration of meter points in the Moj elektro portal	≥	10,000
12.	RCS coverage share in %	≥	5.89
13.	Cost of education per employee in EUR	≤	136.89
14.	Number of education hours per employee as at	≥	5.88
15.	Promoting social responsibility (funds for donations, sponsorships, scholarships…/operating revenue) in %	≥	0.13
	Environmental objectives		
16.	Investments in green transition (volume of investments in assets per number of MM) in EUR	≥	147.90
17.	Carbon footprint management in kg CO_2 per employee	≤	3,500
18.	Amount of waste in tonnes	≤	2,600

Long-term network development plan

Elektro Maribor d.d.'s long-term network development plan is defined in the Network Development Plan for the Elektro Maribor d.d.'s supply area for the period between 2021 and 2030 (hereinafter: the RN). The RN has been approved by the competent ministry and is valid until the approval of the new one, the production of which is planned for the 2023-2032 period.

The development plan, which is based on the currently applicable NEPN, foresees that a total of EUR 4.2 billion needs to be invested in electricity distribution networks in Slovenia in the coming years. The development plan estimates that it is possible to ensure financial assets of EUR 0.83 billion with own funds (amortisation and depreciation, return and other own assets), and an additional EUR 0.64 billion with long-term borrowing, which in total amounts to EUR 1.47 billion or 34% of all planned resources.

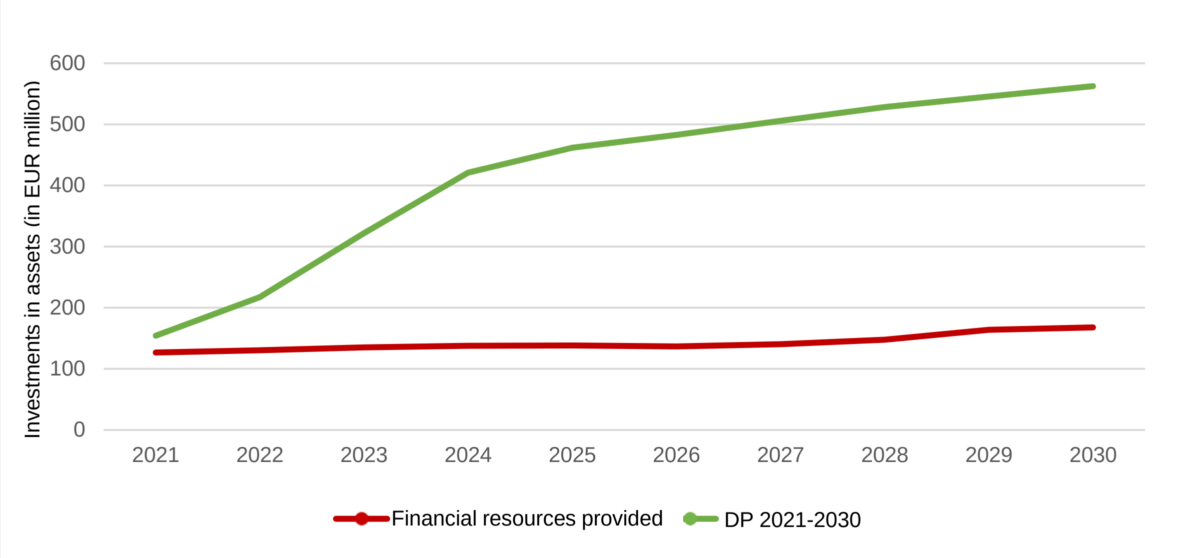

Figure 28: Development plan (DP) 2021–2030

7.2 Strategic projects

Sustainable development infrastructure

Electricity distribution systems are fundamental infrastructure requirements for sustainable development and the backbone of energy transition; it is impossible to realise the green transition without strong, robust and advanced electricity distribution networks focused on mobility and heating electrification, active user and producer roles, renewable energy sources and energy efficiency.

- Network robustness
  With increasingly intensive and frequent extreme weather conditions, the company endeavours to increase network resistance by targeting the construction of underground MV and LV lines and overhead insulated MV and LV lines, and by implementing reliability-focused maintenance, including line corridor maintenance, rehabilitation of MV and LV line base stations and cable diagnostics.

- Network intensity
  With increasing needs of users and an increasingly extensive network integration of production sources, the installed and peak loads have been rising. In line with the needs of our users and the requirements of electricity supply quality and reliability standards we have been systematically increasing network intensity with new or reconstructed lines and devices.

- Network advancement and observability
  The construction of advanced metering infrastructure has been intensively in progress. It includes system metres at system users, control meters in TS, data collectors in TS; communication infrastructure enabling data transmission from system meters to metering centres; metering centres; and a unified information system. The project includes three sets:
  a) Introducing the advanced metering infrastructure.
  b) Metering centres.
  c) Remote-controlled switches (RCS).

- Electricity distribution digitalisation
  Digitalisation is an important pre-condition for an active role of a user and enforcement of advanced services. To this end, we have already initiated the project to introduce advanced distribution system management with integrated ADMS (Advanced Distribution Management System) functionalities.

- Telecommunications and IT.
  We are planning to develop a telecommunications infrastructure in order to ensure production and consumption flexibility and an active role of users and, naturally, to ensure uninterrupted distribution network element management. The objective is to set up optical connections to devices and facilities, whereas the locations where setting up optical connections is not possible for technical reasons will be connected with the pLTE network, private IP radio network or using the public 4G-LTE or 5G network.

Introducing the advanced metering infrastructure (AMI)

The construction of an advanced metering infrastructure is of paramount importance for Elektro Maribor d.d., as well as for users of the electricity distribution network and the wider social environment. In addition to all market players, the investment will also benefit all network users who will be included in the advanced metering infrastructure. With this investment, as with other key actors in the electricity market, we will promote active adaptation to market conditions among system users.

The project of replacing electricity meters with smart meters is co-financed by the European Union from the Cohesion Fund and the Republic of Slovenia. The purpose of the operation is:

- the purchase and installation of smart electricity meters and corresponding communication equipment (communication modules and data collectors);
- purchase of software, software and hardware for data processing of the advanced metering infrastructure;
- educational content and marketing activities.

EVROPSKA UNIJA
KOHEZIJSKI SKLAD
NALOŽBA V VAŠO PRIHODNOST

SEDMp Project (System for unified access to measurement data) – Moj Elektro App

Easy access to meter and other data is available on the free online (www.mojelektro.si) and mobile app Moj Elektro. The mobile app is available via Google Play (Android) and App Store (iOS).

Users can access their meter data irrespective of the supplier's electricity distribution area. The portal is intended for end users (consumers and electricity producers) and is thus one of the services of the Single Entry Point of the National Data Hub, in accordance with the Energy Act.

The advantage of the portal over previous data portals is that it combines all meter points in Slovenia and allows the eligible person to have uniform access and display of metering data regardless of the distribution area or electricity supplier. The portal also allows delegation of powers or rights to third parties. All users of the MojElektro portal can arrange access to third parties, who must also be vetted and registered.

Central Electricity Portal of Slovenia (CEEPS)

While the Moj Elektro portal is intended for users, the CEEPS portal is intended for other electricity market participants. This way, we will optimise data exchange between market players, take advantage of the opportunities offered by the already achieved level of digitalisation and retain the strategic role of the initiator and provider of comprehensive technologically advanced B2B data exchange solutions with other stakeholders in the Slovenian regulated electricity market.

Elektro Maribor Distribution Academy

The Distribution Academy preserves and develops the knowledge that has been developing over the years of operation and existence of the company Elektro Maribor d.d. The Distribution Academy is an opportunity to connect in the environment and society with various activities of informative, educational, and presentational nature. The basis of the Distribution Academy's operation is to bring together employees, experts from distribution and other fields, as well as users and institutions in order to transfer knowledge and skills, and spread know-how among employees.

In 2021, the Distribution Academy carried out activities of education, training and social responsibility. We organised over 24 events in which over 490 employees were involved. The goals were to strengthen the internal knowledge of employees and the recognisability of Elektro Maribor d.d. in the energy and social environment. There was also an expert panel discussion "Transition to Carbon-free Society" organised under the auspices of the Competence Centre (KOC). The Distribution Academy participated as a co-organiser and active participant, and chaired the round table of the panel discussion.

8 INTERNAL AUDIT AND RISK MANAGEMENT

The company and the Elektro Maribor Group have in place the following functions of internal audit and risk management:

- **The** internal **audit function** is managed by the Head of Internal Audit, who is responsible in respect of the function and reports to the Supervisory board or the Audit Committee of the Supervisory Board, and in terms of administration he/she reports directly to the President of the Management Board of Elektro Maribor d.d.
- **The risk management system** is managed by the Risk Coordinator, who reports to the Head of Internal Audit, the Risk Manager for a particular area and the President of the Management Board of Elektro Maribor d.d. and the Supervisory Board or Audit Committee of the Supervisory Board. This area is coordinated by the Head of the Office for Quality and the Environment, who is responsible for ensuring the operation of the integrated management system within the company.

8.1 Internal audit

The internal audit in Elektro Maribor d.d. operates as an independent function since 2013, and in the Elektro Maribor Group since 2014. The basis for its operation is the Internal Audit Charter, approved by the Management Board and the Supervisory Board of Elektro Maribor. In the course of its work, the internal audit is committed to follow the international framework of professional conduct in internal auditing.

Review of the Internal Audit Charter of the Elektro Maribor Group performed on 27 July 2021 showed that the audit environment of the internal audit of the company/Elektro Maribor Group had changed due to the sale of the majority share of Energija plus, namely, both from the perspective of corporate governance (Energija plus already has its own Supervisory Board and Audit Committee, to which Elektro Maribor d.d. had appointed its representatives), as well as from the perspective of equity dependence (Elektro Maribor d.d. sold a 51% share of Energija plus d.o.o. and with the endorsement of the contract by the Competition Protection Agency the majority share will pass to Holding Slovenske elektrarne d.o.o.), therefore, the 4th revision of the Internal Audit Charter of the Elektro Maribor Group was carried out in November 2021, and as a result thereof, the audit environment now only consists of the controlling company Elektro Maribor d.d. and the subsidiary OVEN d.o.o.

The internal audit's annual work plan is prepared based on the risk analysis in the company and the Elektro Maribor Group, and is adopted by the Management Board and the Supervisory Board of Elektro Maribor d.d. The internal audit reports on its work and findings to the Management Board of Elektro Maribor d.d. on an ongoing basis, and to the Audit Committee on a quarterly basis. Both the Management Board and the Audit Committee are informed of all audits performed, their findings and measures or improvements recommended. The Supervisory Board of Elektro Maribor d.d. is also a recipient of the Annual Report on the work of the internal audit.

In accordance with the Annual Internal Audit Plan, nine regular audits (one in cooperation with a certified information systems auditor and one in cooperation with an independent tax auditor), and two unannounced or extraordinary audit engagements, were carried out in 2021. Therefore, the implementation of a total of ten processes had been reviewed in the Elektro Maribor Group.

The objective of the internal audit is to provide assurances regarding the risk management of companies in the Group and to add value through consulting at all levels in terms of risk management, asset protection and improving the efficiency and quality of operations, but otherwise, the internal audit achieved all key objectives in 2021, namely:

- Ensuring efficiency and effectiveness of internal audit's operation in the Elektro Maribor Group.

  There were 113 recommendations issued or recognised opportunities for improvements; the first reporting already included 49 recommendations, of which 35 or 71.4% of recommendations were implemented within the originally set deadline, 3 recommendations (6.1%) were implemented within the extended deadline, and 11 recommendations (22.1%) remained in implementation; and 64 recommendations issued in 2021 have not yet fallen into first reporting.

- Transfer of knowledge and good practices among internal auditors.

  Two internal audits were implemented in cooperation with an independent expert, of which one in cooperation with an external auditor – tax expert, and one in cooperation with a certified IT auditor.

- Internal audit quality assurance.

  Throughout 2021, the internal audit pursued the provisions of the internal audit quality assurance and improvement in the company and the Elektro Maribor Group. In January 2022, work quality self-evaluation was conducted; the self-evaluation result report was submitted to the Management Board and the Supervisory Board's Audit Committee (external quality audit was conducted in 2019 and it is repeated every five years).

- Meeting the conditions to take the position of the Head of Internal Audit of Elektro Maribor d.d.

  Through further training, the Head of Internal Audit collected enough points to obtain the expert title of Certified Internal Auditor in accordance with the rules of the Slovenian Institute of Auditors (the examination was conducted on 10 October 2020, the next examination is scheduled for 10 October 2022).

As part of the implemented transactions in 2021, the internal audit paid special attention to inspecting the operation of internal controls in the process of storage operations at Elektro Maribor d.d., including checking the inventory in every local storage facility of the company (also through unannounced inspections). Furthermore, the inspection included the process of investment management in Elektro Maribor d.d., and the ordering process and implementation of record-keeping procedures in Elektro Maribor. Subject to inspection was also the process of cost reimbursement calculation related to work and the archiving process at Elektro Maribor d.d., while the process of calculating tax liabilities in the company Elektro Maribor had been carried out in cooperation with an independent expert. The Elektro Maribor Group performed a review of the adequacy of adopted risk management measures and the effectiveness of supervision over internal controls for risk management. The audit also covered the implementation of tasks in the Service for Measurement, Protection and Quality of Electricity. The year 2021 was completed with the revision of the contract for upgrading IT AX in Elektro Maribor d.d., while the internal audit had been performed in cooperation with a certified information systems auditor. In addition to the said business transactions, the internal audit in 2021 regularly monitored the implementation of the given recommendations.

As part of individual audits, the Internal Audit assesses and checks the adequacy and effectiveness of the internal control operations. Based on the work performed in 2021, the Internal Audit estimates that the internal control system in the company and the Elektro Maribor Group is appropriately and well-established (3 or 4 out of 5 points), however, there is room for improvement, to which it refers by issuing recommendations.

8.2 Risks[18]

Risk management, in the company and the Elektro Maribor Group, is defined by the Rules of risk management. With a view to unify risk management, the policy serves as guidance to all companies in the Elektro Maribor Group.

The term risk is defined as a possibility of occurrence of an event or a series of events that may have a favourable or unfavourable impact on the achievement of the company's objectives. In the first case we are talking about opportunity and in the second about the risk. With a risk management system in place, the company defines company's and Group's objectives, identifies risks, adopts risk management guidelines, assesses the risks and classifies them by relevance, determines the responses to individual risks, defines the measures for their management, monitors and reports on individual risks. By managing risks, the company and the Group identify possible risks in a timely manner, take appropriate measures and thus reduce the amount of damage that a particular risk could cause.

In the risk register, the risks identified are determined by relevance. The method of regular updating, assessment and classification of risks, is in place, provided for are the responses to risks and persons responsible for their implementation, and also the internal controls are defined as a key response to risks.

Risks are being defined as a probability that, due to various possible events, something will occur that will negatively or positively impact the company's business operations, and thus the achievement of the objectives set out. In both cases, the event must be identified and assessed. In this context, we take into account the uncertainty (probability) and the exposure (impact). The risk assessment criteria evaluate the impact in terms of value ranging from EUR 10,000 to over EUR 700,000, and the probability of an event occurring once a year, and from two to three events per day. With such risk management, the company seeks to identify risks in a timely manner and take appropriate measures to reduce the amount of damage that can be caused by a particular risk.

With risk management, the company and the Group seek to identify risks in due time and take appropriate measures to reduce the amount of damage that a particular risk may cause.

8.2.1 Groups and types of risks

In accordance with the adopted Risk Management Rules, the risks to which the company and the Group are exposed are classified into the following groups:

Figure 29: Types of risks

Identified risks

The risk register specifies identified risks by relevance. The method of regular updating, assessment and classification of risks is determined, responses to risks and persons responsible for their implementation are

[18] GRI 102-11

identified, and internal controls are determined as a key response to risks. The company has set up a fraud scheme, thus reducing the likelihood of occurrence certain risks. With the above, the company strives to reduce the negative effects of risks on the operations of the company and the Group.

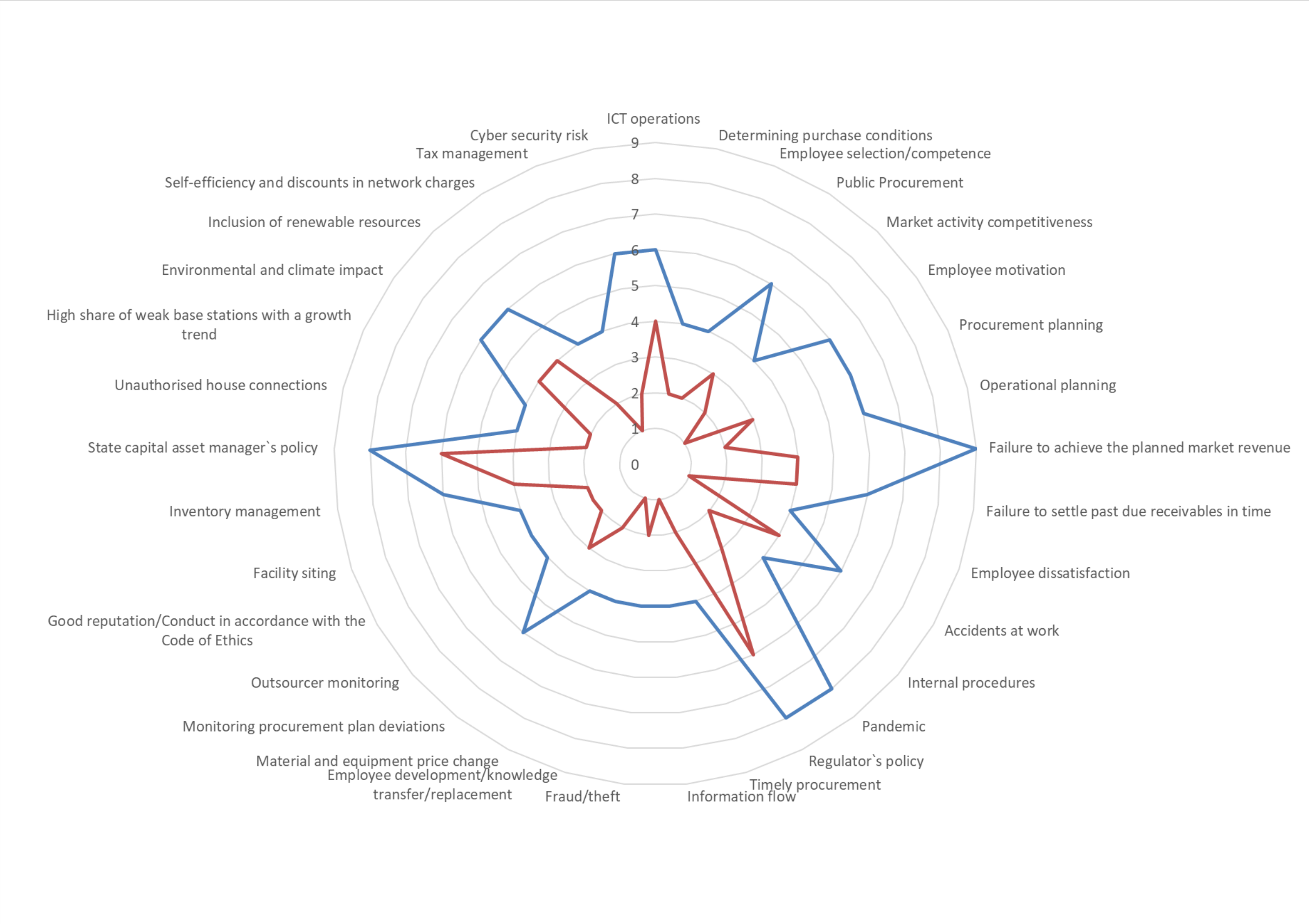

Figure 30: Overview of risks from the register

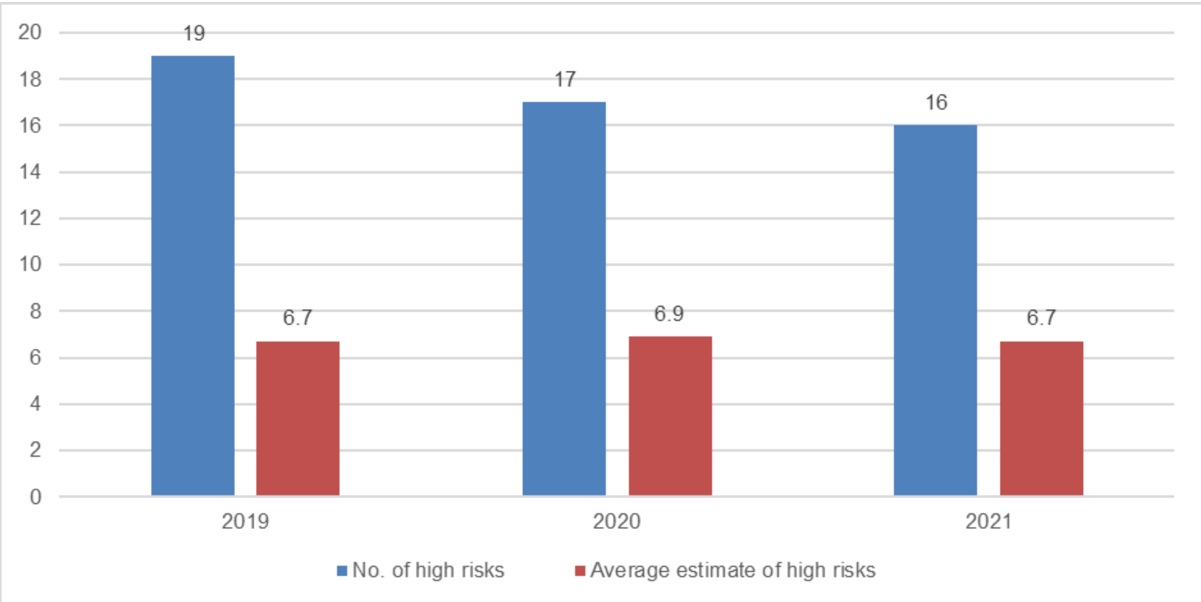

Figure 31: Comparison of high risks

Risks by size of impact

Based on the implementation of the company's strategy, the company and the Elektro Maribor Group continuously strive for a higher assessment of the maturity of the risk management system.

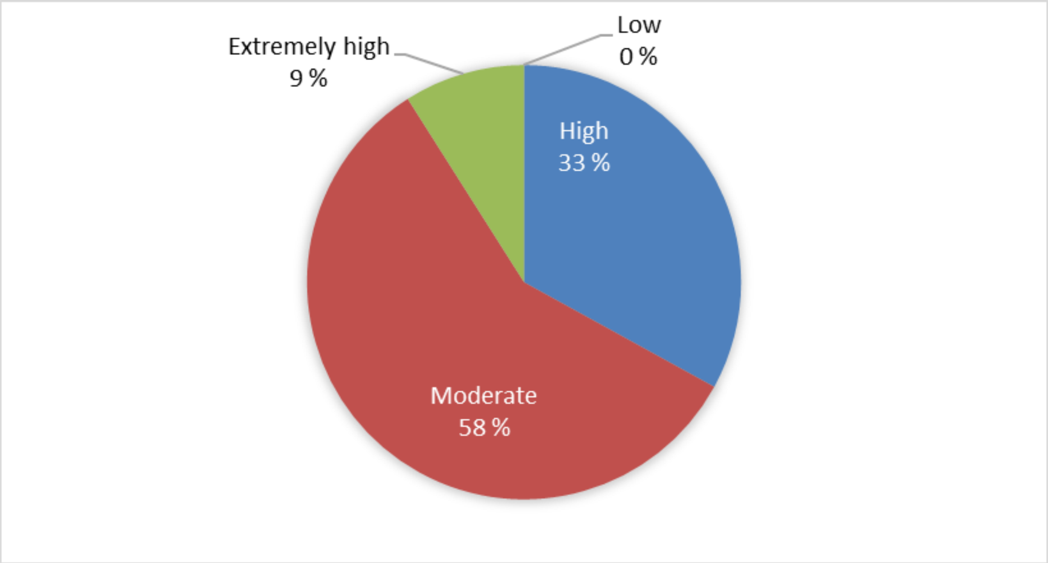

Figure 32: Assessment of identified risk by size

Reducing risks

Business, social, employment, and natural risks are being reduced by quality business operations and development. We protect the employees, the population and the environment against risks associated with the use of energy technologies. We invest in the development and application of new technologies and promote the efficient use of energy and the use of renewable resources.

An inherent risk is a risk identified and assessed without considering its management. A residual risk is a risk identified and assessed by taking into account its management.

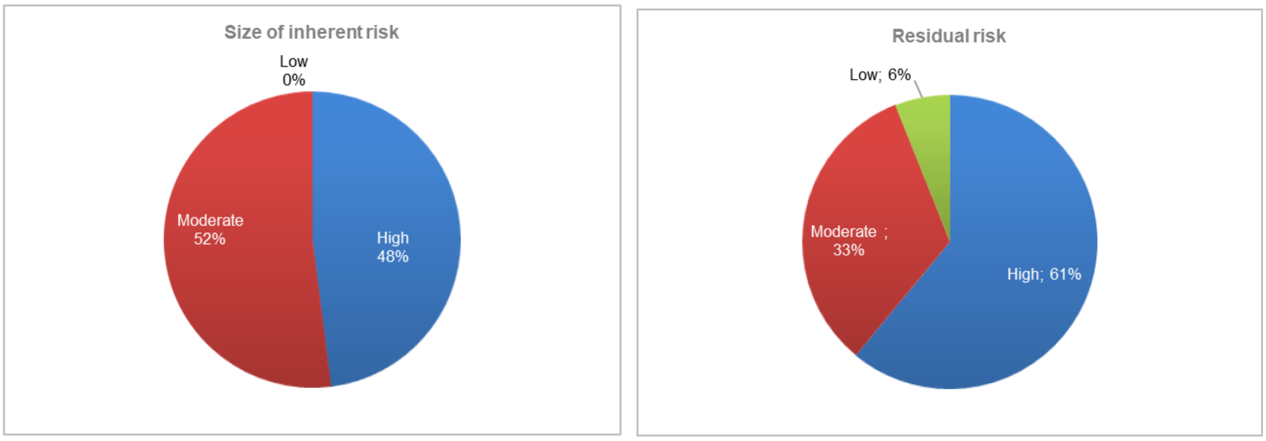

Figure 33: Share of inherent and residual risks

Significant events in 2021 in terms of risks

In 2021, Elektro Maribor d. d. actively continued work in the field of risk management by processes. The owners and administrators of the process, who in most cases are also the owners of risks, have determined the appropriate internal controls for all identified risks, which are collected in the Risks and Internal Controls Catalogue. The risk coordinator also updated the Risk Management Policy of Elektro Maribor d. d.

During the risk assessment, The company identified a new risk in 2021, i.e. unauthorized implementation of house connections, which was evaluated and included in the risk register.

In 2021, the company also recognized the regulator as a significant risk, as it can influence lower regulated revenues on the basis of a change in the network charges act. The latter shows that the regulator's policy poses a significant risk that can have a major impact on business results.

Also in 2021, due to the outbreak of the COVID-19 epidemic, the company maintained the identified risk, which is assessed as high, and constantly determined control measures:

- A risk assessment for the epidemic situation was made.
- A crisis management team has been appointed, through which all communication takes place.
- Based on the prepared risk assessment, the company provided the necessary protective equipment.
- Through the crisis management team, instructions were issued to employees in the event of an epidemic, describing the necessary measures to carry out work on power devices and offices.

8.2.2 Management of more significant strategic risks

State asset manager’s policy

As a company majority owned by the Republic of Slovenia, the company must comply with the given corporate governance guidelines, recommendations, and expectations, as well as the annual management plans of the manager of direct and indirect equity investments of the Republic of Slovenia.

The risk is managed by monitoring the policies of the state equity investment manager, taking into account the policies in business planning, and adjusting the company's planned objectives to the changed or new policies and periodic reporting to the shareholder.

The type of control report on measures is represented by the company`s Annual Business Plan.

Regulator`s policy

The regulator's policy is a risk that can result in a reduction in revenues for the implementation of the company's regulated activities and also an unattainable business result. The consequences of the risk are assessed as extremely high, as they can have a significant impact on the achievement of the set short-term as well as long-term objectives of the company.

The risk is managed in such a way that the management receives regular expert reports / responses to issued documents of the regulator and reports / responses to decisions of the regulator and issued decisions. The company actively participates in public hearings in the process of preparing regulatory documents. Opinions, comments on issued documents and decisions of the regulator are formed.

As a rule, opinions and comments are also harmonised at the level of GIZ distribucije električne energije. The competent department also assesses the impact of issued decisions of the regulator on the business result in the current year, if necessary, it may propose an amendment to the ABP or restructuring of the ABP.

Sitting of facilities

Determining the location of facilities is a risk, the consequences of which can have an extraordinary impact on the basic activity of the distribution area. The consequences of the risk are assessed as extremely high, as they can significantly affect the objectives related to achieving the appropriate level of network cabling and network loops.

Sitting of distribution facilities is a process that largely depends on other stakeholders, such as: state authorities, agencies, local communities, city administrations, etc. that conduct sitting procedures. Adequate management is carried out through a designated person who supervises and manages the procedures for determining the location of energy facilities in accordance with the law. A monthly and quarterly activity plan is being prepared for investments in the 110-kilovolt network.

Pandemic

A pandemic is a risk whose consequences can have a major effect on the company's core business. According to estimates, the incidence is common, but the consequences are extremely high, as the absence of a larger number of employees can limit the company's core business, which is to ensure an uninterrupted supply of electricity.

A pandemic results in greater absenteeism, which can limit the management of critical infrastructure and can impact financial performance of a company and day-to-day life.

The company has set up a crisis management team to control the spread of the virus, covering all organizational units of the company. The purpose of the team is to coordinate work in the field of providing protective equipment, as well as the implementation of measures in accordance with the instructions of the National Institute of Public Health (NIJZ).

9 DISTRIBUTION OF ELECTRICITY

9.1 Operation of the distribution system[19]

In 2021, the quality of supplying customers with electricity improved in the company`s supply area. It is measured with SAIDI, SAIFI and MAIFI factors.

SAIDI and SAIFI factors are two key parameters of uninterrupted supply, which are prescribed by the Energy Agency of the RS. By 2015, SAIDI and SAIFI factors were monitored uniformly for the entire supply area as joint factors. Since 2016, the Energy Agency specified separate monitoring of SAIDI and SAIFI factor for own reasons, i.e. separately for urban and rural area, and also set their target values, which are the basis for the annual assessment of the quality of electricity supply.

SAIDI factor: it measures the average duration (in minutes per customer) of unplanned power outages for each customer on the company's distribution system.

In 2021, in the entire supply area of Elektro Maribor d. d. achieved a common SAIDI indicator (consisting of own causes, force majeure and foreign causes) of 61.6 minutes / customer, which is 48.4% of the 2020 value.

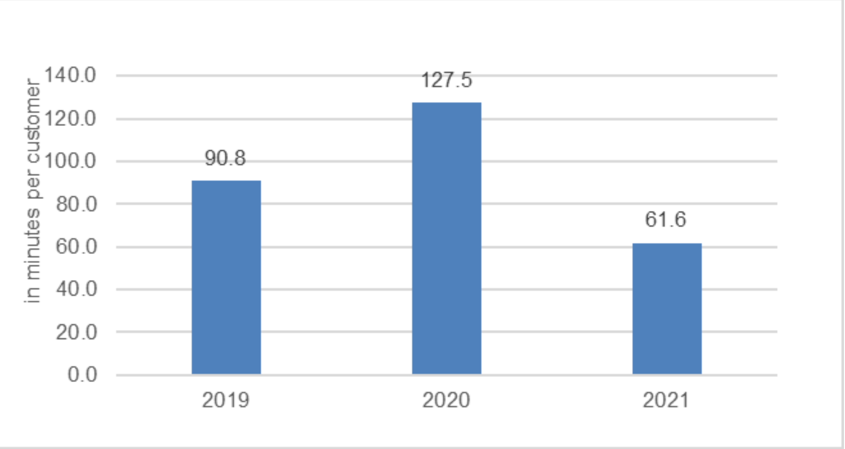

Figure 34: Changes in total SAIDI factors

When reviewing outages only due to own reasons of the SAIDI factor - separated for urban and rural areas – it was observed that the results for own factors for the urban network are 91.8% worse than in 2020 and for own factors for rural areas 55.0% better than in 2020. At the same time, it can be noticed that the achieved values of the own cause for the urban area are slightly higher than the target values set by the company for 2021, namely by 10.1% and 34.9% lower than the target values of the company for 2021 in rural areas.

[19] GRI 417-2.

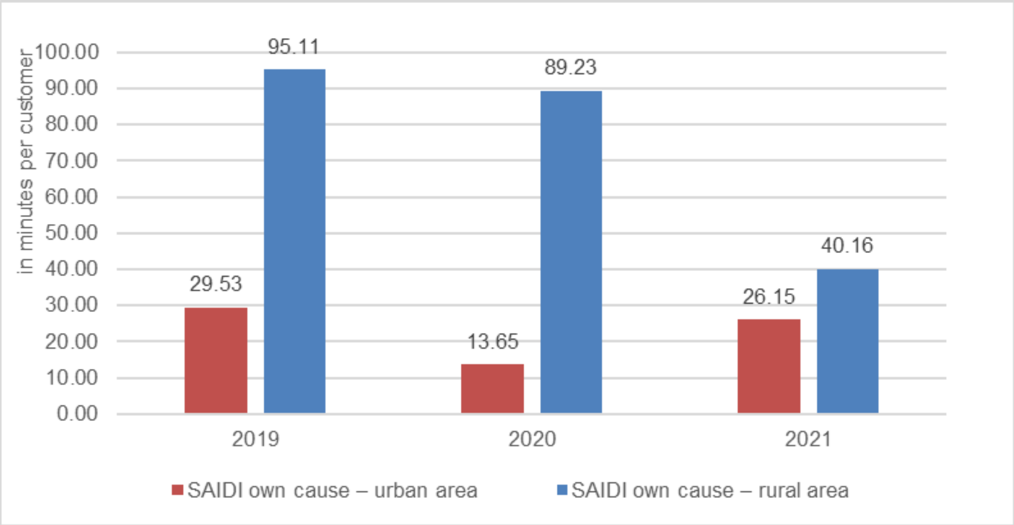

Figure 35: SAIDI own cause - average duration of unplanned interruptions, i.e. longer than three minutes, per consumer

SAIFI factor: it measures (the number of interruptions per customer) the average number of unplanned power outages for each customer on the company's distribution system.

The achieved total SAIFI indicator (consisting of own causes, force majeure and foreign causes) in the entire supply area of Elektro Maribor in 2021 is 1.69 interruptions per customer and reaches 58.5% of that in 2020.

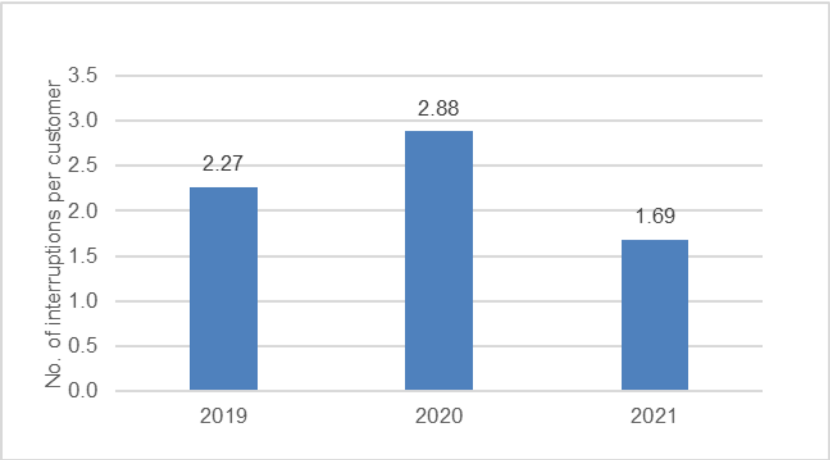

Figure 36: Changes in total SAIFI factors

When comparing own causes of the SAIFI factor - separated into urban and rural areas - the results of factors for own causes for the urban network are 31.1% worse than in 2020 and for the factors for own causes for the rural network 54.0% better than in 2020. At the same time, it can be noticed that the achieved values of the own cause for the urban area are slightly higher than the target values set by the company for 2021, namely by 12.7 % and 21.7 % lower than the target values of the company for 2021 in rural areas.

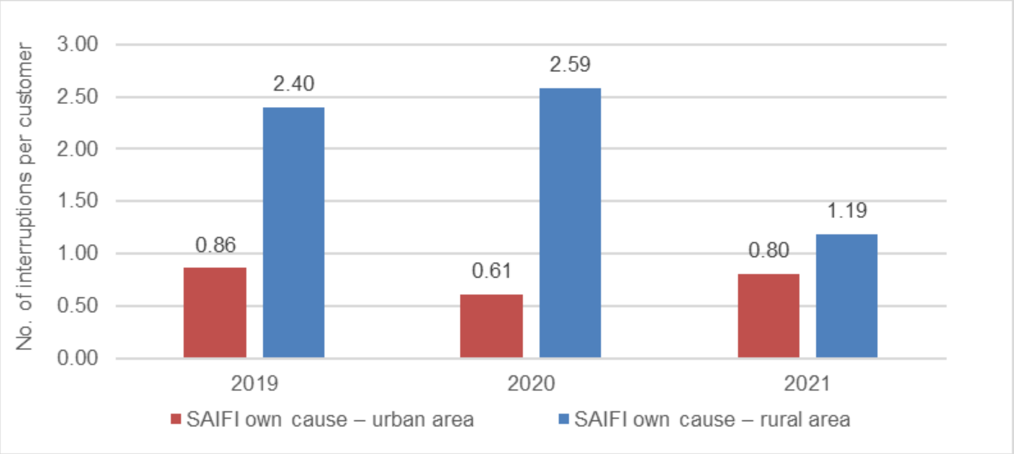

Figure 37: SAIFI own cause - average number of interruptions, i.e. longer than three minutes, per consumer

MAIFI factor: it measures short-term outages that are common in storms, when the number of automatic restarts increases; it is measured in the number of interruptions per customer shorter than three minutes, calculated in the entire area of the company.

Comparing the MAIFI factor from 2020 and 2021, it can be seen that this factor has improved, for 2021 it is 8.1 interruptions per customer, which is 30.1% better than the 2020 value.

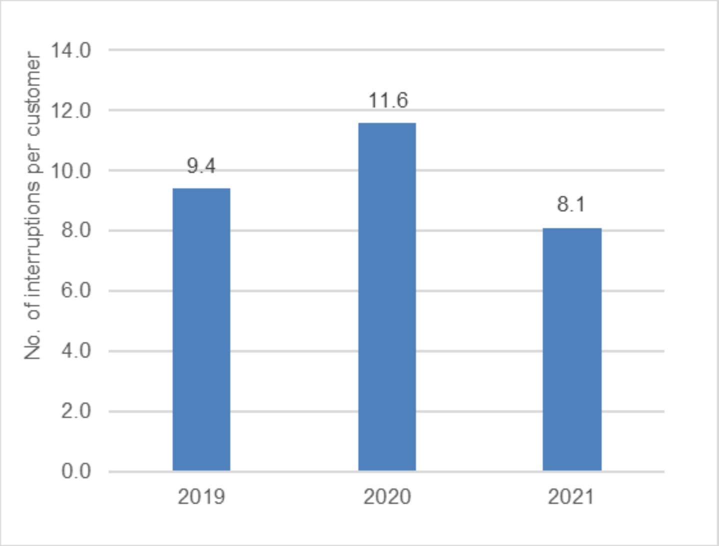

Figure 38: Changes in the MAIFI factor

Responsiveness in dealing with the effects of bad weather is very important to reduce downtime. Responsiveness is influenced by the organization of the company and the operation in accordance with the plan of protection and rescue against natural and other disasters, and above all the extremely high involvement of employees in field teams and support processes.

9.2 Commercial quality[20]

Commercial quality is the quality of non-technical services provided by Elektro Maribor d. d. to distribution network users. It is measured by the response time for the execution of an individual service. Services for users of the distribution network are regulated by the Energy Agency, according to the following commercial quality standards:

- Guaranteed commercial quality standards, which guarantee to users a certain response time by the service provider (average time for activation of a connection, elimination of meter defects, answers to written questions and complaints).
- System commercial quality standards, which guarantee to users the quality of certain services with average values set for each service area (issue of a consent and contract for a connection, resolution of deviations and complaints related to voltage quality).

In 2021, with the exception of two parameters "Average time required for issuing connection consent" and "Average time required to resolve voltage quality deviations", the system standards have been fully implemented. The standard "Average time required for issuing connection consent" is not implemented as well due to the extraordinary increase in the number of applications in 2021, especially applications for self-sufficiency. However, large deviations of the standard "Average time required to resolve voltage quality deviations" are constantly present and indicate the need for a possible different definition of this parameter.

In 2021, there were no requests for the payment of monetary compensation in the field of commercial quality. The company only dealt with one complaint in the field of commercial quality, i.e. a wrong disconnection.

9.3 Planning the development of the electricity distribution system and connecting users

The realisation of the volume of issued documents in the process of connecting users to the electricity distribution network and documents issued in accordance with the construction legislation and legislation in the field of spatial planning for 2021 can be seen in the table below.

Table 17: Number of documents issued

Title	2021	2020	2019
Preparation of guidelines to spatial planning documents	72	56	60
Preparation of opinions on spatial planning documents	74	59	74
Preparation of project conditions	1,690	1,382	1,390
Issue of opinions on design solutions	2,354	2,286	2,233
Preparation of power connection approvals	8,033	5,608	4,824
Conclusion of power connection contracts	6,592	5,342	4,895
Preparation of analyses for dispersed sources	3,422	1,838	1,328
Total	**22,237**	**16,571**	**14,804**

The volume of issued documents is 34% higher than in 2020 and 37% higher than the planned volume for 2021. Compared to 2020, the largest increase is in the production of electricity analyses, where the volume is 86% higher. When issuing other types of documents, the largest increase was achieved in approvals to connection (43% more), followed by guidelines to spatial planning documents (29% more), opinions on spatial planning documents (25% more), power connection contracts (23% more), and project conditions (22% more).

The increase in the number of issued approvals for connection is mostly influenced by the number of issued approvals for production facilities. Namely, the marked trend of increasing the number of applications to issue an approval for connection for production facilities, especially self-sufficiency devices, continued.

In the second half of the year, certain measures were taken to manage the backlog in issuing approvals for the connection of self-sufficiency devices, which occurred at the end of 2020 and increased until October 2021; by

[20] GRI 417-2

the end of 2021, these measures first halted the growth of the backlog in the number of unresolved applications for approval for the connection of production facilities and then even reduced it slightly. The following measures have been taken:

- In the period from September to November 2021, the company additionally hired three associates for the position of an approval officer and an associate for the position of a network planner.
- The company transferred the approval officer from the regional distribution units of Gornja Radgona and Slovenska Bistrica to work on the procedures for the preparation and issuance of approvals for connection to the development service and projects. At the listed distribution RU, we replaced the transferred employees with newly hired employees.
- In 2021, the company hired students to help network planners prepare analyses of the possibility of including production facilities in the distribution network, and to reduce the administrative work of approval officers. The company has been increasing the number of employed students since August 2021 and by the end of 2021 we had 19 employed students.
- In the preparation of electricity analyses and administrative tasks in the connection process, from September 2021 onwards, partly during regular working hours and overtime, the company additionally included employees from some departments of the company's management.
- Throughout 2021, employees in the Development and Projects Department worked overtime in the preparation of electricity analyses and the issuance of connection approvals for self-sufficient devices and other documents.
- The process of issuing approvals for connection was divided into several phases, so the approval officers were relieved of administrative work and dealing with complaints in cases where the connection of a self-sufficient device is not possible with the desired power.
- In October 2021, the company included the KANTRI application, which was still in the testing phase until then, in the preparation of analyses to verify the possibility of connecting self-sufficiency devices. The KANTRI application enables the import of LV network data of the selected TSS and the generation of a network model in the QGIS environment. It is intended for the planning of LV networks in terms of connection of consumption, for connected self-sufficiency devices on the LV network and self-sufficiency devices that have issued approvals for the connection of the calculation of the stationary voltage rise. The application partially meets the requirements of the method of verifying the possibility of connection from Annex 5, System Operating Instructions for the Distribution Network. The application enabled faster preparation of analyses on the possibility of connecting production devices to the network.

In the field of technical databases, in 2021 the company regulated structural and content errors on the MV network to the extent that they meet the minimum standards for mapping to the CIM model. The company has also arranged a part of the LV network, which can already be mapped to the CIM model. For the needs of performing electricity analysis for the connection of production devices (self-sufficiency devices), the company has prepared online services for generating input data for the KANTRI application. The company participated in the development and testing of the KANTRI application. For the purposes of calculating electricity analyses, the company regularly corrected errors in the LV network that hindered the production of the network model in the KANTRI application. In the eIS, the company searched for and repaired those measuring points that could be found through the rules of connecting to the means. The company has prepared technical requirements for the new geographic information system, as well as tender documentation.

9.4 Development and maintenance of the distribution system

In 2021, compared to the previous year, the company significantly increased the volume of the distribution network of Elektro Maribor d. d. namely in:

- MV cable conduits by 51.1 km;
- Underground LV lines by 236.9 km;
- Transformer substations MV/0.4 kV, MV/0.95 kV and 0.95/0.4 kV by 10 transformer substations.

Compared to the previous year, the company increased the length of the network in the company's distribution system by 119.5 km or 0.7%, of which the company increased the length of underground lines by 288 km or 3.3%, or reduced the length of overhead lines by 168.5 km or 2.1%.

Table 18: The quantities and physical volume of devices in the distribution system

	2021	2020	2019
HV and MV network (in km)			
HV overhead power lines	227.5	231.9	231.9
MV overhead power lines	2,814.8	2,846.8	2,852.4
HV cable conduits	8.3	8.3	8.3
MV cable conduits	1,294.2	1,243.1	1,206.8
Total HV network	**235.8**	**240.2**	**240.2**
Total MV network	**4,109.0**	**4,089.9**	**4,059.2**
LV network 1kV + 0.4kV + 0.2kV (in km)			
LV overhead power lines	4,807.1	4,939.2	5,074.1
LV underground power lines	7,834.6	7,597.7	7,317.7
Total LV network	**12,641.7**	**12,536.9**	**12,391.8**
Total network (in km)	**16,986.5**	**16,867.0**	**16,691.2**
Distribution transformer substations (DTS) and transformer stations (TS) (in pcs)			
DTS 110/MV kV, distribution substation 110kV	20	20	20
DTS MV/MV, MV distribution substation (with control and protection)	9	9	9
TS MV/0.4kV, TS MV/0.95kV, TS 0.95/0.4kV	3,553	3,543	3,533

The maintenance of power installations is performed according to the rules for maintenance of the electricity distribution network. The tasks for ensuring safe and reliable operation of the electric power system, which we perform during maintenance, are:

- Execution of all maintenance work prescribed by the instructions on maintenance of the distribution system prescribed by SODO d.o.o.
- Carrying out maintenance work according to the maintenance manuals, which are an integral part of the maintenance instructions.
- Elimination of deficiencies, measurements, tests, diagnostics to ensure quality, reliable, safe, and uninterrupted operation of devices and systems at all voltage levels.
- Providing qualified contractors for the performance of inspections of 110 kV DV and elimination of deficiencies in 110 kV DV, namely for services that we do not perform ourselves.
- Providing qualified contractors for tree removal under the electricity network for services that we do not perform ourselves.
- Implementation of thermography on the electricity distribution network to determine the condition and detect critical points to prevent the occurrence of failures during operation.
- Ensuring quality maintenance on non-energy devices.

The table below shows the share of maintenance costs by individual maintenance group. General maintenance represents the cost of maintaining the non-infrastructure.

Table 19: Share of funds by maintenance group

	2021	2020	2019
Maintenance of energy infrastructure	48%	48%	47%
General maintenance	52%	52%	53%
Total	**100%**	**100%**	**100%**

We pay special attention to reviews of critically important transformer substations in order to increase the reliability of the electricity distribution system.

Table 20: Reviews of transformer substations

	2021	2020	2019
Plan (number)	813	810	868
Realisations (number)	868	949	1,160
Realisation of the plan (in %)	106.8%	117.2%	133.6%

Tree removal is carried out on the entire overhead electricity network by the company and with an external contractor. Tree removal is one of the indicators of reliability of the electricity system.

Table 21: Tree removal in the HV, MV and LV network

	2021	2020	2019
Plan (in km)	270.7	300	300
Realisation (in km)	343.9	215.6	244.9
Realisation of the plan (in %)	127.0%	71.9%	81.6%

9.5 Access to the distribution system and network use billing

Users

On 31 December 2021, the company recorded the largest number of users (customers and manufacturers) so far, namely 222,618. The needs of distribution system users for power, electricity and data are increasing significantly. The company`s task is to provide quality service for all users of the distribution system of Elektro Maribor d. d.

The number of customers (metering points and self-sufficiency metering points) is the highest so far. At the end of 2021, there were 221,268 customers. In the period under review, the number of customers increased by 1,555 or 0.7% compared to the same period last year.

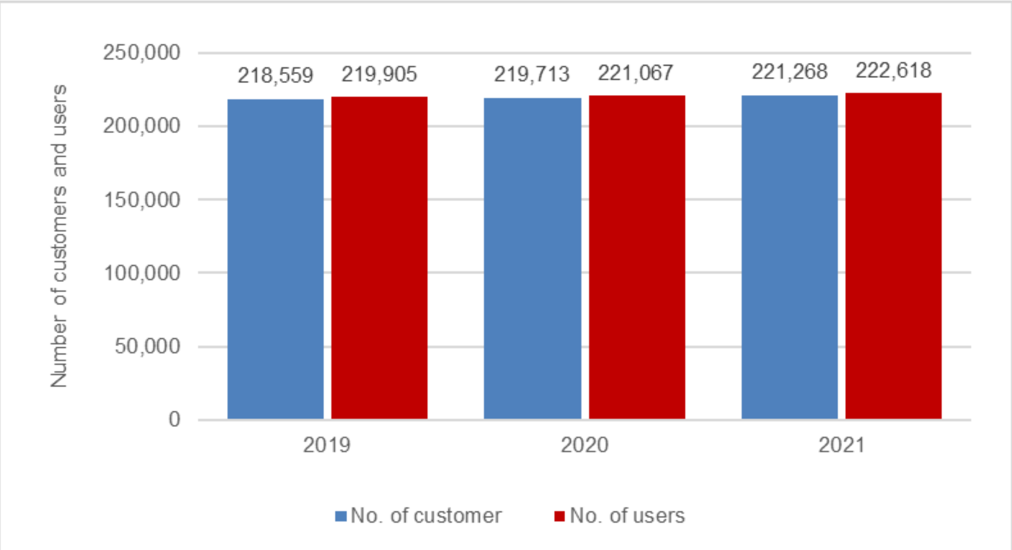

Figure 39: Number of customers and users connected to the distribution system

The number of network-integrated production resources is increasing with a high growth rate, which poses a significant challenge to the distribution system. On 31 December 2021, the total number of producers was 5,412, of which 4,062 were self-sufficient (4,052 individual and 10 community) and 1,350 other producers. Compared to the same period in 2020, the total number of producers increased by 1,317 or 32%.

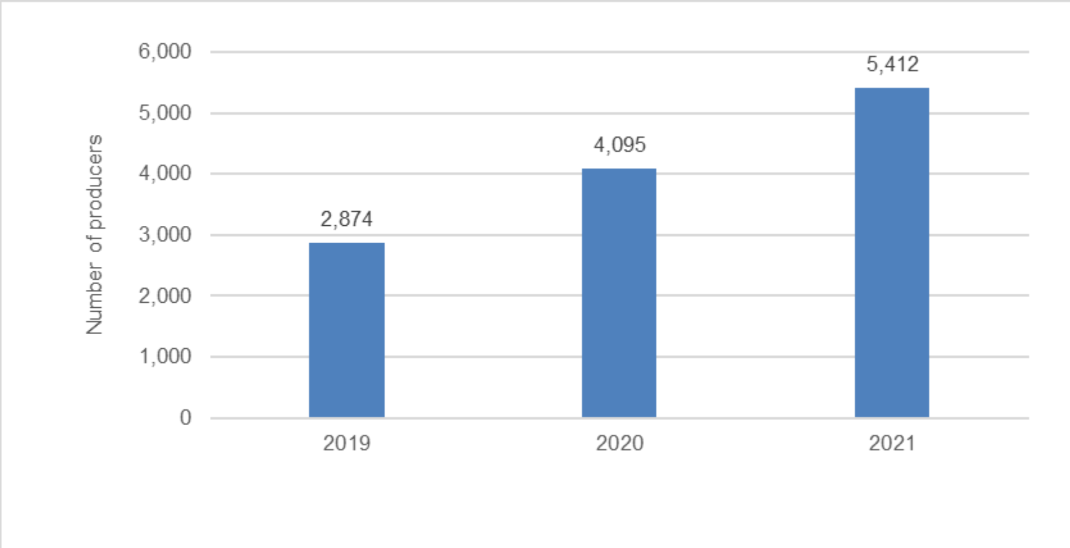

Figure 40: Number of producers connected to the distribution system (self-sufficient also taken into account)

Installed capacity

The installed capacity of customers amounted to 3,271 MW and is also the highest so far. In 2021, the installed capacity of customers increased by 52 MW (20 MW in business consumption and 29 MW in household consumption) compared to the same period last year.

On 31 December 2021, the installed capacity of production resources was the highest so far and amounted to 218 MW, which is 13 MW more than in the same period in 2020.

The total installed capacity of customers and the installed capacity of producers have a significant impact on the necessary investments in the strength of the electricity distribution network.

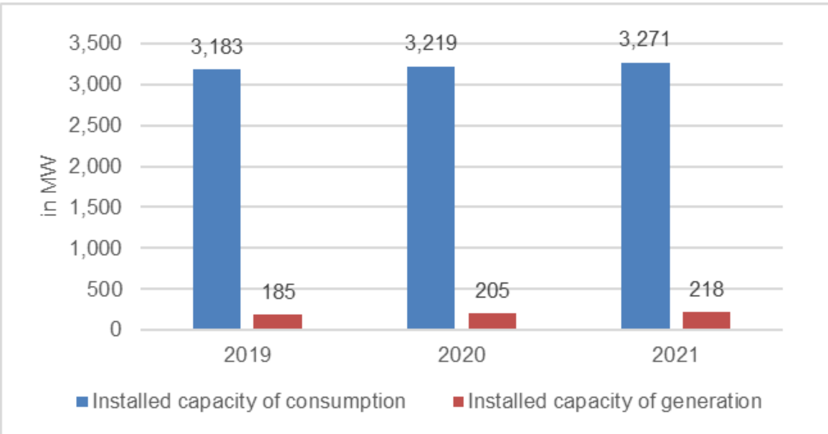

Figure 41: Connection load of consumption and production

Billing capacity

In 2021, the billing capacity was the highest so far and was 1.8% higher than in 2020. This increased the most among medium-voltage customers by 3.4%, which is related to the lower volume of economic activities during the COVID-19 epidemic in 2020.

Table 22: Trends of billing capacity and energy consumption compared to 2020

	Billing capacity	Energy
Medium voltage (MV)	3.4%	6.9%
Low voltage (LV) - commercial consumption	3.2%	7.3%
Households	1.2%	2.5%
Total	**1.8%**	**5.3%**

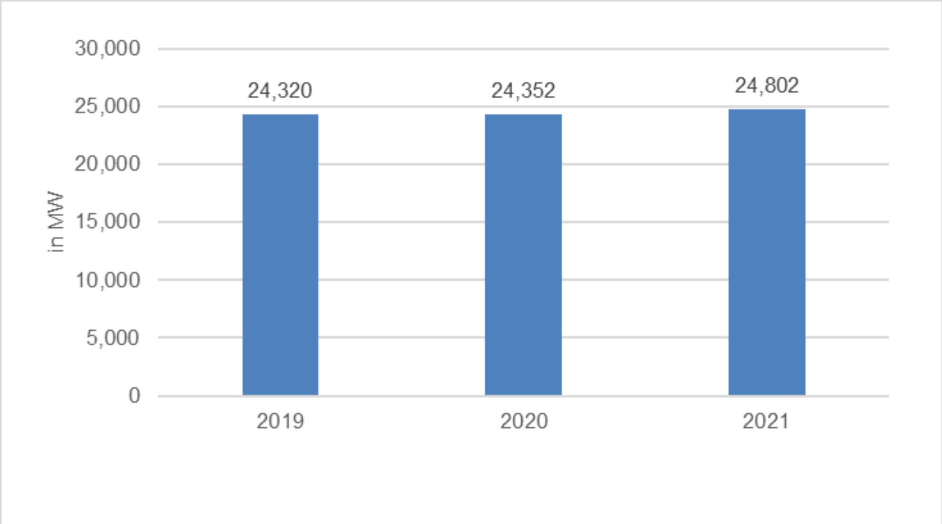

Figure 42: Total annual billing capacity

Peak load

The peak load (hourly) of the system was the highest in December 2021 and amounted to 446 MW, which is the highest so far. In 2020, it was the highest in December and amounted to 440 MW.

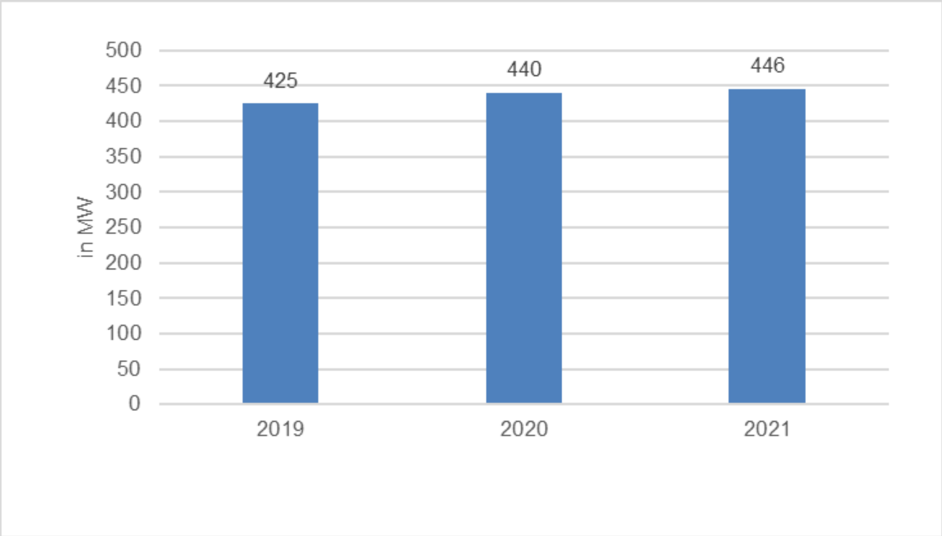

Figure 43: Maximum peak load

The data on peak load is especially important when planning the development of the electricity distribution system, which must also be dimensioned with respect to peak power. If it grows, we need to further strengthen the network. The efforts of Elektro Maribor d. d. are also constantly focused on increasing the strength of the network. The movement of the peak load is mainly influenced by climatic factors, economic activity, and the increase in the load of existing and the connection of new customers and producers.

Energy collected

All energy in the system, i.e. collected from the transmission network and generation sources, was 5% higher than in 2020. The company took over 2,076 GWh from the transmission network, which is 5.8% more than last year. The company collected 344 GWh from local production sources (small hydroelectric power plants, solar power plants, biomass power plants and cogeneration plants), which is 0.8% more than in 2020.

The ratio between energy collected from the transmission network and generation sources was 86:14 in 2021, while in 2020 the ratio was 85:15.

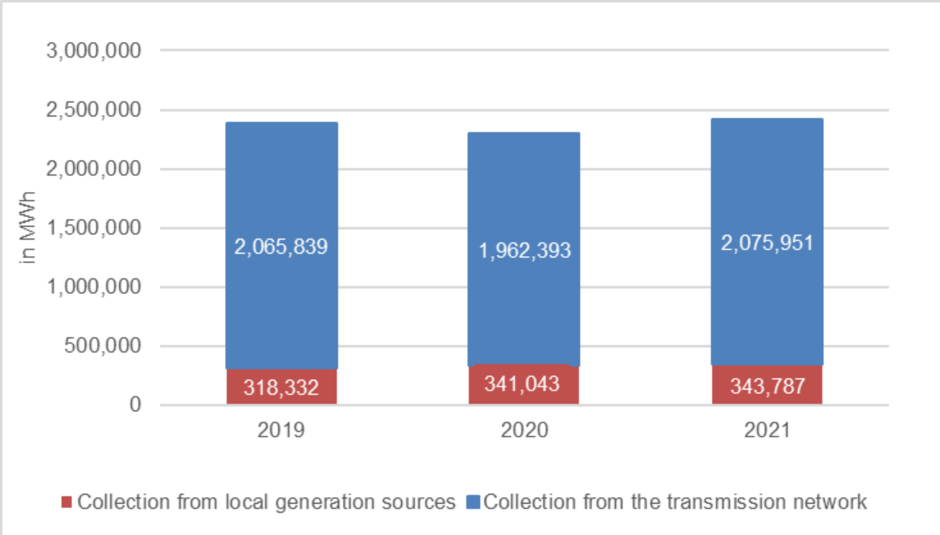

Figure 44: Trends in electricity collected

Distributed electricity

The company distributed 2,314 GWh of electricity through the Elektro Maribor network at 221,268 metering points (metering points of consumption and self-supply metering points). The total amount of distributed energy was 5.3% higher than in the previous year. Consumption of household customers was 2.5% higher, consumption on MV was 6.9% higher, and business consumption on NN was 7.3% higher than in 2020

Household consumption is the highest in the history of Elektro Maribor, d. d. Commercial consumption has already exceeded the level of 2016, but is still below the level of 2017, due to the COVID-19 epidemic and its impact on economic activity. In total, the consumption is the highest so far.

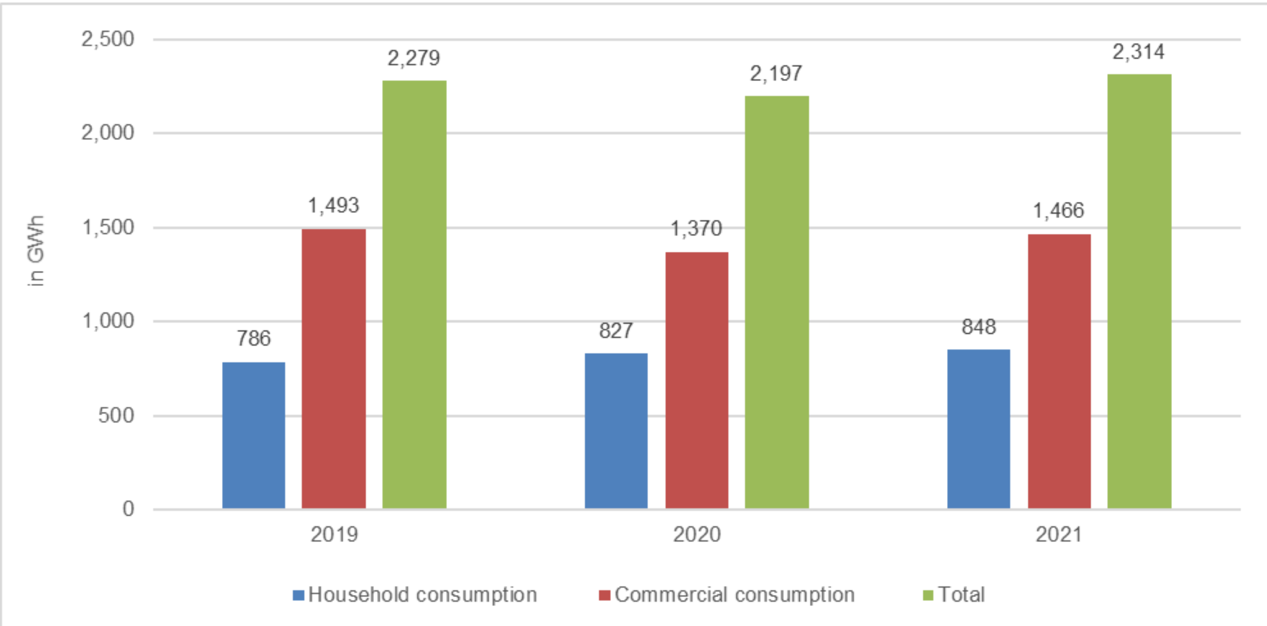

Figure 45: Energy distributed for commercial and household consumption

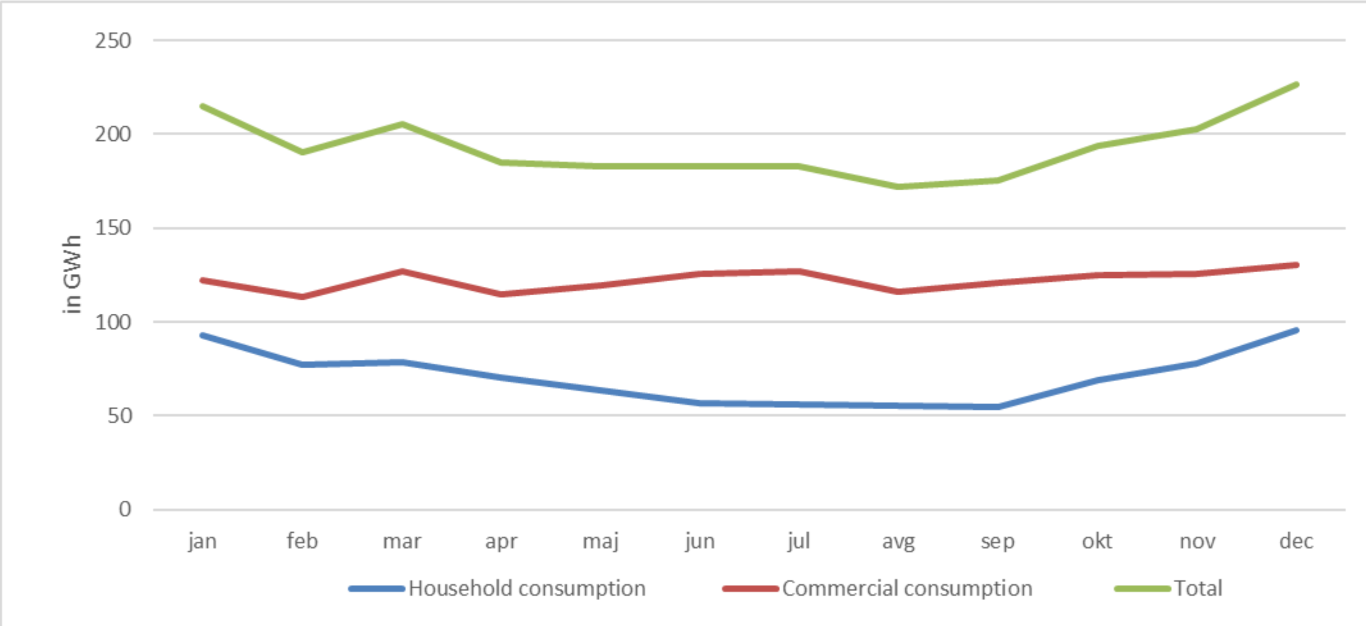

Figure 46: Monthly dynamics of electricity distributed for commercial and household consumption

In 2021, the six suppliers with the largest market share supplied as much as 95.9% of all distributed electricity in the area of Elektro Maribor d. d.

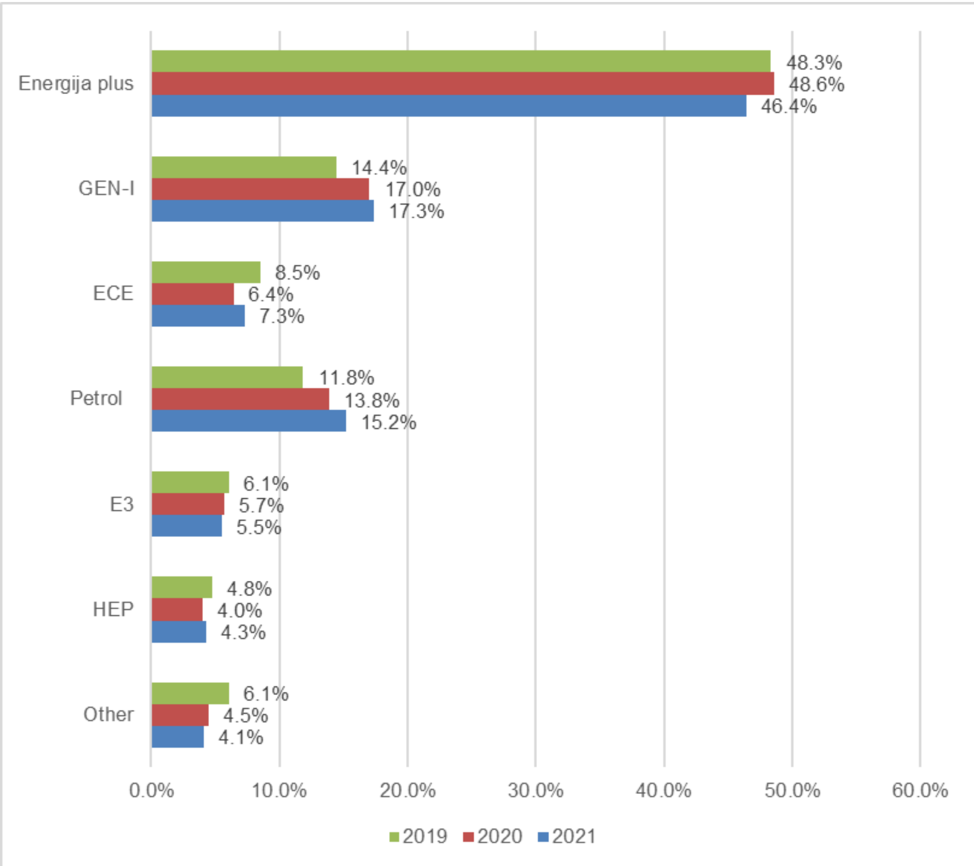

Figure 47: Electricity distributed by Elektro Maribor d. d. in the area of the SODO by suppliers

Electricity losses

Electricity losses are defined as the difference between the measured quantities of electricity at the collection points from the transmission 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 transmission metering points of final customers. Losses are roughly divided into technical losses due to the transmission of energy through the distribution system, and non-technical or commercial losses due to incorrect registration of measurement data, theft of electricity, and other causes where the source of losses is not the flow of electricity through the network.

In 2021, the share of losses recognised by the Energy Agency was 4.99%, and the share of 4.55% was achieved.

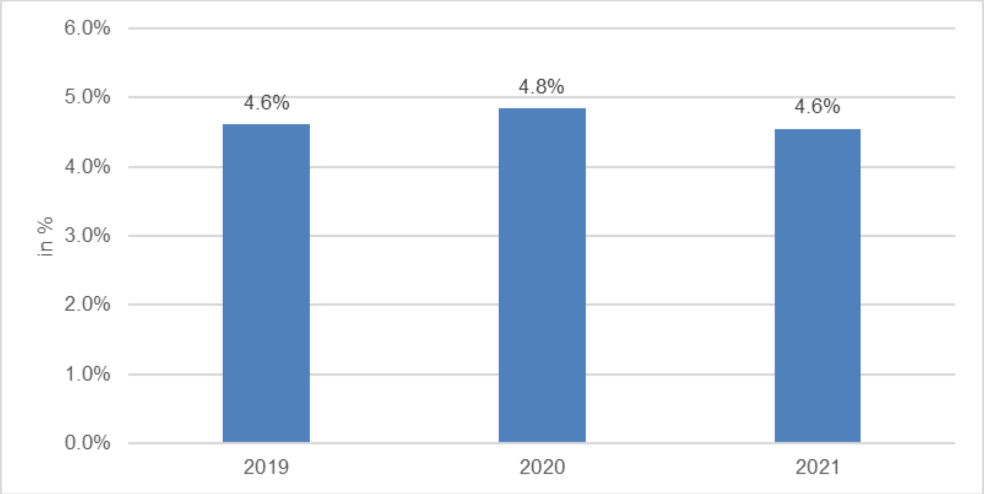

Figure 48: Trends in the percentage of losses in the grid in relation to the distributed energy

Supplier changes

Elektro Maribor d. d. carries out the change of supplier within the legally prescribed deadlines. In 2021, in the distribution system of Elektro Maribor, the electricity supplier was changed at 8,520 metering points, of which 6,766 were household and 1,754 business customers, which together represented 3.9% of all metering points of customers.

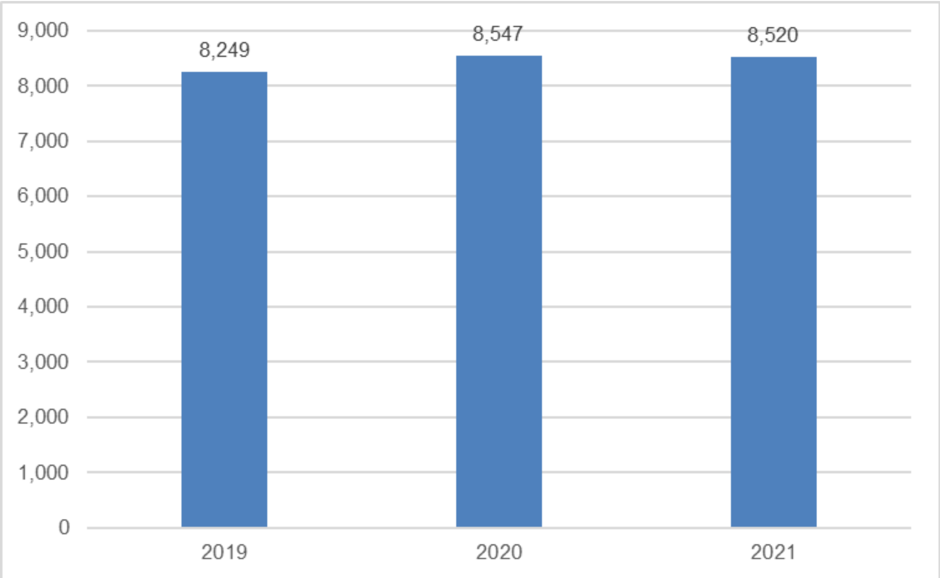

Figure 49: Trends in the number of electricity suppliers changes

9.6 Electricity measurement and provision of measurement data

Elektro Maribor d. d. has already successfully completed the first investment cycle of building an advanced metering system (NMS) for low-voltage network users whose power is not measured. The deadline for replacing all classic electromechanical meters with new advanced ones, set in the Decree on measures and procedures for the introduction and interoperability of advanced electric power metering systems, was exceeded by 4 years, as we completed the first investment cycle in the 16th year of construction. With such a planned intensity of construction, the company achieved a balance of annual plans for the replacement of measuring and communication equipment, which the company is able to implement with its own workforce without the necessary fluctuations in the number of employees. With careful planning, the company has achieved a very important goal, so that each investment cycle of building an advanced metering system is equal to the lifespan of the measuring equipment.

In accordance with the policy specifying that Elektro Maribor d. d. has to provide its users with a stable electricity supply, while at the same time protect users and employees from the spread of COVID-19 infections, the work at the metering points was carried out with appropriate personal protective equipment, in accordance with the guidelines of the crisis management team and the measures of the NIJZ.

The company already included 99.5% of all metering points in the advanced metering system in the distribution area of Elektro Maribor d. d. There are only metering points where advanced meters are no longer communicatively compatible with the established remote metering system due to the connection of the low-voltage network from one to another transformer substation, and metering points where the input of interfering signals into the low-voltage network cannot be eliminated efficiently and cost-effectively; therefore, it is necessary to replace already installed meters with radio communication meters. The company enabled all these network users to pay for the consumed electricity according to the actually measured monthly quantities and to switch from one to two-tariff or more tariff metering methods or vice versa without costs for metering equipment and switch on the circuit breaker again in case of power failure (without replacement of main fuses).

In 2017, the company completed the construction of an advanced metering system with S-FSK PLC communication technology and switched to more powerful multi-channel OFDM G3 PLC technology. Share of metering points equipped with G3 meters on 31 December 2021 amounted to 42.1%.

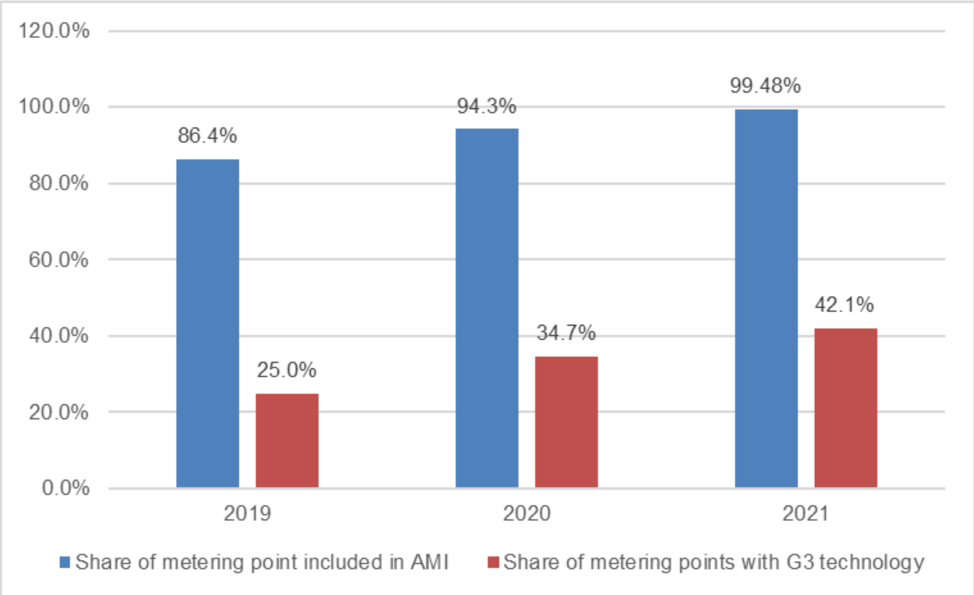

Figure 50: Share of metering points in the advanced metering system and share of meters with G3-PLC technology

Due to the expiration of the service life, the company replaced 1,446 first-generation system meters, which the company replaced with communication-compatible second-generation meters.

Due to the expiration of the service life of first-generation system meters, the company also replaced 5,848 ME351 and MT351 meters with new G3 PLC meters in the period under review. These meters have already been included in the advanced metering system.

For the purposes of billing the use of the network, contributions, electricity supply, and control calculations, the company provided 2,575,890 readings of electricity meters from the metering centre. Only 0.8% of all required readings were provided by manual reading.

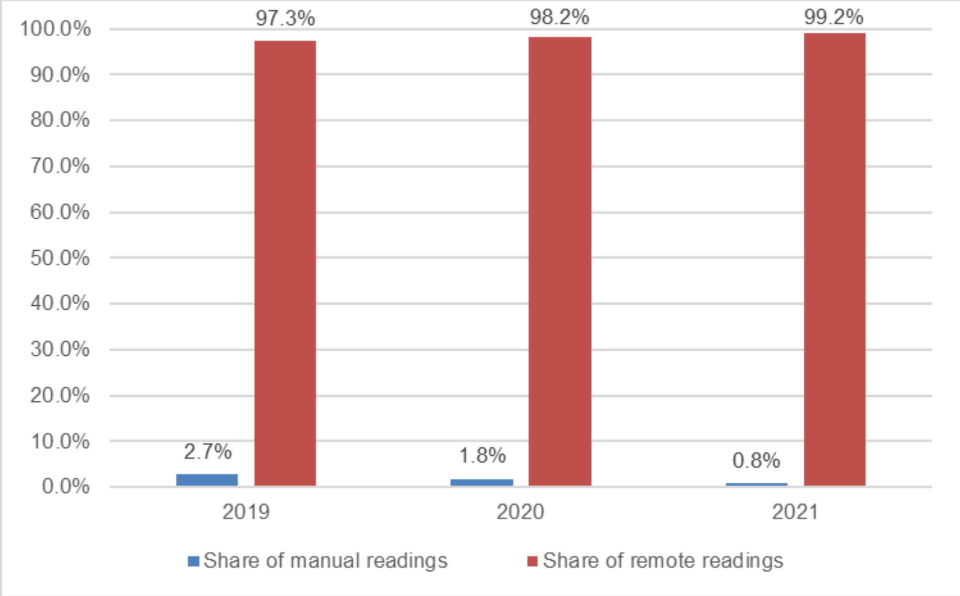

Figure 51: Share of readings by type

As part of the construction of an advanced metering system, despite the uncertain situation on the electronic components market in 2021, the company installed 15,100 new advanced meters with G3 PLC communication and 1,087 new advanced meters with 2G / 4G radio communication.

The company has successfully completed the project "Automated implementation of process activities of remote deactivation / activation and change of installed capacity from the eIS system", with which we have efficient interconnections of several information systems, which Elektro Maribor d. d. uses for the management of metering points, metering and communication and control devices, and metering and other data, the company has achieved a higher level of automation of electricity metering processes and the provision of data services.

9.7 Measurements and protection

In the field of maintenance, the company performed 235 measurements in 2021, of which 71 tests of MV cables and 164 measurements of fault finding on cable lines (108 LV and 56 MV cables). The company performed four more diagnostics of MV cables. The company carried out 351 reviews of protection and control devices (relays) and performed 51 inspections in the event of network failures and failures of individual protection and control terminals. The company launched two new cells in the TSSs and participated in the preparation of parameters for the inclusion of nine remotely controlled separation points. The company performed eight audits of protective devices for external clients. In the field of earthing of 110kV transmission line poles, the company performed 131 measurements on two transmission lines.

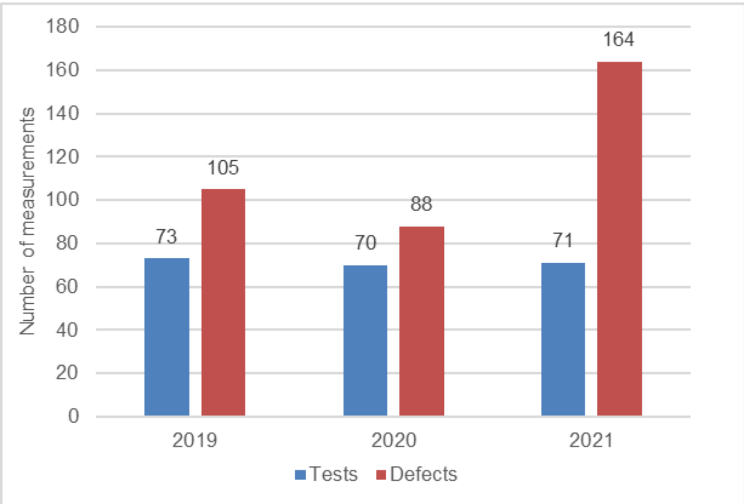

Figure 52: Number of measurements conducted

The company performed 1,336 voltage quality measurements, which represents 224 measurements less than in 2020. Of these, 578 measurements were inconsistent with the SIST EN50160 standard. The share of non-compliant measurements is 43.3%, which is slightly less than in 2020. There were fewer measurements performed than in 2020, as at the end of the year the company received a total of only 10 requests for measurements in the phase of obtaining information or approvals for connection to the network. In 2021, the company performed a total of 786 measurements on 344 requests. The company dealt with 113 complaints regarding voltage quality.

41 analysers or meters of basic electrical quantities were installed in 36 TSSs. 11 analysers were connected by communication to the GridVis control system, where data analysis is enabled for employees of Elektro Maribor d. d. via the GridVis Energy Portal.

10 PRODUCTION OF ENERGY PRODUCTS

In 2021, the Elektro Maribor Group produced 15,191 MWh of electricity with its own production facilities, which is 29% more than in 2020. The higher production compared to 2020 is mainly related to the higher installed capacity of SHEPP Čas.

The share of electricity produced from hydroelectric power plants in 2021 was 94%, the share from photovoltaic power stations was 4%, and the share from cogeneration (CHE) was 2%.

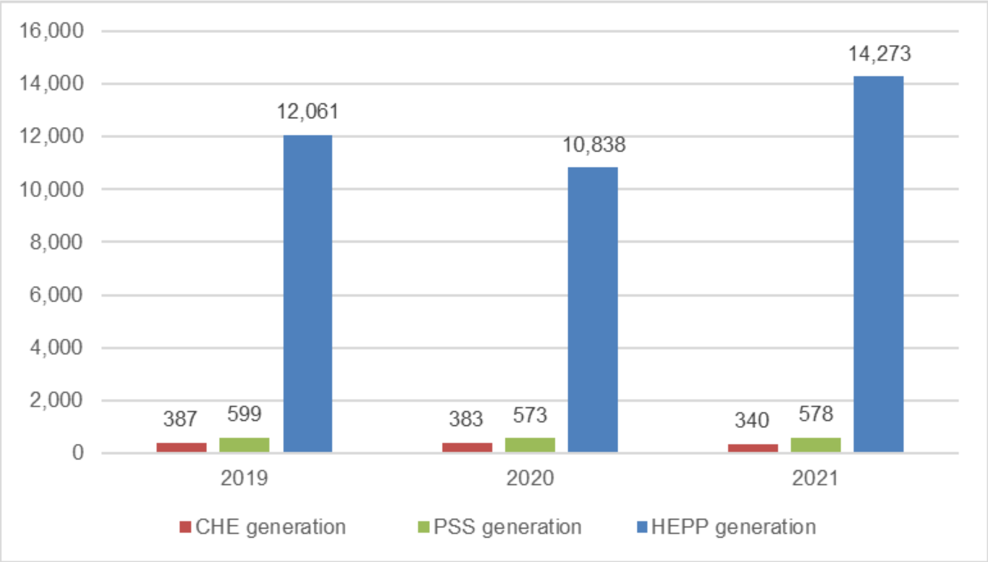

Figure 53: Electricity produced at hydroelectric power plants (HEPP), photovoltaic power stations (PPS) and cogenerations (CHE) in MWh

The highest production from hydroelectric power plants was recorded in February, May, and June 2021. Due to the expiration of the operating support of the hydroelectric power plant, with the exception of SHEPP Čas, they are no longer eligible for the support scheme.

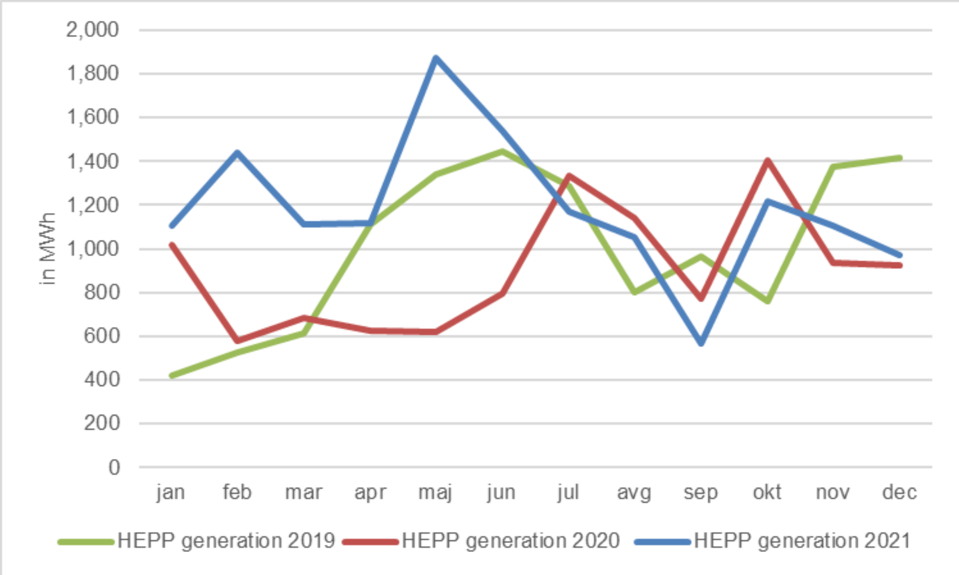

Figure 54: Monthly dynamic of electricity produced at hydroelectric power plants (HEPP) in MWh

The highest production from photovoltaic power stations was recorded in June and July 2021. All the amount of electricity produced was eligible for the support scheme (operational support), with the exception of December 2021, when the support scheme for the oldest SPVPP Elektro Maribor expired.

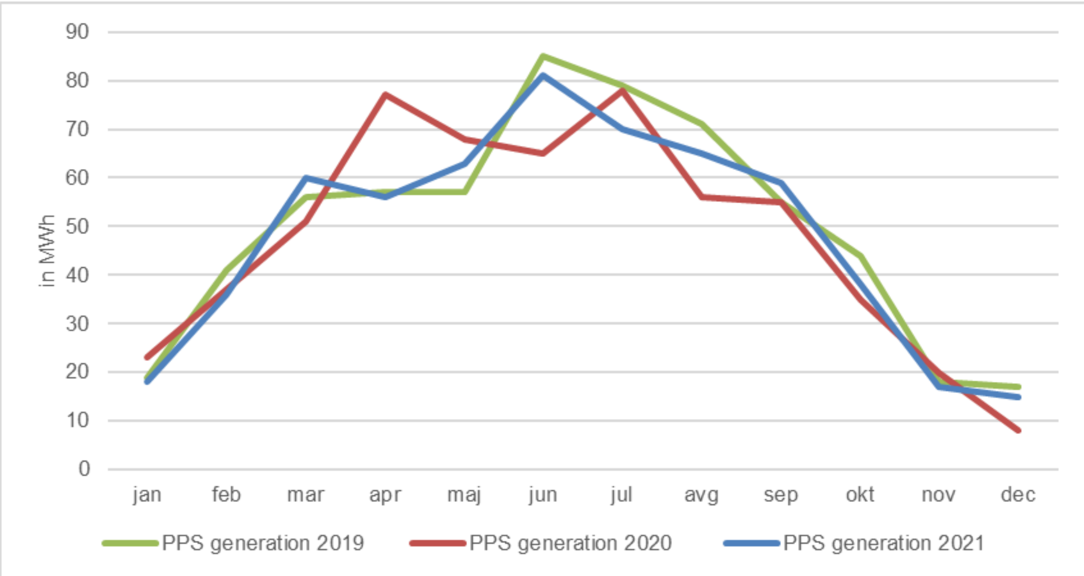

Figure 55: Monthly trends of electricity produced at photovoltaic power stations (PPS) in MWh

The Group has two facilities that produce high-efficiency heat and electricity (CHE) in cogeneration, using natural gas. In 2021, the production of electricity in cogeneration (CHE) amounted to 340 MWh, which is 11% less than in 2020. The highest production from high-efficiency cogeneration of heat and electricity was recorded in January and March 2021.

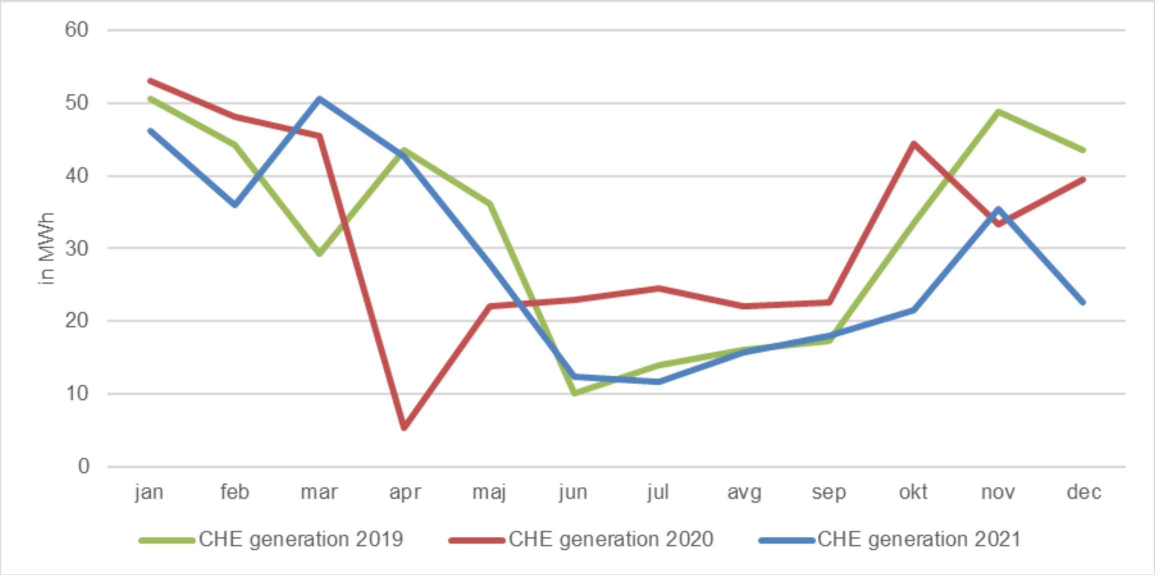

Figure 56: Monthly trends of electricity produced at CHE plants in MWh

11 SALE OF ENERGY PRODUCTS

Energija plus, d. o. o., sells electricity, natural gas, and heat to end customers. OVEN Elektro Maribor, d. o. o., sells all electricity generated within the Group to Energija plus, d. o. o.

11.1 Electricity

In 2021, due to measures related to the epidemiological situation and various challenges the company faced (restriction of certain economic activities, extreme growth of energy prices, etc.), the company was constantly in contact with customers, provided them with professional assistance and support, all with the aim to increase their satisfaction, better user experience, and comprehensive energy supply. The company continued to promote energy efficiency, efficient use of energy, and sought new energy solutions with an emphasis on preserving the environment, and the company also paid a lot of attention to digital business and process optimisation. Remote business was maintained, some customers started to return to points of sale.

The company focused most of our sales activities on retaining existing customers and acquiring new ones. In the first quarter of 2021, the company prepared a special offer for the supply of electricity for new household and small business customers. The company continued with the "Bring a Friend" campaign, where we significantly exceeded the 2020 results. In cooperation with business partners, the company prepared various benefits for our customers, continued to acquire new members of the "My PLUS" loyalty program, and prepared various prize games. The company also awarded our customers on the occasion of the 10th anniversary of the company. The company got a positive response.

Total electricity sales in 2021 amounted to 1.87 TWh, which is 30 GWh or 1.6% more than in the previous year.

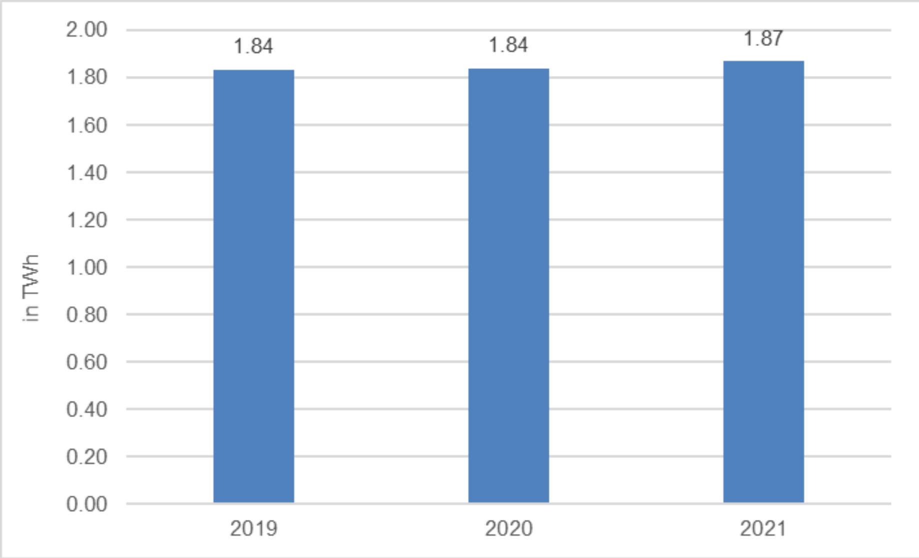

Figure 57: Sale of electricity in terms of volume

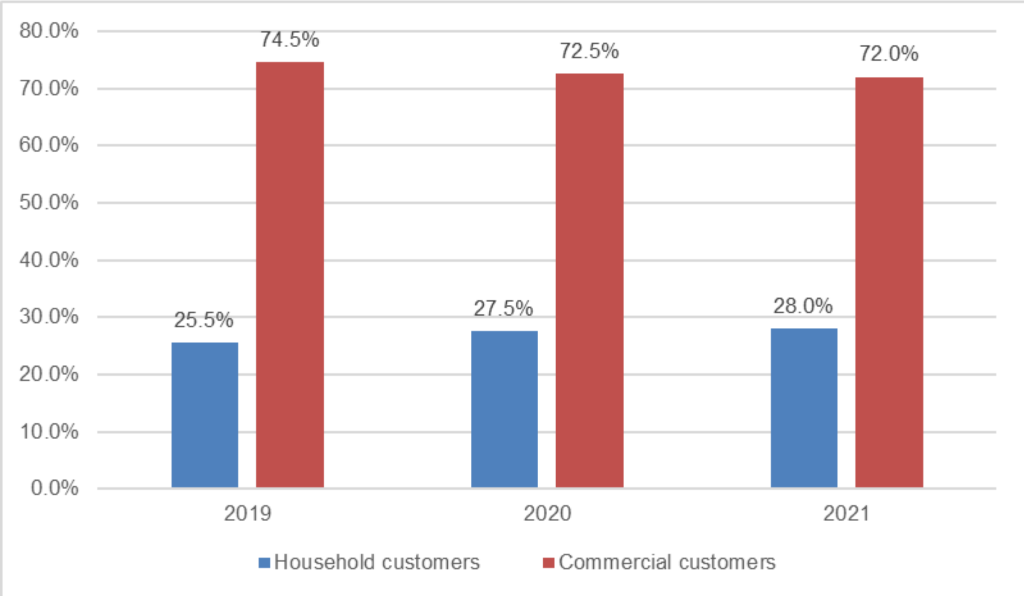

Figure 58: Share of sold volumes of electricity to end customers

Based on currently available data for the January-October 2021 period, the company achieved a 12.2% market share in total sales to end customers, which means a decrease of 0.6 percentage points compared to the market share in 2020.

11.2 Natural gas

Despite the growing number of customers in the natural gas market, the dynamics of supplier changes is slowing down from year to year. In 2021, compared to the previous year, there were almost 15% less changes. In the last year, natural gas consumption has been almost 3% higher than the average of the last 5 years, mainly due to measures to curb the spread of COVID-19 when people stayed at home.

There are 18 active suppliers of natural gas on the retail market in Slovenia, whose activities are intensifying the competition.

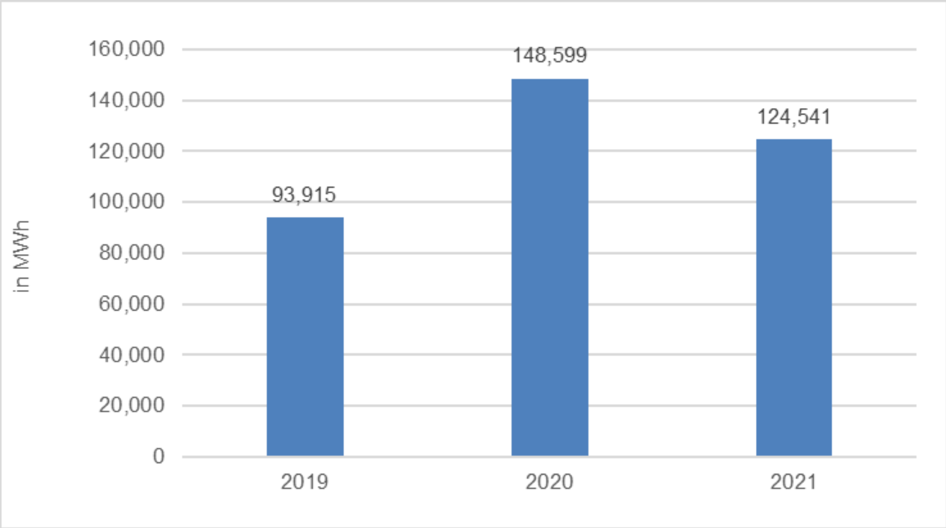

Figure 59: Sale of natural gas in terms of volume

In 2021, the company sold 16% less gas to customers than in 2020. The decrease in gas sales was largely due to lower consumption by large business customers. The company recorded increased usage among household customers.

Until mid-December 2021, the company kept sales prices for households and small business customers at the 2019 level. Due to the extreme growth of natural gas purchase prices, the company increased prices for new customers in December 2021.

The company mostly appealed to household and small business customers by sending e-mails, telephone calls, and presenting the offer when they visited points of sale. The company is in contact with major business customers through their trustees. In 2021, the company has prepared several special offers for new household and small business customers. In addition to our own sales, the company also acquired new natural gas customers from agent contractual cooperation.

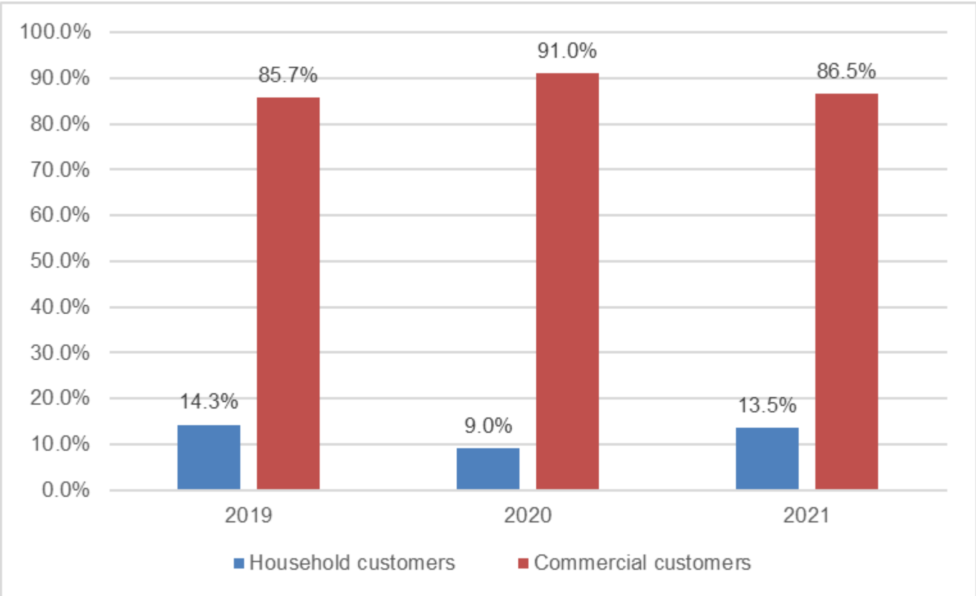

Figure 60: Share of sold volumes of natural gas to end customers

Based on currently available official data on the use of natural gas in Slovenia for 2020 (source Energy Agency), the company estimates our market share in 2021 in the entire retail market (transmission and distribution) at 1.3%, and 2.9% in the distribution area. In the entire retail market for 2021, the company expects a decrease in market share by 0.2 percentage points, and 0.5 percentage points in the distribution area.

11.3 Heat

The company supplies thermal energy to 580 apartments, which are connected to the owner's district heating system and have been operating it for the eighth season. The company also supplies heat from heat pumps to the municipal building, school, and kindergarten in the municipality of Zavrč. Heat sales and generated revenues are directly dependent on weather conditions and the trends in raw material and energy prices.

In 2021, the company sold 2,377 MWh of thermal energy, which is 5.9% more than in the previous year. Heat sales and generated revenues in 2021 were mainly affected by the colder April 2021 and winter months of the second half of 2021 and the rise in heat prices with the start of the new heating season for the Pobrežje boiler house as a result of the extreme rise in natural gas prices.

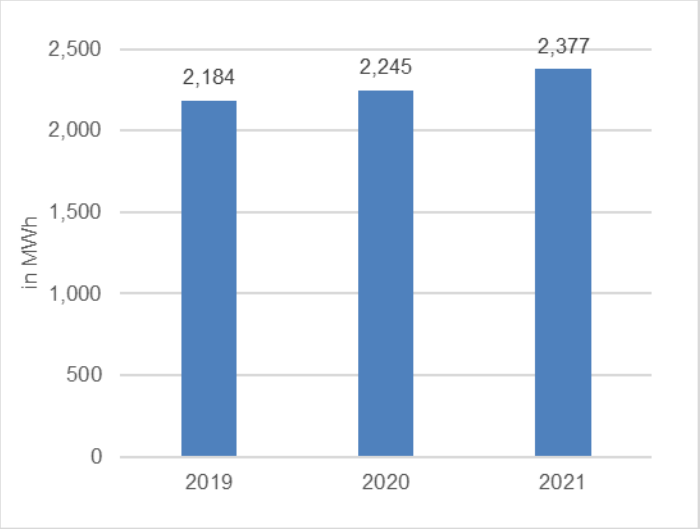

Figure 61: Sale of heat in terms of volume

Regarding the use of district heat in Slovenia in 2020 (source: Energy Agency) the company estimates our market share in 2021 at 0.13%.

12 INVESTMENTS[21]

In 2021, the Elektro Maribor Group made investments in the amount of €34.1 million, which is 1.7% more than in the previous year. Investments of Elektro Maribor d. d. were realised in the amount of €33.1 million, which is 5% more than in the previous year.

[21] GRI 203-1

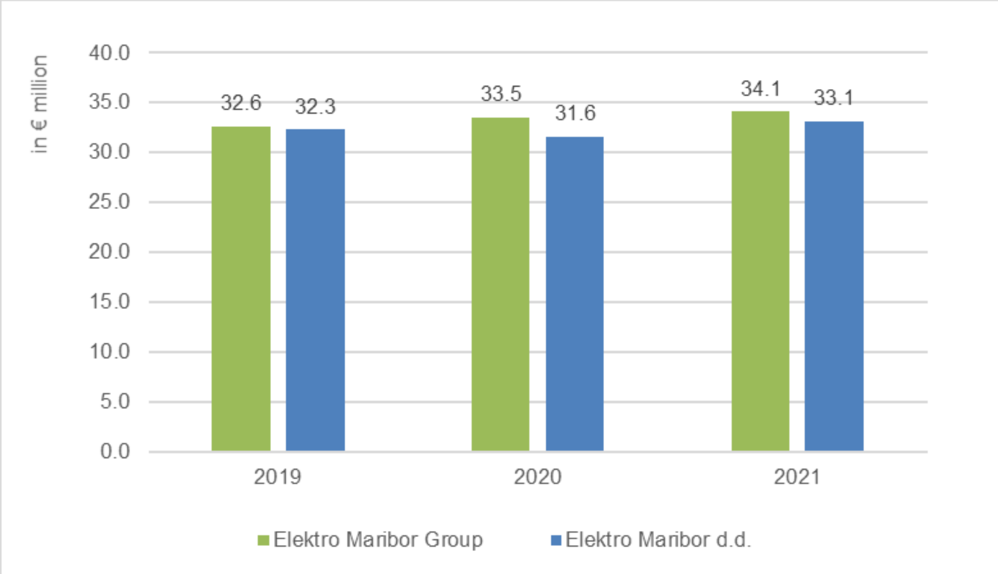

Figure 62: Investments of the Group and Elektro Maribor d. d.

The largest share (97%) in the structure of the Group's investments is represented by the investments of Elektro Maribor, d. d.

Table 23: Investments made by Elektro Maribor, d. d.

	2021		2020		2019	
	Quantity	Value in €	Quantity	Value in €	Quantity	Value in €
New HV transmission lines		51,307		70,554		249,198
Refurbished HV transmission lines		94,664		191,162		47,508
New overhead MV power lines			5.84 km	350,038		
Refurbished overhead MV power lines	90.26 km	3,473,922	90.06 km	3,345,311	73.83 km	2,997,150
New underground MV cable conduits	42.02 km	3,035,274	28.41 km	2,301,466	30.86 km	2,538,319
Refurbished underground MV cables	17.48 km	1,417,289	12.58 km	1,063,776	4.86 km	746,185
New overhead LV power lines			0.00 km	414	4.33 km	172,009
Refurbished overhead LV power lines	45.77 km	2,375,167	73.07 km	2,817,529	53.61 km	2,341,481
New LV cable conduits	22.93 km	1,894,508	24.80 km	1,661,980	17.08 km	1,119,643
Refurbished LV cable conduits	157.75 km	6,645,981	125.95 km	6,108,753	93.86 km	5,031,242
MV/LV transformer substations						
- New	25 piece	2,588,347	30 piece	2,868,683	31 piece	2,439,480
- Refurbished	85 piece		67 piece		69 piece	
- Added capacities of transformers						
HV/MV distribution transformer substations		819,820		1,508,652		3,293,265
Automation and remote control		673,726		643,370		490,478
Maintenance and operation reserve		629,610		349,140		593,280
Telecommunications		953,335		637,142		526,796
Metering apparatus and instruments		3,453,668		3,676,494		3,774,451
Tools and machinery		175,660		210,144		344,792
Transport means		999,551		573,584		1,512,876
Inventory		57,858		62,814		44,770
Work premises		1,200,924		610,989		555,571
Design documentation		1,480,807		1,319,852		896,457
Business informatics		1,113,461		1,178,222		2,457,753
Purchase of electricity infrastructure				21,310		129,372
Total		**33,134,880**		**31,571,377**		**32,302,073**

In Elektro Maribor d. d. realisation at distribution facilities (MV, TSS and LV) was €0.9 million or 4.5% higher than in the previous year.

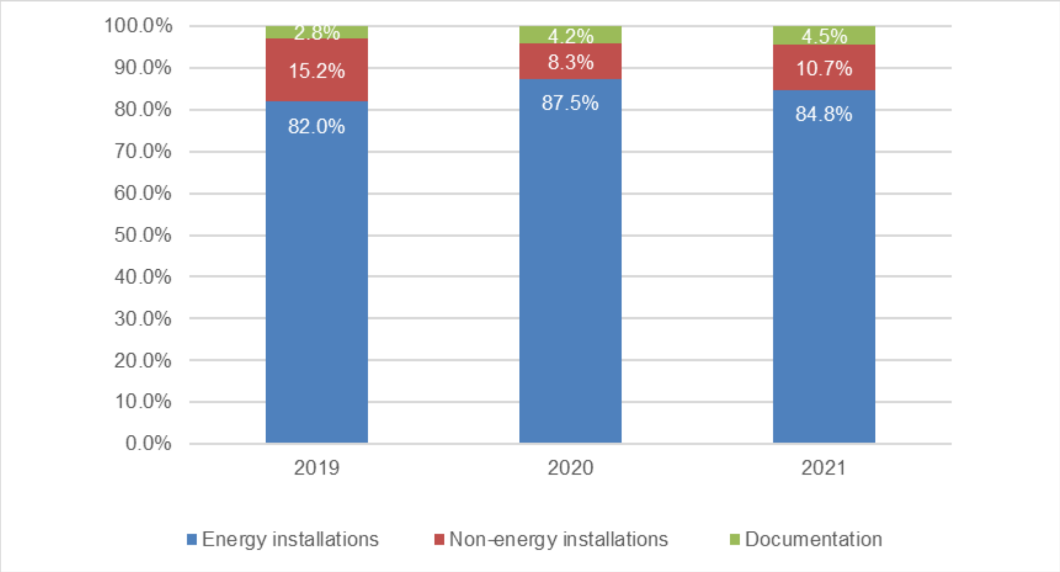

Figure 63: Structure of investments made by Elektro Maribor d. d.

12.1 Strategic investments made by Elektro Maribor d. d.

Network robustness

The company systematically increases the robustness of the medium (MV) and low-voltage (LV) network also by laying underground low- and medium-voltage lines and insulating the overhead low- and medium-voltage lines.

In 2021, the company reduced the entire overhead MV and LV network by approximately 169 km, and at the same time increased the underground MV and LV lines by approximately 288 km. The share of isolated overhead and underground MV and LV lines in all MV and LV lines was 73.8%. The share of isolated overhead MV and LV lines in all overhead MV and LV lines was 42.5%.

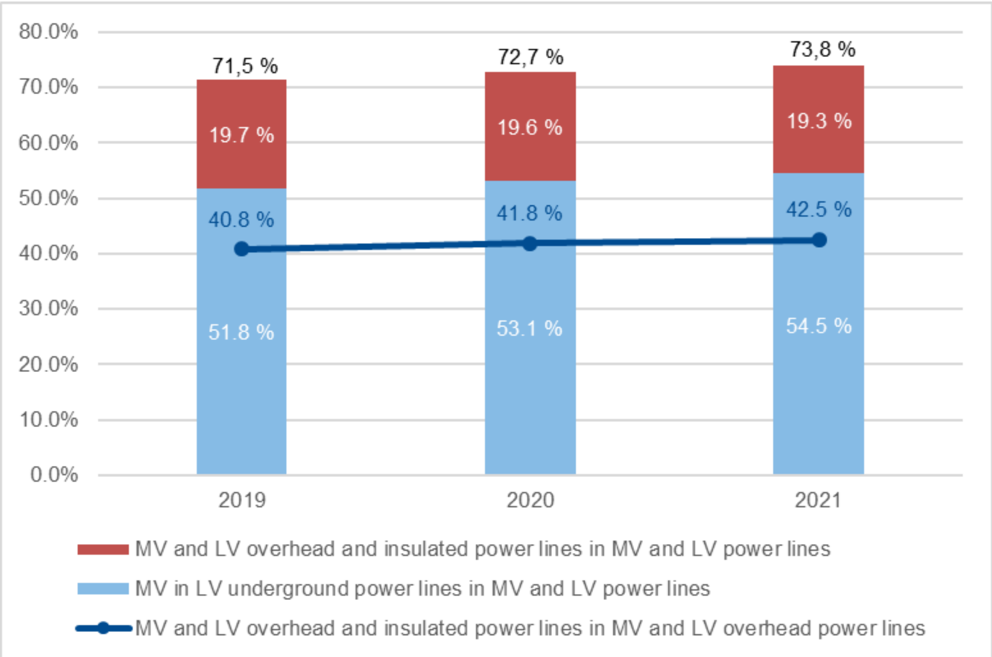

Figure 64: Robustness of MV and LV networks

Within the scope of investments, the company replaced 5,196 pylon sites, 1,699 of which within the MV network and 3,500 within the LV network.

Upon more and more frequent extreme weather events, the robustness of the network has gained strategic importance. The latter has been acknowledged and noted as an objective in the company strategy and Guidelines for the company's technical and technological development. Underground (cable) electricity networks are being constructed intensely and, where cabling is not possible, overhead networks are erected with insulated conductors.

Network capacity

The company built 25 new transformer stations to improve voltage conditions and keep up with the increased demands on electricity consumption.

Network advancement and visibility

- In 2021, we installed 17 sets of remote controller disconnector spots, which include the completion of facilities from 2020, relocations and RU investments. The coverage of remote controller disconnector spots was 6.27%.
- In 2021, we installed 39 metering centres. The AMI project was implemented actively. The share of G3 metering points included in the advanced measuring system was 42.1%.

Telecommunications and information science

- Information technology: Most investments were dedicated to software upgrades (billing and customer life cycle (eIS), central data warehouse (CDWH) and support for business processes (AXI), software licences and integrations between various information systems. In 2021, the domain was upgraded to the latest version. Other investments in this segment were earmarked for the replacement of obsolete hardware and purchase of new equipment for highly secure system environment.
- Telecommunications: the company updated ICT premises, securing them with electronic access control. Outdated radio equipment was replaced and dispatcher radio equipment was updated. The company performed the order of services and purchase of equipment for the needs of high-security system environment and the order regarding the construction of the TSS Slovenska Bistrica - TSS Breg backbone optical connection. MPLS backbone network was expanded and remote locations were connected in terms of communication with the fibre optic and radio network. The length of the newly built optical network was 4.7 km.

12.2 Major investment facilities in 2021

- **110/20kV Rače transformer substation - complete refurbishment of 20kV, 110kV secondary equipment**

  For the necessary refurbishment of the TSS Rače facility, the company have completed activities to prepare a project for the start of work in 2023. The company also concluded a joint investment contract with the co-owner of the facility. The tender documentation was prepared for the purchase of equipment and services, and the tender for the supply and installation of equipment was published. The company has concluded contracts for the design and performance of professional supervision in accordance with the Construction Act.

- **110/20kV Ormož transformer substation - complete refurbishment of 20kV, 110kV and LR secondary equipment**

  For the necessary refurbishment of the TSS Ormož facility, the company have completed activities to prepare a project for the start of work in 2023. The tender documentation for the purchase of equipment and the implementation itself was prepared. In 2021, the company has prepared all major public procurements, some contracts have already been signed, and some are still in the phase of selecting a contractor.

- **2 × 110kV Murska Sobota-Mačkovci transmission line**

  On 2 November 2020, Elektro Maribor d. d. again sent the Ministry of the Environment and Spatial Planning a motion to repeal the decision adopted by the Ministry of the Environment and Spatial Planning, Inspectorate of the Republic of Slovenia for the Environment and Spatial Planning, Regional Unit Murska Sobota, No. 06122-4221/2018/10 of 20 December 2018 in conjunction with the decision of the Ministry of the Environment and Spatial Planning No. 0612-8/2019/4 of 15 February 2019 and the decision of the Ministry of the Environment and Spatial Planning, Inspectorate of the Republic of Slovenia for the Environment and Spatial Planning, Regional Unit Murska Sobota, No. 06122-270/2019/23 of 18 June 2019 in conjunction with the decision of the Ministry of the Environment and Spatial Planning No. 0612-187/2019-2-LMJ of 18 September 2019 and the decision of the Ministry of the Environment and Spatial Planning, Inspectorate of the Republic of Slovenia for the Environment and Spatial Planning, Regional Unit Murska Sobota, No. 06122-4221/2018/51 of 5 September 2019 in conjunction with the decision of the Ministry of the Environment and Spatial Planning No. 0612-8/2019-15 of 7 November 2019, which has not been decided yet res judicata. The company's motion to repeal the decisions was also notified to the Ministry of Infrastructure. On 7 7 January 2021, the company received a letter in which the Ministry of the Environment and Spatial Planning informed the company that it had received the motion for urgent annulment, but was not obliged to take into account or consider its content and make a decision as per the case-law, since that was not imposed by the Administrative Procedure Act. The Ministry could also act ex officio based on the data and evidence indicated in the motion.

In respect of the Murska Sobota–Mačkovci transmission line, the company actively participates in the procedure to adopt an amended spatial plan and, consequently, obtain all documents for the acquisition of a building permit for the alternative layout between pylon sites 16 to 21. The initiative to adopt a national spatial plan (NSP) for the alternative layout was produced in October 2019 and was published at the end of 2019. The Spatial Planning, Construction and Housing Directorate within the scope of the Ministry of the Environment and Spatial Planning, which runs the procedure to prepare NSP, forwarded the initiative pursuant to Spatial Planning Act to the competent national and local spatial developers inviting them to provide specific guidelines and all data within their competence referring to the planned spatial arrangement that were not taken into account in the preparation of the initiative. At the same time, all spatial developers participating in the strategic environmental impact assessment were invited to provide their opinion along with specific guidelines, indicating whether a strategic environmental impact assessment is necessary and proposing the scope and accuracy of information to be included in the environmental report. The Strategic Environmental Assessment Division within the scope of the Ministry of the Environment and Spatial Planning was asked to decide on the necessity of carrying out the procedure of a strategic environmental impact assessment. The initiative was adopted with a Government decision in the beginning of June 2020.

Following the adoption of the decision, on the basis of the provisions of ZUreP-2, the preparation of expert bases was prepared, on the basis of which a Study of variants was prepared with a proposal of the most appropriate variant (hereinafter the Study), where variants of spatial arrangement were compared among each other and evaluated from a spatial, environmental, functional, and economic point of view. The study, together with the environmental report and all prepared expert bases, was publicly presented in the period from 11 October 2021 to 12 November 2021 in the premises of the Municipality of Murska Sobota and the Municipality of Puconci. During the public presentation, public hearings were also organized in both municipalities. During the public presentation, comments or suggestions were made by the public on the presented material.

Taking into account all necessary activities, the adoption of the national spatial plan is currently foreseen for December 2023. The building permit is expected to be obtained within a year of the issue of the national spatial plan.

12.3 Other investments

Energy installations

Along with strategic investments, investments were also made in:

- Medium voltage (MV) power lines: 59.50km of MV cable lines were laid anew and 90.26km of overhead MV lines were reconstructed.
- Transformer substations: the company built 25 new transformer substations and reconstructed 85 transformer substations to replace worn out equipment, resolve bad voltage conditions, and for renovations themselves.
- Low-voltage (LV) power lines: 180.68km of LV cable lines were laid anew and 45.77km of overhead LV lines were reconstructed.

Table 24: Physical realisation of the construction of MV, TS and LV installations

Elements		Measurement unit	2021	2020	2019
MV power lines	transmission line	km	90.26	95.9	73.83
	cable conduit	km	59.5	40.99	35.72
MV/LV TS	new construction	pcs	25	30	31
	refurbishment	pcs	85	67	69
LV network	overhead power lines	km	45.77	73.07	57.94
	cable conduit	km	180.68	150.75	110.95

- Within the scope of the investment group, the company enhanced the operating reserve with 43 distribution transformers.

Non-energy installations

- Within the scope of the “Tools and machinery” investment group, the company procured the tools required for safe and uninterrupted work.
- Within the scope of the “Transport means” investment group, the company procured the necessary means of transport and also procured 6 electric vehicles, of which 4 passenger electric vehicles and 2 electric freight vehicles.
- As part of the “Work premises” investment group, the company replaced building furniture in the administrative buildings in Slovenske Konjice and Lendava. The company completed the rehabilitation of the cooling and heating system at the Maribor RU office building and the rehabilitation of the office building at the Ptuj RU. In 2021, the company almost completely finished the energy rehabilitation of the administrative building of SE Maribor, a smaller part is transferred to 2022.

Documentation

the company mostly carried out activities to obtain the right to set up a corridor and pylon sites for the foreseen transmission lines, and to produce a building permit design and obtain a building permit (BP) for the planned power installations: 2 × 110kV Murska Sobota–Lendava transmission line and 2 × 110kV Lenart–Radenci transmission line. For the 2 x 110kV Murska Sobota-Lendava facility, the company submitted an application for a building permit.

Furthermore, intense efforts were made to obtain investment documents for medium and low voltage power installations that are planned for the 2021–2022 period.

12.4 Own execution of investments

The company executes most construction and installation works in the erection of new power installations on its own. In 2021, the value of capitalised own products and services amounted to €21.4 million and decreased by 1% with respect to the previous year The share of own investments in 2021 amounted to 76.2% of investments in power facilities or 64.6% of all investments.

The company executed own investments in both service units and regional units. The achieved results show the importance of own execution of investments, as in this way the company responsibly and reliably takes care of the security of electricity supply. Due to the increased scope of work, the company additionally hired installers, construction workers, drivers-mechanics and auxiliary workers for the needs of the realization of the planned investments. In our work in 2021, the company also followed all instructions, recommendations, and measures to curb the spread of the COVID-19 epidemic.

The important investments carried out in 2021 by the company on its own were:

- upgrade of own electricity network in the area of Ptuj RU, Gornja Radgona RU and Murska Sobota, RU which are carried out as part of the construction of a two-system high-voltage transmission line 2 x 400kV Cirkovce-Pince;
- reconstruction of 20kV Hodoš DV section 3;
- construction of the Črenšovci 3 transformer substation, the Krog Brodarska transformer substation, the Žitence transformer substation and many other transformer substations;
- replacement of bases on 20kV transmission lines Sladki vrh-Ceršak, Kungota 2-Jurij, Majšperk-Stoperce, Ruta-Ožbalt and Morski jarek-Kozjak exit;

- cabling of the Šmartno MV power line from the Slovenska Bistrica distribution transformer substation;
- cabling of the part of the MV transmission line Rače-Dobrava DTS;
- cable sewerage and SN KBV TSS Melje-TSS 159 Railway canteen.

The electro-metallic workshop intensively produced metal distribution boxes, LV switchboards and panels and metal brackets for the needs of investments executed by the company.

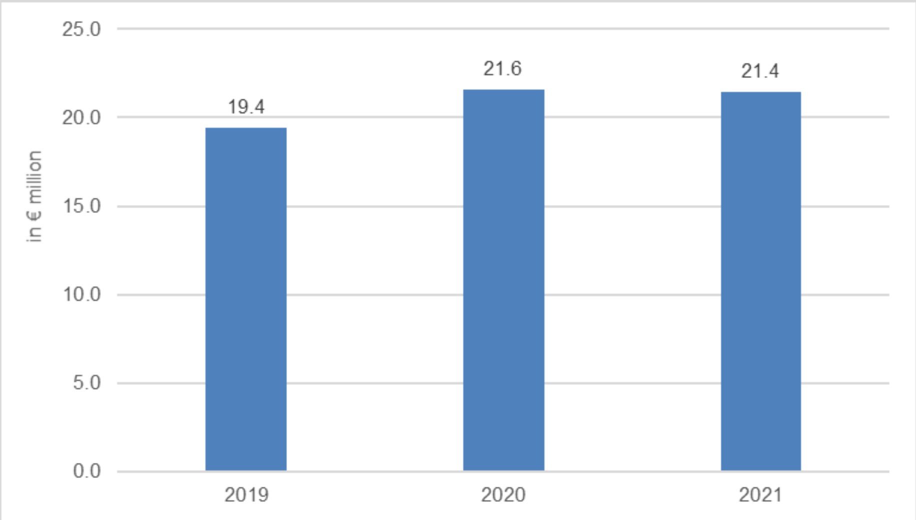

Figure 65: Revenue from own investments (in € million)

13 SERVICES ON THE MARKET

Elektro Maribor d. d. provides comprehensive services in design engineering, construction and maintenance of power installations and devices. Pursuant to standards and metrology regulations, the company also controls measuring instruments and tests for electromagnetic radiation. The requirements imposed by the Slovenian Accreditation and the Metrology Institute of the Republic of Slovenia are upheld regularly and successfully. The goals set in respect of the quality policy have been attained and the company strategy is being pursued.

In 2021, the company generated revenues amounting to €5.1 million from services rendered on the market, which is 26% more than the previous year. The achieved results also prove that external clients still recognize the company as a reliable, high-quality and affordable partner for the construction of the most demanding power facilities.

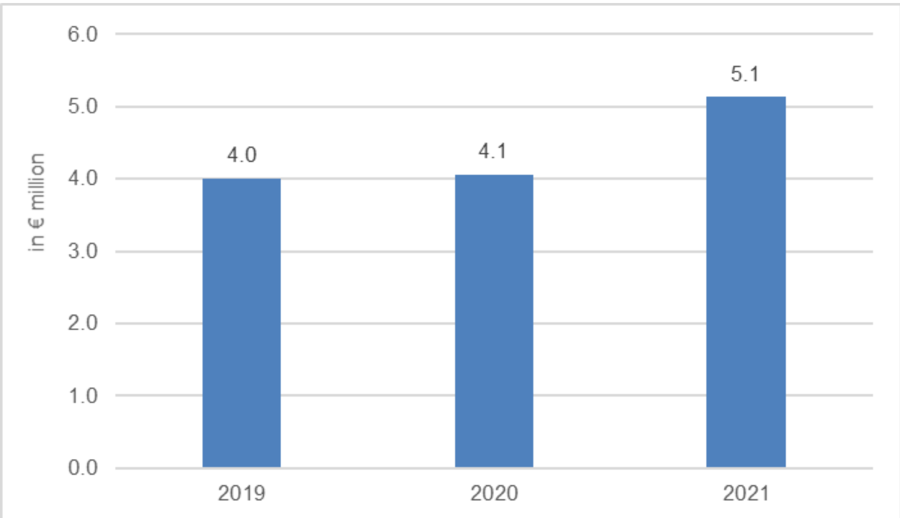

Figure 66: Trend in revenues from the sale of services rendered by Elektro Maribor d. d.

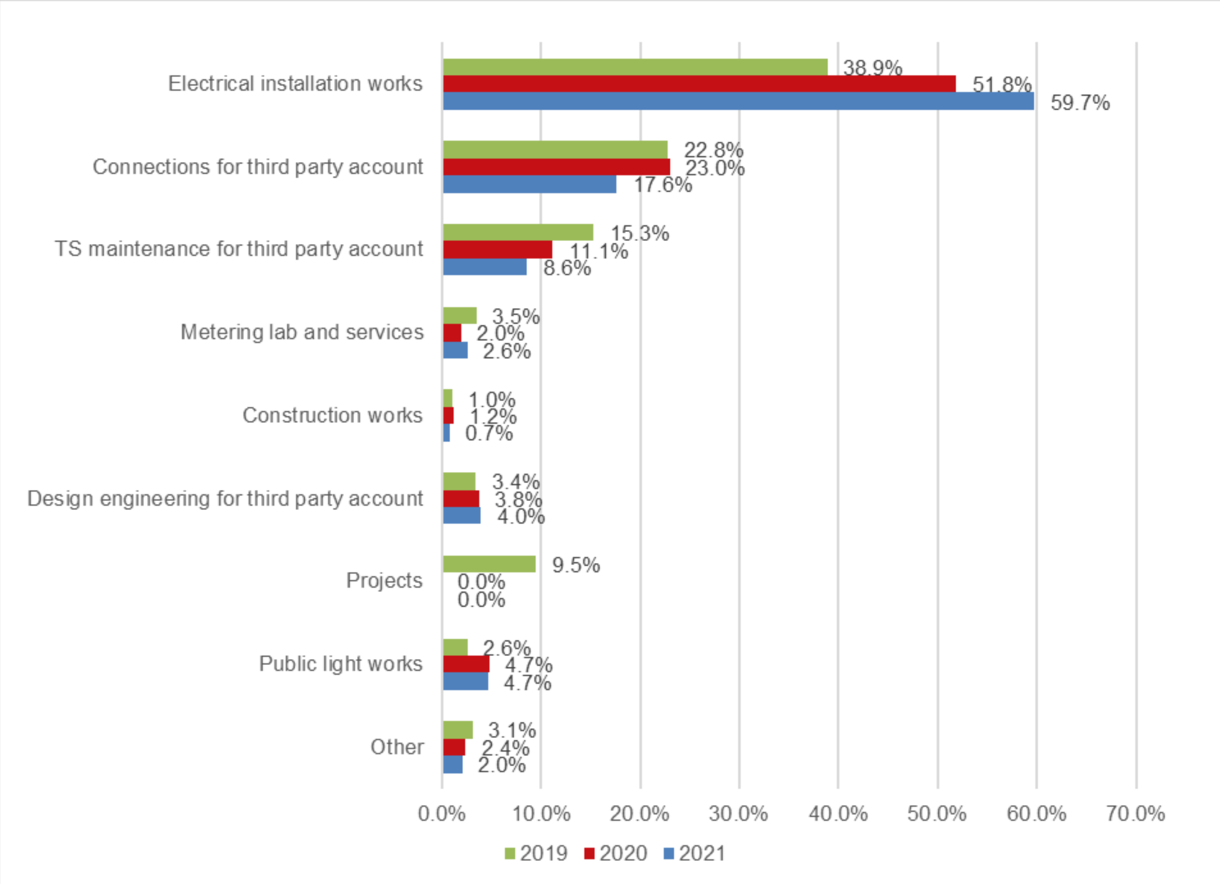

Figure 67: The structure of revenues from the sale of services rendered by Elektro Maribor d. d. by type of service

Major works successfully completed on the market in 2021 included:

- rearrangement of 0.4-35kV EEE in the area of construction of 2x400 kV Cirkovce-Pince DV;
- construction of Lipa transformer substation, reconstruction of "Nakladalna postaja" transformer substation, and reconstruction of Reservoir space in Lendava transformer substation;
- installation of the new transformer substation Futura Cold Store and its inclusion in MV;
- relocation of MV DV in the area of the new logistics centre Hoče;
- reorganization of EEE in the area of the Kidričevo bypass; and
- implementation of construction and electrical installation works in the area of construction of the 2nd stage of the western bypass Slovenska Bistrica.

The metering laboratory successfully defended the quality system during the assessments carried out by the Slovenian Accreditation, according to the SIST EN ISO / IEC 17020 and SIST EN ISO / IEC 17025 standards. Under the auspices of the metering laboratory, there is a metering service, which from March 2021 takes care of the mediation and sale of low-voltage current measuring transformers manufactured by VIKODEK, accuracy classes 1, 0.5 and 0.2.

14 ANALYSIS OF BUSINESS PERFORMANCE[22]

The analysis of business performance shows financial data and notes for the current year compared to the data planned in the Annual business plan. Deviations with respect to the previous financial year are explained in detail in the financial report.

[22] GRI 201-1

14.1 Analysis of business performance of Elektro Maribor d. d.

In 2021, the company surpassed the set short-term goals referring to share of losses per distributed energy (by 0.15 percentage points), share of underground and insulated overhead MV and LV power lines on all MV and LV power lines (by 1.04 percentage points), share of insulated overhead MV and LV power lines in overhead MV and LV power lines (by 0.41 percentage points) and share of metering points included in the advanced measurement system (by 3.78 percentage points). The company also achieved the added value per average number of employees according to hours worked, which is higher than planned by 0.27 percentage points.

Profitability on ROAs is 0.15 percentage points lower, due to slightly lower profits and higher assets than planned. The EBITDA margin decreased by 3.7 percentage points as a result of increased operating revenues with respect to those planned. The share of market revenue and capitalised own products and services in total operating revenue decreased by 0.63 percentage point as a result of increased operating revenues, primarily deriving from regulated revenue.

Table 25: Realisation of operating goals for 2021

Short-term goals	2021	2021 plan
Return on assets (ROA) in %	2.87	3.02
EBITDA margin in %	39.11	42.77
Added value per average number of employees as per hours worked (in € thousand)	79.30	79.03
Share of losses per distributed energy in %	4.55	4.70
Share of underground and isolated overhead MV and LV lines in all MV and LV lines in %	73.84	72.80
Share of insulated overhead MV and LV lines on overhead MV and LV power lines in %	42.51	42.10
Share of metering points included in the advanced measurement system in %	99.48	95.70
Share of market revenue and capitalised own products and services in total operating revenue in %	30.12	30.75
Share of investments in the carrying amount of electricity infrastructure in %	9.98	10.00

Compliance with SSH expectations

In January 2021, the Slovenian Sovereign Holding (SSH) delivered the Annual Management Plan for the Management of Capital Assets for 2021 (hereinafter “2021 Annual Plan”) indicating the expected annual goals along with economic and financial indicators for Elektro Maribor d. d.

In 2021, the company met the expectations of SSH as laid down in the 2021 Annual Plan, which relate to technical indicators of quality of care. Regarding expectations related to economic and financial indicators, we achieved the net financial debt / EBITDA indicator and exceeded the value added per employee indicator.

Investments

The investments made by Elektro Maribor d. d. were realised in the amount of €33,134,880 million, which €1,134,879 or 4 % more than planned.

Table 26: Investments

in €	2021	2021 plan	2020	Index	Index
	1	2	3	1 / 2	1 / 3
Energy installations	28,106,618	28,296,475	27,615,773	99	102
– MV, TS and LV	21,430,489	18,399,136	20,517,949	116	104
Non-energy installations	3,547,455	2,485,000	2,635,753	143	135
Documentation	1,480,807	1,218,525	1,319,852	122	112
Investments	**33,134,880**	**32,000,000**	**31,571,377**	**104**	**105**

Net profit or loss

In 2021, Elektro Maribor d. d. generated a net profit or loss of €11,719,561, which is €620,084 or 5% behind than planned and is mainly due to higher costs of materials, services, depreciation and labour.

Table 27: Net profit or loss of Elektro Maribor d. d.

Elements	2021	2021 plan	2020	Index	Index
	1	2	3	1 / 2	1 / 3
Profit or loss from operations	12,131,780	14,465,386	11,138,216	84	109
Net flow	1,041,513	-45,368	663,187	-2,296	157
Profit or loss from other operations	-59,475	-72,500	-90,412	82	66
Tax	-1,394,256	-2,007,874	-1,237,397	69	113
Net profit or loss	**11,719,561**	**12,339,645**	**10,473,594**	**95**	**112**

Revenue

Total revenues in 2021 increased with respect to those planned, primarily as a result of increased operating revenue, which grew by €4,331,580 or 5%, mostly as a result of increased regulated revenue of the SODO and higher revenues from sale of services on the market The largest share among all revenues includes regulated revenue under the contract with the SODO, which accounts for 65%.

Table 28: Revenue of Elektro Maribor, d. d.

Elements	2021	2021 plan	2020	Index	Index
	1	2	3	1 / 2	1 / 3
Operating revenues	88,139,374	83,807,794	83,535,628	105	106
Financial revenue	1,412,665	339,485	1,111,884	416	127
Other revenues	36,186	0	12,875	-	281
Total revenues	**89,588,226**	**84,147,279**	**84,660,387**	106	106

Costs and expenses

Total costs and expenses in 2021 with respect to those planned increased primarily as a result of increased operating costs and expenses. Operating costs and expenses (OPEX costs) increased by €6,665,187 or 10% compared to those planned, which is mainly due to higher material costs, which were €2,359,218 or 21% higher than planned.

Table 29: Costs and expenses of Elektro Maribor, d. d.

Elements	2021	2021 plan	2020	Index	Index
	1	2	3	1 / 2	1 / 3
Operating costs and expenses	76,007,595	69,342,408	72,397,412	110	105
Financial expenses	371,153	384,853	448,697	96	83
Other expenses	95,661	72,500	103,287	132	93
Total costs and expenses	**76,474,408**	**69,799,760**	**72,949,396**	**110**	**105**

Operating costs and expenses are higher than planned mainly on account of material costs, service costs, labour costs and depreciation. Other expenses are higher than planned, mainly due to deductibles.

There was no major deviation in operating costs with respect to those planned. The company pursues a labour-intensive activity, whereby labour costs account for 42% of total operating costs and expenses.

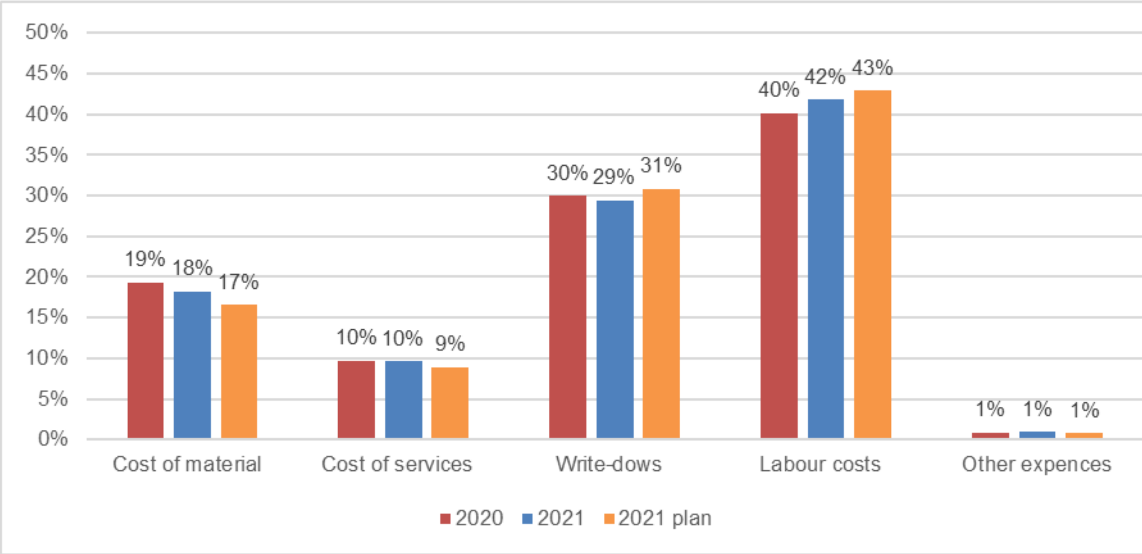

Figure 68: Structure of costs and expenses of Elektro Maribor d. d.

Assets

As at 31 December 2021, the company`s total assets amounted to €417,239,731 and increased with respect to the planned figure by €917,679 or 0.2%, primarily due to increased short-term assets.

Table 30: Total assets of Elektro Maribor, d. d.

in €	31/12/2021	Plan 31/12/2021	31/12/2020	Index	Index
	1	2	3	1 / 2	1 / 3
Assets	**417,239,732**	**416,322,053**	**399,079,365**	**100**	**105**
Long-term assets	380,546,680	396,251,294	376,475,479	96	101
Short-term assets	36,230,859	19,712,797	22,337,331	184	162
Short-term deferred costs and accrued revenue	462,193	357,963	266,555	129	173
Liabilities	**417,239,732**	**416,322,053**	**399,079,365**	**100**	**105**
Equity	303,178,613	304,050,202	294,792,477	100	103
Provisions and long-term accrued costs and deferred revenue	40,299,987	40,812,469	41,295,069	99	98
Long-term liabilities	49,029,711	48,926,452	43,608,417	100	112
Short-term liabilities	23,620,959	21,810,450	18,577,410	108	127
Short-term accrued costs and deferred revenue	1,110,462	722,480	805,992	154	138

The structure of assets changed slightly in 2021, the share of short-term assets increased and the share of long-term assets decreased, mainly due to assets (disposal groups) for sale. Long-term assets account for the largest share (91%).

Table 31: Structure of assets of Elektro Maribor, d. d.

Item in %	31/12/2021	Plan 31/12/2021	31/12/2020
Long-term assets	91.21	95.18	94.34
Short-term assets	8.68	4.73	5.60
Deferred costs and accrued revenue	0.11	0.09	0.07
Total	**100.00**	**100.00**	**100.00**

In 2021, the company spent €1,134,925 more on investments in fixed assets with respect to the planned figures. The investment increase is shown mostly in the enhanced robustness of the MV and LV networks.

Table 32: Investments in fixed assets of Elektro Maribor, d. d.

	31/12/2021	Plan 31/12/2021	31/12/2020	Index	Index
	1	2	3	1 / 2	1 / 3
Value of assets - in €	369,433,135	377,615,464	357,617,218	98	103
Amount of investments in fixed assets - in €	33,134,925	32,000,000	31,571,377	104	105
Share of investment in value of assets - in %	8.97	8.47	8.83		

As at 31 December 2021, short-term assets increased by €16,518,063 or 84% with respect to the figures planned and result primarily from a higher balance of short-term operating receivables and assets (disposal groups) held for sale than planned.

Table 33: Short-term assets of Elektro Maribor, d. d.

in €	31/12/2021	Plan 31/12/2021	31/12/2020	Index	Index
	1	2	3	1 / 2	1 / 3
Assets (disposal groups) held for sale	7,798,671	0	0	-	-
Inventories	2,786,766	2,100,000	2,339,050	133	119
Short-term operating receivables	17,766,608	11,795,992	9,615,152	151	185
Cash and cash equivalents	7,878,815	5,816,805	10,383,129	135	76
Total	**36,230,859**	**19,712,797**	**22,337,331**	**184**	**162**

As at 31 December 2021, company liabilities disclose the method of financing the company assets and has not changed significantly compared to the end of 2020.
The largest share of the company assets (72,7%) was financed with equity.

Table 34: Structure of liabilities of Elektro Maribor, d. d.

Item in %	31/12/2021	Plan 31/12/2021	31/12/2020
Equity	72.66	73.03	73.87
Provisions and long-term accrued costs and deferred revenue	9.67	9.80	10.35
Long-term liabilities	11.76	11.75	10.93
Short-term liabilities	5.65	5.24	4.66
Short-term accrued costs and deferred revenue	0.27	0.17	0.20
Total	**100.00**	**100.00**	**100.00**

As at 31 December 2021, the company equity amounted to €303,178,613 and exceeded the planned figures by €871,589 or 0.3 %, primarily as a result of lower net profit or loss than planned.

In 2021, the company borrowed €12,000,000. The company's debt at banks is at the level planned.

Table 35: Bank borrowings at Elektro Maribor, d. d.

in €	31/12/2021	Plan 31/12/2021	31/12/2020	Index	Index
	1	2	3	1 / 2	1 / 3
Loans (short-term + long-term share)	55,125,000	55,125,000	49,325,000	100	112

The balance of short-term liabilities increased by €1,810,510 or 8% with respect to the figures planned and results from increased short-term operating liabilities.

Table 36: Short-term liabilities of Elektro Maribor, d. d.

in €	31/12/2021	Plan 31/12/2021	31/12/2020	Index	Index
	1	2	3	1 / 2	1 / 3
Short-term operating liabilities	16,900,265	15,120,016	12,316,417	112	137
Short-term financial liabilities	6,720,694	6,690,434	6,260,993	100	107
Total	**23,620,959**	**21,810,450**	**18,577,410**	**108**	**127**

Net cash flow and financial operations

In 2021, the net cash flow of Elektro Maribor d. d. is lower than planned by €2,555,271, mostly on account of higher operating expenditures.

Table 37: Financial operations of Elektro Maribor d. d.

in €	2021	2021 plan	2020	Index	Index
	1	2	3	1 / 2	1 / 3
Cash flows from operating activities	**4,833,423**	**13,146,133**	**11,497,252**	**37**	**42**
- cash receipts from operating revenues	109,209,086	109,582,423	112,425,789	100	97
- cash disbursements from operating activities	-104,375,663	-96,436,291	-100,928,537	108	103
Cash flows from investing activities	**-9,491,001**	**-15,019,425**	**-9,466,573**	**63**	**100**
- cash receipts from investing activities	1,450,186	481,838	3,325,809	301	44
- cash disbursements from investing activities	-10,941,187	-15,501,263	-12,792,381	71	86
Cash flows from financing activities	**2,153,263**	**1,924,249**	**-595,380**	**112**	**-362**
- cash receipts from financing activities	12,900,000	12,000,000	11,000,000	108	117
- cash disbursements from financing activities	-10,746,737	-10,075,751	-11,595,380	107	93
Net cash flow for the period	**-2,504,314**	**50,956**	**1,435,299**	**-**	**-**
Closing balance of cash and cash equivalents	**7,878,815**	**5,816,805**	**10,383,129**	**135**	**76**
Opening balance of cash and cash equivalents	**10,383,129**	**5,765,849**	**8,947,830**	**180**	**116**

Total financial liabilities of the company as at the end of 2021 amounted to €55,708,414, which is slightly higher than planned.

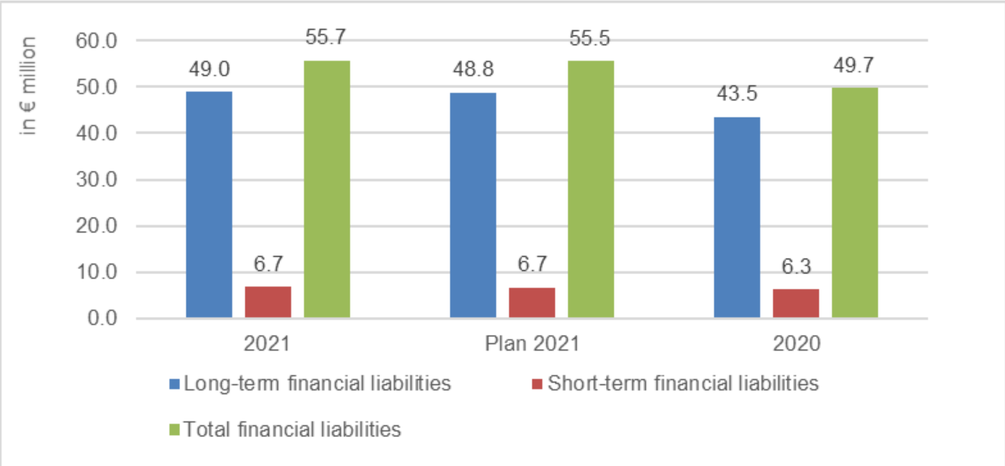

Figure 69: Financial liabilities of Elektro Maribor, d. d.

As at 31 December 2021, the net debt amounted to €47,829,599, which is 4% less than planned and results from an increased balance of cash and cash equivalents compared to that planned.

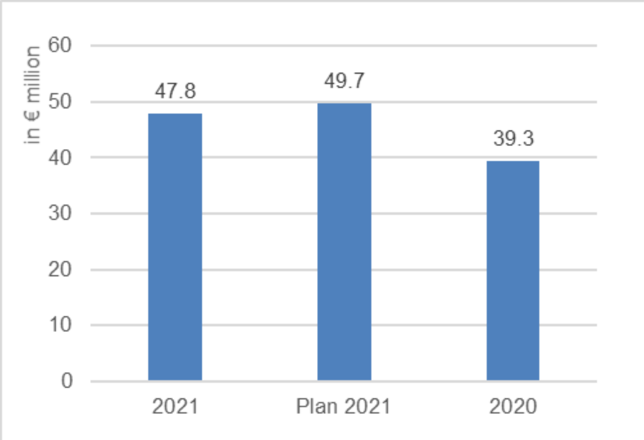

Figure 70: Net debt of Elektro Maribor d. d.

Net financial debt = financial liabilities - short-term financial investments - cash and cash equivalents

The net debt-to-EBITDA ratio in 2021 it at the planned value.

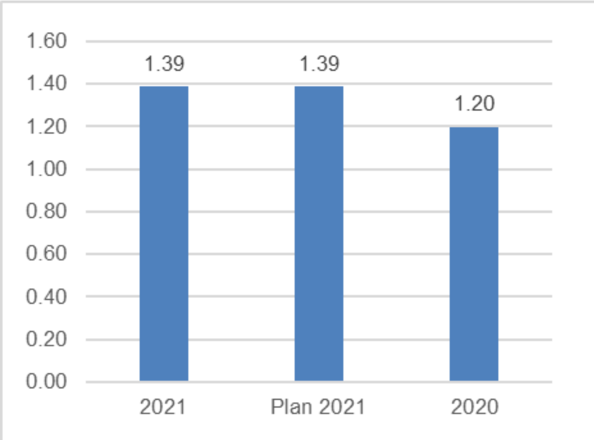

Figure 71: Net debt-to-EBITDA

In 2020, the company received a long-term loan from the European Investment Bank (EIB) for financing investments in the amount of €31 million, whereby the second tranche was drawn in 2021 in the amount of €12 million.

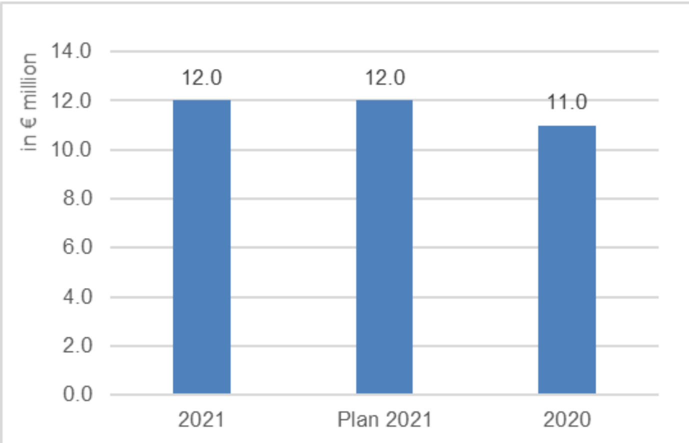

Figure 72: Borrowing from long-term loans at Elektro Maribor d. d.

The company debt ratio in 2021 was at the planned value.

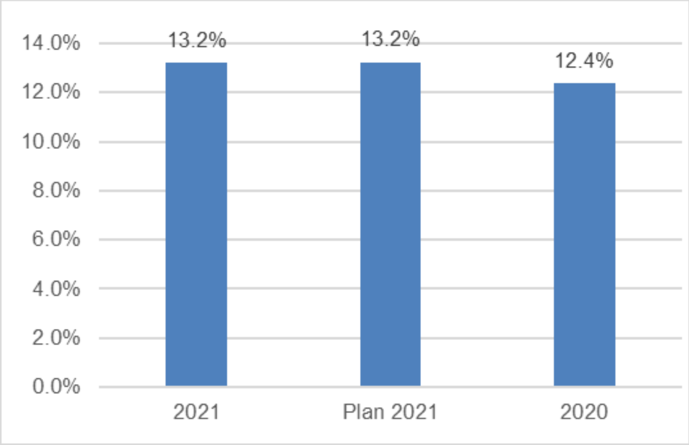

Figure 73: Debt ratio at Elektro Maribor, d. d.

Debt ratio = long-term and short-term financial liabilities to banks / assets

14.2 Analysis of business performance of the Elektro Maribor Group

Data for 2020 and the plan for 2021 have been recalculated due to the discontinued operations of the subsidiary Energija plus d.o.o.

Net profit or loss

The Elektro Maribor Group successfully ended operations in 2021 generating a net profit or loss of €9,160,632, which is lower than planned by 22%, but 2% higher with respect to the previous year.

Table 38: Net profit or loss of the Elektro Maribor Group

in €	2021	2021 plan	2020	Index	Index
	1	2	3	1 / 2	1 / 3
Profit or loss from operations	11,539,490	14,043,861	10,628,449	82	109
Net flow	-915,140	-129,088	-300,241	709	305
Profit and loss from other operations	-59,489	-72,247	-93,939	82	63
Tax	-1,404,229	-2,051,013	-1,257,953	68	112
Net profit or loss	**9,160,632**	**11,791,512**	**8,976,316**	**78**	**102**

Revenue

Total Group revenues amounted to €87,736,211 in 2021 and increased by 4% with respect to those planned and by 4% with respect to the previous year. Considering the revenues planned, the increase was noted predominantly in operating revenue.

Table 39: Revenues of the Elektro Maribor Group

in €	2021	2021 plan	2020	Index	Index
	1	2	3	1 / 2	1 / 3
Operating revenues	88,236,181	83,937,999	83,805,782	105	105
Financial revenue	-536,159	256,410	341,157	-209	-157
Other revenue	36,189	761	13,503	-	268
Total revenues	**87,736,211**	**84,195,169**	**84,160,442**	**104**	**104**

Costs and expenses

Total costs and expenses of the Group amounted to €77,862,630 in 2021 and increased by 11% with respect to those planned and by 6% with respect to the previous year. Considering the costs and expenses planned, the increase was noted predominantly in operating costs and expenses.

Table 40: Costs and expenses of the Elektro Maribor Group

in €	2021	2021 plan	2020	Index	Index
	1	2	3	1 / 2	1 / 3
Operating costs and expenses	76,696,691	69,894,138	73,177,333	110	105
Financial expenses	1,070,261	385,498	451,300	278	237
Other expenses	95,678	73,008	107,442	131	89
Total costs and expenses	**77,862,630**	**70,352,644**	**73,736,075**	**111**	**106**

Assets

The Group assets are disclosed in the balance sheet. As at 31 December 2021, the total assets of the Group amounted to €448,660,677 and were 0.4% higher than planned and 5% higher with respect to the previous year.

Table 41: Total assets of the Elektro Maribor Group

in €	30/12/2021	Plan 31/12/2021	31/12/2020	Index	Index
	1	2	3	1 / 2	1 / 3
Assets	**448,660,677**	**446,692,206**	**429,040,154**	**100**	**105**
Long-term assets	376,066,574	384,665,466	369,469,566	98	102
Short-term assets	72,594,103	62,026,741	59,570,588	117	122
Equity and liabilities	**448,660,677**	**446,692,206**	**429,040,154**	**100**	**105**
Equity	308,111,741	310,397,291	301,873,974	99	102
Long-term liabilities	89,240,169	89,635,218	86,014,728	100	104
Short-term liabilities	51,308,767	46,659,697	41,151,452	110	125

Long-term assets account for the predominant share of assets. Capital ownership structure slightly changed in 2021.

Table 42: The structure of Group assets

in %	30/12/2021	Plan 31/12/2021	31/12/2020
Long-term assets	83.82	86.11	86.12
Short-term assets	16.18	13.89	13.88
Total	**100.00**	**100.00**	**100.00**

As at 31 December 2021, Group liabilities disclose the manner of financing the assets with which the Group disposes. Capital ownership structure slightly changed in 2021.

Table 43: Structure of liabilities as at 31 December

in %	30/12/2021	Plan 31/12/2021	31/12/2020
Equity	68.67	69.49	70.36
Long-term liabilities	19.89	20.07	20.05
Short-term liabilities	11.44	10.45	9.59
Total	**100.00**	**100.00**	**100.00**

Net cash flow and financial operations

In 2021, the company achieved a negative net cash flow in the amount of €3,020,896, which is €4,365,900 lower than planned.

Table 44: Financial operations of the Elektro Maribor Group

in €	2021	2021 plan	2020	Index	Index
	1	2	3	1 / 2	1 / 3
Net cash flow from operating activities	**6,637,566**	**15,207,957**	**15,673,675**	**44**	**42**
- cash receipts from operating activities	335,296,563	333,593,877	330,399,343	101	101
- cash disbursements from operating activities	-328,658,997	-318,385,920	-314,725,668	103	104
Net cash flow from investing activities	**-11,973,903**	**-15,605,116**	**-12,521,785**	**77**	**96**
- cash receipts from investing activities	154,162	100,126	2,298,067	154	7
- cash disbursements from investing activities	-12,128,065	-15,705,242	-14,819,852	77	82
Net cash flow from financing activities	**2,315,441**	**1,742,163**	**-748,990**	**133**	**-**
- cash receipts from financing activities	12,620,000	12,000,000	11,300,000	105	112
- cash disbursements from financing activities	-10,304,559	-10,257,837	-12,048,990	100	86
Net cash flow for the period	**-3,020,896**	**1,345,004**	**2,402,900**	**-**	**-**
Closing balance of cash and cash equivalents	**7,906,390**	**6,031,297**	**10,449,395**	**131**	**76**

Total financial liabilities of the Group as at the end of 2021 amounted to €55,895,137, which is slightly higher than planned.

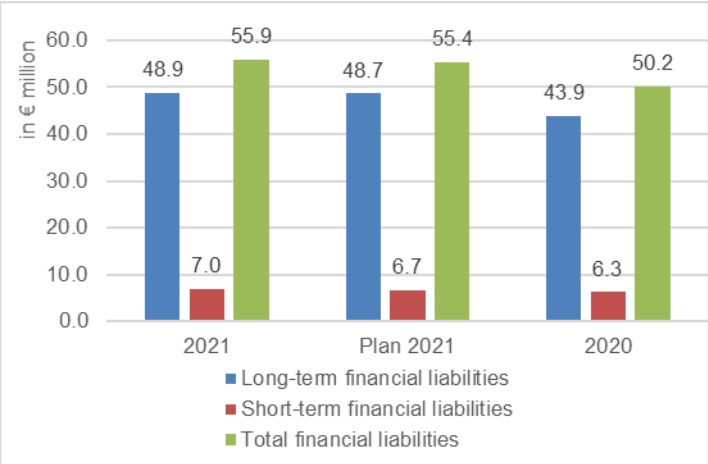

Figure 74: Financial liabilities of the Elektro Maribor Group

As at 31 December 2021, the net debt amounted to €47,988,747 and decreased by 3% with respect to that planned.

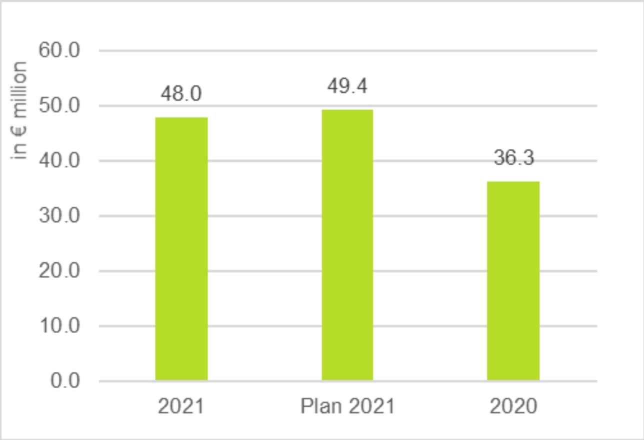

Figure 75: Net debt of the Elektro Maribor Group

Net financial debt = financial liabilities - short-term financial investments - cash and cash equivalents

The net debt-to-EBITDA amounted to €1.40 and exceeded that planned by 2%.

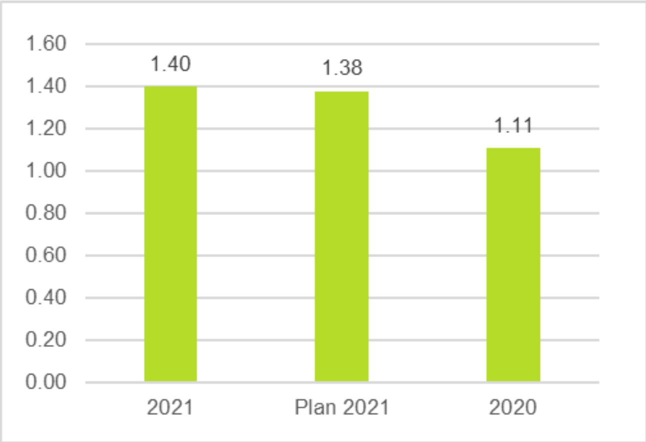

Figure 76: Net debt-to-EBITDA the Elektro Maribor Group

14.3 Covid-19 epidemic and its impact on operations

In the Republic of Slovenia and in society, we faced the epidemic of the infectious disease SARS Cov-2 (covid-19) throughout the year. However, in the second half of 2021, when the number of infections in the country increased again, the number of patients also increased with a weekly delay. During this time, there have been many activities and changes that have and will continue to affect the operations of the company.

In the beginning of January 2021, the company started to encourage vaccinations and rapid HAG tests among employees. At the beginning of the year, when vaccination was not yet freely available, we performed vaccination for more than 300 employees with the help of the local health centre. Thus, the enforcement of the PCT condition for employers did not have a significant impact on our company. In August 2021, the company started activities to prepare a tender for the purchase of sets of HAG tests for self-testing, which we provided to all employees who did not meet the PC condition. Throughout 2021, we had enough protective equipment available (disinfectants, protective masks, gloves, etc.). In 2021, the company allocated €65,000 for the purchase of protective equipment and testing.

In 2021, the company dealt with 404 employees due to Covid-19, of which 182 employees tested positive for Covid-19. Of these, the company identified 26 transmissions of infections in the workplace and consequently addressed 222 risk contacts. The company issued oral instructions and explained the necessary measures to all these workers with the help of representatives.

The guidelines provided by the National Institute of Public Health (NIJZ) and the measures adopted by the Government are monitored systematically on an ongoing basis – both in view of preventing infections as well as conducting tests and providing vaccination. the company again proposed that the operators of critical infrastructure be included in the national vaccination programme and the implementation of the PCT tests. In accordance with the recommendations of the competent state authorities, the company still explicitly recommends that employees be vaccinated against Covid-19 as soon as possible with both the first and booster doses, and in this regard the company also actively cooperates with the competent institutions.

The concern for employees, their families and users has made the company introduce individual

measures to reduce chances for the spread of infections. The following measures have remained applicable:
- protective masks are to be worn on the job;
- individual transport is to be used for arrival at work;
- concern for adequate social distance;
- meetings are held by way of suitable applications;
- hands are to be disinfected upon entry to work premises;
- body temperature is measured upon arrival at work;
- frequent aeration of premises.

Employees are asked to:
- observe all measures adopted at the company;
- monitor all measures adopted by the competent bodies;
- control themselves upon any signs of infection with the virus;
- act accordingly upon an infection and notify the company immediately (Safety and Health at Work, superior).

The following organisational measures still apply at the company:
- separate gathering of work teams at supervisory offices and arrival at work at intervals with respect to the intensity of foreseen works;
- work meetings are held as video conferences using MS Teams;
- work premises are closed for customers;
- visits by customers are not permitted;
- work premises are closed for secondary school and university students doing practical training;
- masks are to be used in shared transport;
- business trips outside the company area are permitted only upon the consent of the sectoral director.

the company regularly monitors measures and recommendations regarding the epidemic and takes all measures within its competence to protect employees and users from the spread of infections, to ensure a stable supply of electricity to users and business continuity.

Due to the Covid-19 epidemic, the implementation of measures by the Government of the Republic of Slovenia and the NIJZ, the implementation of the entire plan of occupational safety and health and fire safety was curtailed, as we spent most of our time preparing appropriate and proportionate measures to ensure safe working conditions and thus control and limit the spread of Covid-19 in the company. A large number of measures and activities were carried out, for this purpose the company performed a risk assessment in the event of a pandemic, and supplemented the Safety Statement with a risk assessment. The company has prepared several different notices and work instructions for employees, with proposed measures against the spread of Covid-19.

Due to the spread of the virus in the workplace, the company recorded workplaces where transmission of the infection was identified. In accordance with the legislation, the company prepared appropriate forms and submitted lists of sick workers to the Labour Inspectorate.

The epidemic had a negative impact on Energija plus d.o.o. throughout the year, mainly in combination with extreme price increases in energy markets, especially in the last quarter of 2021. The peculiarity of the last wave of the epidemic was that, along with the increased consumption of households due to work from home, there was also economic growth and increased activity of commercial customers. As a result, end-customer consumption volumes were much higher than expected, and pre-purchased energy volumes proved to be insufficient. As a result, the company had to buy additional quantities of energy on the current market, where prices were on average 3-4 times higher compared to the last decade due to the energy crisis.

In OVEN d. o. o. the epidemic in 2021 had a negative effect on business, primarily on the level of purchase prices. At the time of signing the contracts for 2021 (autumn 2020), market prices were 6% lower than planned in the business plan. As a result, the achieved annual production of 14,851MWh, the company's revenues and net profit or loss decreased by €51,000. At the time of the epidemic, the company fully complied with the measures taken by Elektro Maribor d. d. and keep all employees informed.

15 SUSTAINABILITY REPORTING

15.1 Stakeholders of Elektro Maribor d. d.[23]

Social responsibility is demonstrated with the realisation of the mission of Elektro Maribor d. d, which includes sustainable and competitive operations, maintenance and development of an efficient electricity distribution system, and the provision of quality electricity services to ensure high quality of life and promote economic development.

The integration of the Group and Elektro Maribor d. d. in its social and natural environment implies that the company acts in a socially responsible manner at all times, pursuing the set operating goals, observing sustainable development goals, enhancing the quality of work and life of company employees, local communities in which the company operates and the wider society, while taking due account of the shareholders' interests.

The company cooperates with stakeholders who are relevant due to the activity performed by the company in its social and natural environment, its placement and operations in the local environment, ownership and legislation, and due to plans regarding the development of the company, services and the entire industry.

Figure 77: Key stakeholder of Elektro Maribor d. d.

[23] GRI 102-40, 102-42, 102-43, 102-44

The materiality matrix is a tool to manage relations with stakeholders. Through current cooperation with stakeholders, the company has identified and emphasised the contents relevant to them. The materiality matrix presents the synergy of company interests and those of stakeholders. In areas where there is related interest with stakeholders, there is much potential for the attainment of common goals. Essential sustainability areas have been defined on the basis of the matrix.

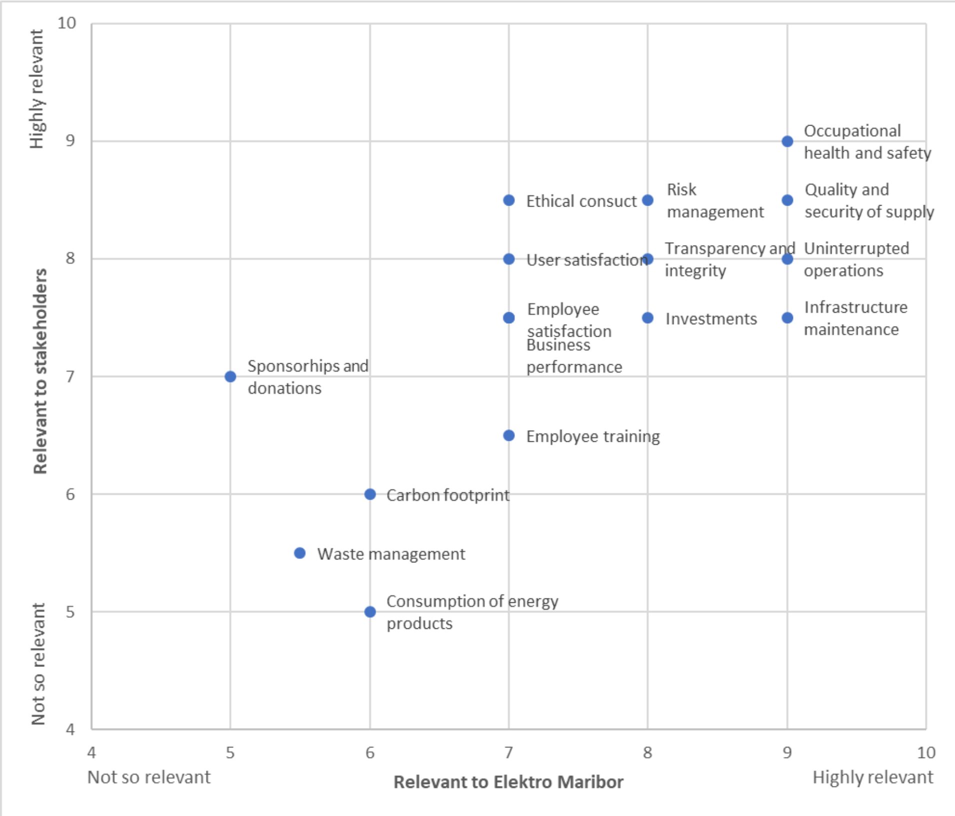

Figure 78: Materiality matrix

The table below shows the method of stakeholder engagement. The company strives for proper and balanced cooperation and two-way communication with stakeholders.

Table 45: Engagement of stakeholders

Stakeholders	Form of engagement
Users	Personal contact
	Email and classic mail
	Call centre
	Online and mobile application
	Website
	Social networks
	Surveys
Employees	Participation in management (Workers' Council, Union, Supervisory Board)
	Work meetings
	Discussions with the Board
	Personal contact
	Email and telephone conversations
	Internet site
	Employee gatherings
	Measurement of organisational climate
	In-house newsletter
Shareholder	General Assembly of Shareholders
	Provision of information to shareholders as per the Corporate Governance Policy
Subsidiaries	General Meetings of the companies
	Reporting to the company member
Business partners	Public calls and offers
	Work meetings
	Negotiations
	Email and telephone conversations
Distribution companies	Participation in EIG (typing, common procurement, exchange of best practice)
Concessionaire	Reporting to SODO d.o.o.
Regulator	Reporting to the Energy Agency
National authorities	Reporting to the Ministry of Infrastructure
	Reporting to the competent institutions
Local communities	Participation in the preparation and evaluation of the development plan
	Common projects with local communities
	Direct contact
	Email and telephone conversations
Media	Press conferences
	Website (press releases)
	Questions from journalists

15.2 Employees

Employee trend and composition[24]

At the end of 2021, the Elektro Maribor Group had 851 employees, i.e. 17 more than the previous year. Employees at Elektro Maribor d. d. account for the largest of share of all Group employees (90%).

[24] GRI 102-8, 102-41, 401-1, 405-1

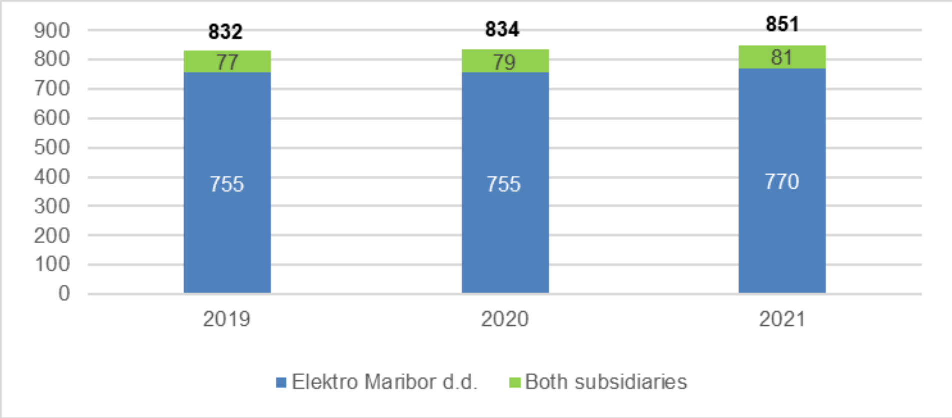

Figure 79: Number of employees as at 31 December

Elektro Maribor d. d. publishes in-house and external vacancy notices taking into account the applicable legislation and corporate culture. In-house vacancy notices are published on the company intranet site and sent to employees by email. External vacancy notices are published at the Employment Service of Slovenia, on the company website www.elektro-maribor.si, and on the company Facebook and Twitter profiles.

Table 46: External and in-house vacancy notices in 2021

Type of vacancy notice	Elektro Maribor Group			Elektro Maribor d. d.		
	No. of vacancy notices	No. of job vacancies published	No. of job applications	No. of vacancy notices	No. of job vacancies published	No. of job applications
External vacancy notice – fixed-term employment	13	168	231	13	168	231
External vacancy notices – others	22	55	1,095	19	52	958
In-house vacancy notices	79	83	138	79	83	138

The employee structure by gender in 2021 did not change significantly with respect to previous years. Most employees are men. As at 31 December 2021, the Group employed 713 men and 138 women, while Elektro Maribor d. d. employed 687 men and 83 women.

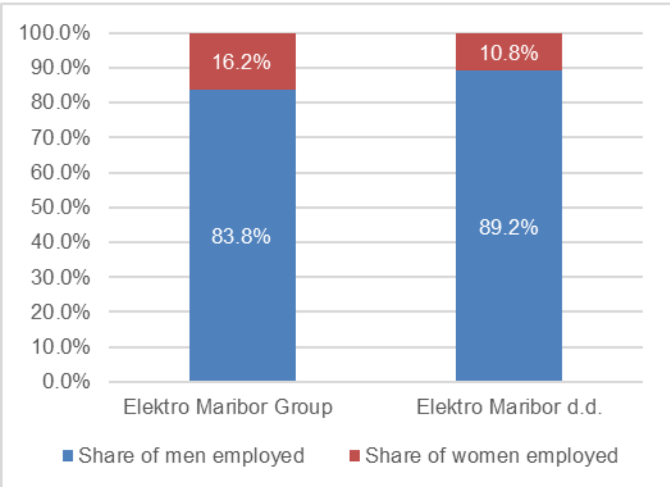

Figure 80: Number of employees in 2021 by gender

Table 47: Number of employees by term and type of employment

	2021 Elektro Maribor Group	2021 Elektro Maribor d. d.	2020 Elektro Maribor Group	2020 Elektro Maribor d. d.	2019 Elektro Maribor Group	2019 Elektro Maribor d. d.
Permanent employment	830	751	810	733	823	748
Fixed-term employment	21	19	24	22	9	7
Full-time employment	761	756	823	745	819	743
Part-time employment	15	14	11	10	13	12

Most employees of those recruited and dismissed in 2021 were employed for a fixed term due to an enlarged workload in the own execution of investments. There were 18 employees in the Group and 16 employees in Elektro Maribor d. d. who retired

Table 48: Employee trend

	2021 Elektro Maribor Group	2021 Elektro Maribor d. d.	2020 Elektro Maribor Group	2020 Elektro Maribor d. d.	2019 Elektro Maribor Group	2019 Elektro Maribor d. d.
Number of recruitments	**132**	**125**	**136**	**132**	**125**	**122**
- men	126	122	129	126	117	116
- women	6	3	7	6	8	6
- aged up to 30	50	48	59	58	46	46
- aged from 30 to 50	62	58	56	54	58	56
- aged over 50	19	19	21	20	21	20
Number of dismissals	**114**	**110**	**134**	**132**	**127**	**122**
- men	111	108	128	128	118	115
- women	3	2	6	4	9	7
- aged up to 30	32	32	43	43	31	30
- aged from 30 to 50	43	41	48	46	47	45
- aged over 50	38	37	43	43	49	47

The average age of employees in the Group fell by 7.2 years, but rose at Elektro Maribor d. d. by 0.6 years. The average length of service in the Group fell by 1.1 years, but rose at Elektro Maribor d. d. by 0.5 years.

Table 49: Average number and length of service

	2021 Elektro Maribor Group	2021 Elektro Maribor d. d.	2020 Elektro Maribor Group	2020 Elektro Maribor d. d.	2019 Elektro Maribor Group	2019 Elektro Maribor d. d.
Aged up to 30	99	95	93	89	78	74
Aged from 31 to 50	452	398	449	397	468	415
Aged 51 and more	300	277	292	269	286	266
Average age of employees (in years)	38.9	45.5	46.1	44.9	45.5	44.9
Average length of service (in years)	22.8	23.7	23.9	23.2	23.1	23.8

The share of employees covered by the provisions of collective agreements as at 31 December 2021 at the Elektro Maribor Group amounted to 98% and at Elektro Maribor d. d. to 98.6%, which is at the level of previous years.

The number of employees in the Group with recognised disability amounted to 54 in 2021 and fell by 2 with respect to 2020. The number of employees with recognised disability at Elektro Maribor d. d. reduced by 1 in 2021 and amounted to 53.

Recruitment due to increased workload at Elektro Maribor d. d.

In 2021, 91 workers were recruited for a fixed term due to increased workload the company hired 42 installers and 37 auxiliary workers.

Table 50: Number of workers recruited due to increased workload

	2021	2020	2019
Employment period	Mar-Dec	Mar-Dec	Mar-Dec
No. of workers	**91**	**112**	**108**
Installer	42	51	53
Auxiliary worker	37	44	38
Machinery driver	5	10	10
Other (mason, construction worker, etc.)	7	7	7

Table 51: No. of employees based on hours

	2021	2020
No. of employees based on hours	**835.40**	**840.91**
- No. of employees based on hours – permanent employment	772.10	764.68
- No. of employees based on hours – project-based employment	63.30	76.23

Employee training[25]

Employees are enrolled in educational programmes and attend functional training pertaining to their professional and personal development with respect to the needs of the work process. Employees attended many seminars, workshops, conferences, professional exams, in order to improve competencies in the field of their work.

Due to the Covid-19 epidemic, the training was conducted online (in a partly interactive manner). Remote training by way of web applications may be attended by a large number of employees.

Employees are also enrolled in formal education, if so demanded by the work process. The company co-funded tuition fees for 12 employees in 2021/2022 school / academic year.

Employees take exams for demanding functional skills. In 2021, the following exams were passed:

- Exam in Administrative procedure Act: 1 employee
- National energy exam: 7 employees
- Professional exam for a certified engineer (Slovenian Chamber of Engineers): 3 employee
- Driving licence, categories C, CE: 26 employees

Andragogic training for mentors as part of practical training with the work of students was completed by 20 employees.

In 2021, the Elektro Maribor Distribution Academy conducted 16 professional trainings on various topics (integrity, information security, leadership, energy efficiency, energy efficiency, MS Project, E-Plan, etc.), which were attended by over 430 employees of Elektro Maribor d. d. The Distribution Academy conducts education to obtain the foreman master exam "Foreman in Electric Power Industry", which includes 18 employees. Five candidates have already successfully completed their education and obtained the title of "Electricity Manager". The new educational program "Retraining of auxiliary workers" was successfully implemented.

[25] GRI 404-1

Table 52: Employee training

	2021 Elektro Maribor Group	2021 Elektro Maribor d. d.	2020 Elektro Maribor Group	2020 Elektro Maribor d. d.	2019 Elektro Maribor Group	2019 Elektro Maribor d. d.
No. of training participants	585	525	587	550	575	509
No. of training hours	4,378	3,986	5,750	4,849	4,968	4,072
Share of employees engaged in training	68.7	68.2	70.4	72.8	69.1	67.4
Average No. of training hours per employee	5.1	5.2	6.9	6.4	6.0	5.4

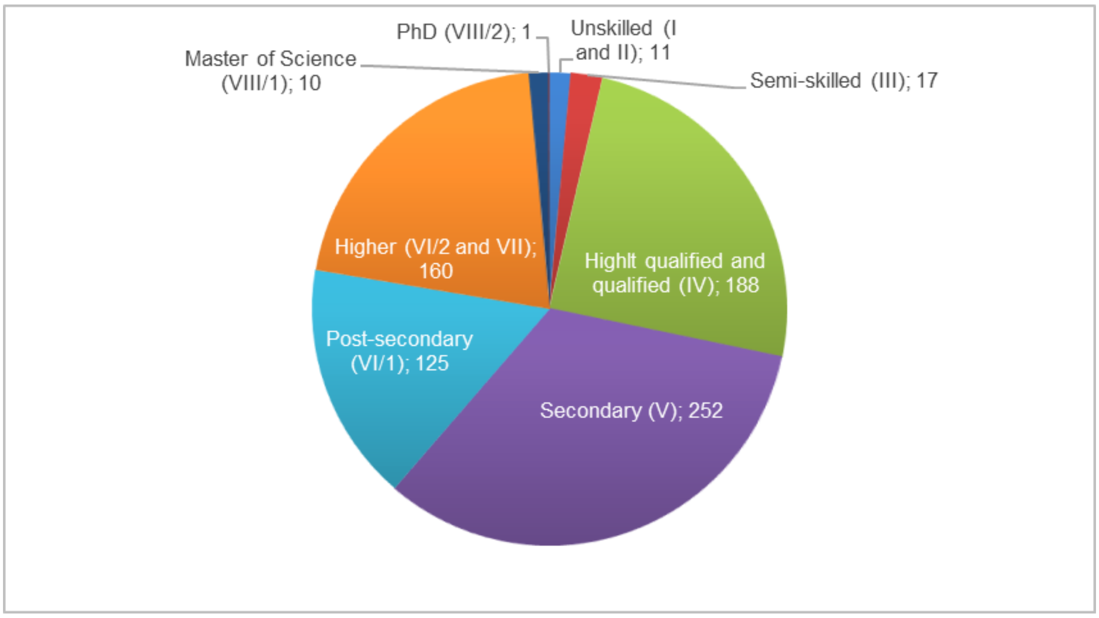

Figure 81: Average number of employees at Elektro Maribor d. d. by educational structure in 2021

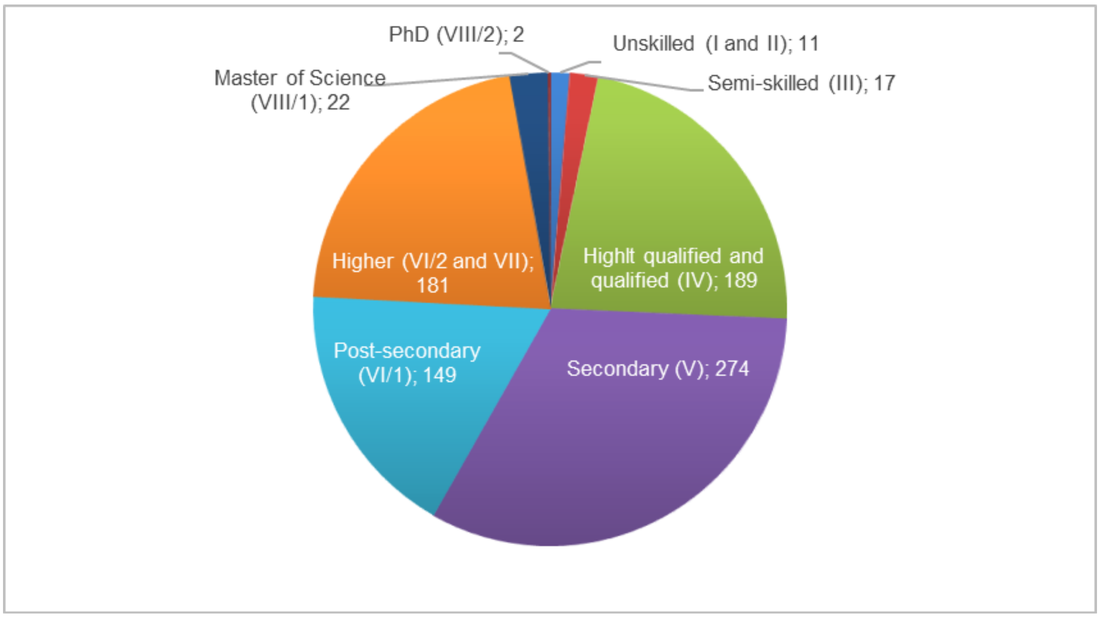

Figure 82: Average number of employees at the Elektro Maribor Group by level of education in 2021

Employee innovations

the company uses innovative approaches to introduce new technologies and encourage employees to demonstrate their creativity by providing innovative proposals in the form of a useful suggestion, fresh idea or bold project. Proposals are collected (recorded), examined, assessed and rewarded systematically. In 2021, the company recorded 65 innovative suggestions, which is 55% more than in 2020.

Table 53: Number of innovative suggestions

	2021	2020	2019
Number of innovative suggestions	65	42	26

The company encourages employees to make new and/or innovative useful suggestions, fresh ideas or bold projects through communication about innovations in the in-house “Infotok” newsletter (interviews with prize winners for fresh ideas and bold projects), through annual development interviews within the scope of targeted HR management, publications on the “Innovation Platform” intranet page and with the award of cash prizes and recognitions for the most successful suggestions.

When identifying the most successful suggestions, special emphasis is placed on innovative suggestions supporting the goals set by Elektro Maribor d. d. Among the useful suggestions received in 2021, the following were identified as most successful:

- Fresh idea: New service - representation, certification and sale of low-voltage current measuring transformers;
- Fresh idea: Implementation of voltage asymmetry stabilizer (EQUI8);
- Useful suggestion: Leakage of LV cabinets;
- Useful suggestion: Photographic database of all material items;
- Useful suggestion: Local prevention of tension inconsistencies;
- Useful suggestion: Electronic entry of a single application;
- Useful suggestion: Order form for services;
- Useful suggestion: Award for exceeding the quota of the disabled;
- Useful suggestion: Invoice printout - additional reminder included.

Employee reward scheme[26]

The work performed well by employees is acknowledged and motivated by appropriate communication, praise, recognition and cash rewards. Employees are rewarded on the basis of achieved performance and efficiency of work results (employee productivity), their responsiveness during the declared extreme weather events outside regular working hours and/or upon breakdowns, active cooperation in projects and based on achievements and recognised most successful innovative suggestions.

At the annual personal interview, the company sets personal goals for our employees, which support the company's strategic goals. Managers evaluate the achievement of annual goals and thus identify the really best individuals. In 2021, the best individuals in the company were awarded with annual work performance. Also in 2021, the company conducted annual personal interviews, in which all employees were involved.

Elektro Maribor d .d also awarded cash prizes to the most successful innovative suggestions of employees.

Insurance for employees

Employees are included in the second pension pillar. Insurance premiums are paid by each Group company in the specified share of the maximum premium amount. Employees have the option to decide on their own free will whether they too will pay in their share of the premium.

In 2021, the Elektro Maribor Group included an average of 901 employees in collective accident insurance, while in Elektro Maribor d. d. an average of 826 employees were covered by collective accident insurance.

In 2021, the Elektro Maribor Group included an average of 687 employees in collective health insurance, while in Elektro Maribor d. d. an average of 620 employees were covered by collective health insurance.

[26] GRI 201-3, 401-2, 404-3

Table 54: Average annual number of employees included in supplementary pension insurance

	2021 Elektro Maribor Group	2021 Elektro Maribor d. d.	2020 Elektro Maribor Group	2020 Elektro Maribor d. d.	2019 Elektro Maribor Group	2019 Elektro Maribor d. d.
Supplementary pension insurance	906	825	908	829	897	820

Use of parental leave

Employees may use parental leave based on the Parental Protection and Family Benefits Act.

Table 55: Number of employees (by gender) on parental leave

	2021 Elektro Maribor Group	2021 Elektro Maribor d. d.	2020 Elektro Maribor Group	2020 Elektro Maribor d. d.	2019 Elektro Maribor Group	2019 Elektro Maribor d. d.
Number of employees	40	38	39	35	46	44
- employed men	35	35	36	34	42	42
- employed women	5	3	3	1	4	2

Cooperation with the youth

In 2021, practical training was approved for 30 secondary school students and 5 university students.

At the end of 2021, Elektro Maribor d. d. paid scholarships to 10 students, 5 of whom are enrolled in the 2nd cycle Master's programme in electrical engineering and 5 in secondary vocational programme (electrician). At the level of the Elektro Maribor Group, the number of students receiving scholarships equals that of Elektro Maribor d. d.

Table 56: Number of scholarships

	2021 Elektro Maribor d. d.	2020 Elektro Maribor d. d.	2019 Elektro Maribor d. d.
Number of scholarships	10	11	9

Family Friendly company

Elektro Maribor d. d. implements a family friendly policy that is put into action with the measures adopted within the scope of the Family Friendly company certificate, including:

- regular periodic work meetings of employees with the company management. In 2021, the company management presented operations in the past year, plans for the next year, major challenges and achievements to employees using the web application due to the epidemiological situation;
- flexible working hours and a time bonus for children (an additional day off work in the first three primary school grades and upon introduction to kindergarten). In 2021, 101 employees took advantage of the possibility of an additional day off (of which 86 employees for the first school day).
- when planning annual leave of absence, the company also takes into account options for the use of leave by immediate family members;
- the free-of-charge "Quick and anonymous psychological counselling for employees and their family members" programme.

In 2021, the company conducted the SiOK survey among employees regarding satisfaction with

the Family Friendly company certificate. The employee satisfaction index with the implementation of measures under the Family Friendly company certificate amounted to 3.35 in 2021, which is lower than in 2020 (3.46). Employees rated the target group of employees to whom most measures are targeted (employees with preschool or school children) the highest, while the use of benefits deriving from the certificate was rated the lowest.

The company successfully passed the assessment of the implementation of the Family Friendly company measures (August 2021), and the Audit Council extended the validity of the certificate for the next three-year period (2021-2024).

Table 57: SiOK survey on satisfaction with the Family Friendly company certificate

	2021 Average score	2020 Average score	2019 average score
Most measures target employees with preschool and school children.	3.83	3.88	3.85
I am aware of the benefits brought by the Family Friendly company certificate.	3.70	3.77	3.77
I know where I can obtain information about the benefits brought by the Family Friendly company certificate.	3.48	3.61	3.59
I am satisfied with the family friendly measures offered by the employer.	3.48	3.63	3.52
Elektro Maribor d. d. places enough emphasis on the coordination of career and family life.	3.21	3.32	3.31
I used benefits deriving from the Family Friendly company certificate last year.	2.41	2.55	2.66
Average	**3.35**	**3.46**	**3.45**
Max N	392	409	460

Communication with employees

Communication within the company is vital for sound operations and development of the company, which is based on satisfied and motivated employees who are aware of developments at the company and in a wider environment. Efficient communication is a multilateral process taking place among all employees. It is vital that managers be aware of their responsibility in communication in order to disseminate true information in all directions and in a proper manner.

Communication with employees and among employees at the company takes place through the channels selected with respect to the content to be communicated. Mass communication is used to communicate information about work, developments and other information directly relating to work or the company. Mass communication channels:

- work meetings – with the Chairman of the Board, directors of a particular regional or service unit or directors of individual sectors;
- letters from the Management Board – notification of employees upon major events, turning points such as the end of the year, acknowledgements upon overtime worked during major breakdowns, etc.;
- email – quick notification of employees, sending and harmonising contents;
- website www.elektro-maribor.si – a wide range of information about the company, news, etc.;
- intranet – shared content, documents and notices, public calls, etc.;
- DNA – an application to manage meetings, tasks, circulars, rules, etc.;
- the e-Infotok and Infotok in-house newsletters – contain brief and current news on developments at the company or elaborated news, interviews, conversations and extensive topics with respect to their design and communication features;
- notice boards – notices, public calls, rules, etc.;
- the company Facebook and Twitter profiles – current information about developments at the company and conditions in the distribution system, possible publication of photos and recordings.

Both social partners, i.e. the Union and Workers' Council, which represent employees' interests at the company, communicated with employees on current topics and developments through their channels (email).

Employee satisfaction and organisational climate

Employee satisfaction and organisational climate at Elektro Maribor d. d. have been monitored since 2005.

The employee satisfaction index in 2021 amounted to 3.50 and is lower than in the previous year Employees rated satisfaction with working hours and co-workers the highest. The lowest scores were given to possibilities for advancement and satisfaction with salary.

The organisational climate index amounted to 3.31 in 2021 and is lower compared to the previous year. The highest scores in organisational climate were given to attitude to quality, internal relations and innovations and initiative. Key challenges seem to lie mostly in career development and reward schemes.

Table 58: Employee satisfaction and organisational climate index

	2021	2020	2019
Employee satisfaction index	3.50	3.58	3.46
Organisational climate index	3.21	3.31	3.21

Safety and health at work[27]

The key challenge in 2021 was to provide a safe and healthy work environment, which was realised

with measures that enabled employees to maintain a work environment that provided the maximum possible level of health and physical and mental safety. The provision of safety and health at work was highly demanding in 2021, since all activities and tasks set had to be conducted with regard to the Covid-19 epidemic.

At the beginning of 2021, the company started activities for the inspection of work equipment and the inspection and maintenance of an active system for automatic fire reporting. Despite the limitations, we followed the ISO 45001: 2018 standard, which defines the requirements for safety and health at work. The standard has been successfully certified and integrated with other standards into a single quality management system. With the introduction of the new standard, the company performed a revision of the safety statement and the training programs for safe work and fire protection. The safety statement with risk assessment was regularly supplemented with measures related to epidemic management. Challenges that will be faced in the future will be based on communication, consultation and participation of company stakeholders.

The company actively participates in the preparation of a new programme for meter operators for live working. Employees who do live working have been given special personal protective equipment and have undergone supervision over its use.

In addition to internal and external stakeholders of the occupational health and safety system, the company engaged external and internal evaluators, internal audit, social partners and inspection services and the OHS project team at EIG in activities concerning safety and health at work. With the help of all the above, the company ensured a safe and effective system of safety at work.

Periodic medical check-ups were conducted in line with the medical risk assessment. Preliminary medical check-ups were conducted for new employees, along with targeted and control medical check-ups for other employees. Due to Covid-19 measures, fewer employees were referred to preventive medical check-ups than in previous years.

Table 59: Number of medical check-ups

	2021	2020	2018
Number of medical check-ups	325	306	387

To reduce absence from work, the company took preventive measures by providing vaccination against seasonal influenza and tick-borne encephalitis, while preparing health at work promotion programmes for employees. The company also provided collective health insurance to employees in 2021. All that was conducted with the aim of enhancing employee safety and reducing absence from work.

the company records all work accidents and dangerous events occurring to employees. The number of accidents at work fell by 12% with respect to the previous year and by 27% compared to 2019, although there were new employees in the field, where exposure to work accidents is the highest. Most accidents at work resulted in low trauma and were caused by mechanical factors, whereas none was related with an electric shock or electric arc.

[27] GRI 403-2

Table 60: Number of accidents at work

	2021	2020	2019
Number of accidents*	22	25	30
- women	0	0	0
- men	22	25	30

* excluding SARS Cov 2.

In 2021, the number of all lost working days increased by 6% compared to 2020, also as a result of an increased number of Covid-19 patients. The number of working days lost due to actual accidents at work decreased by 27% compared to 2020.

Table 61: Number of working days lost

	2021	2020	2019
Total number of working days lost	14,396	13,518	12,711
- due to accidents at work	535	728	689
- due to sick leave	13,861	12,790	12,022
Share of days lost due to accidents at work (in %)	0.26	0.35	0.33
Share of days lost due to sick leave (in %)	6.78	6.18	5.81

* excluding Covid-19

Preventive inspections and controls of field teams were carried out regularly despite the unfavourable conditions of the local spread of the virus to check for compliant implementation of work procedures. The use of work and personal protective equipment was checked and breath tests were performed.

If permitted by Government and NIPH measures, various types of physical exercise were organised along with other sports and recreation activities within the scope of health at work promotion.

In fire safety, the company conducts regular inspections of automatic fire alarm systems and fire extinguishers. Due to Covid-19, it was not possible to conduct system inspections entirely in 2021, which is why the company could not obtain all certificates of flawless operation.

A fire safety drill was conducted in which all employees and visitors to the administrative building and other units were evacuated.

15.3 Collaboration with local communities and users

Sponsorships and donations[28]

Social responsibility is also demonstrated through sponsorships and donations, whereby the company observes the principles of transparency, balance, economic benefits and territorial presence. Sponsorships and donations were dedicated mostly to the projects implemented by humanitarian organisations, such as the Red Cross, Caritas and Friends of Youth Association. Support is further provided to fire brigades with which we cooperate frequently, mostly during extreme weather events and often in hostile and inaccessible areas. Sponsorships are intended to support traditional events in the area of Elektro Maribor, whereby the company also participates in expert meetings.

Pursuant to SSH recommendations and the Public Information Access Act, the company publishes data on the sponsorships and donations awarded on its website. At the end of 2021, funds were traditionally donated to the homeless shelter in Maribor.

In line with SSH expectations, the share of funds earmarked for sponsorships and donations does not exceed 0.1% of company revenues generated in the previous year.

[28] GRI 201-1

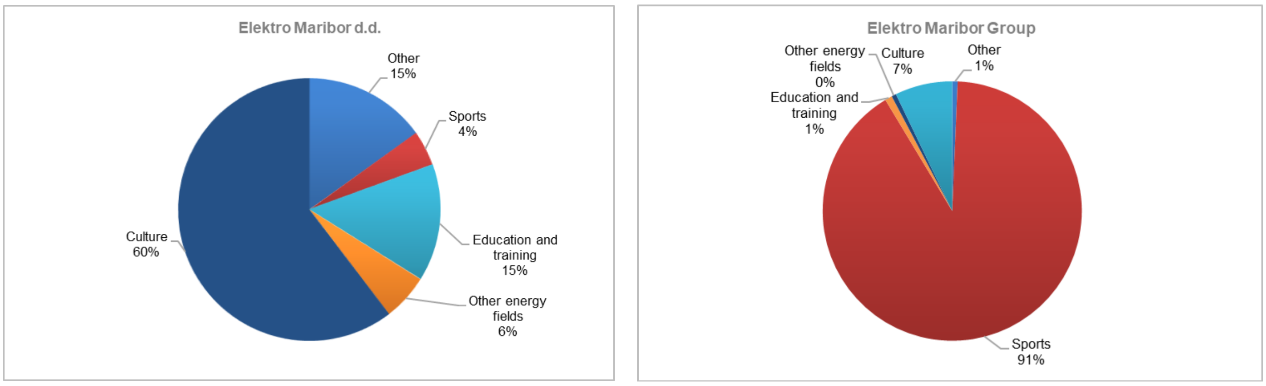

Figure 83: Breakdown of sponsorships by purpose

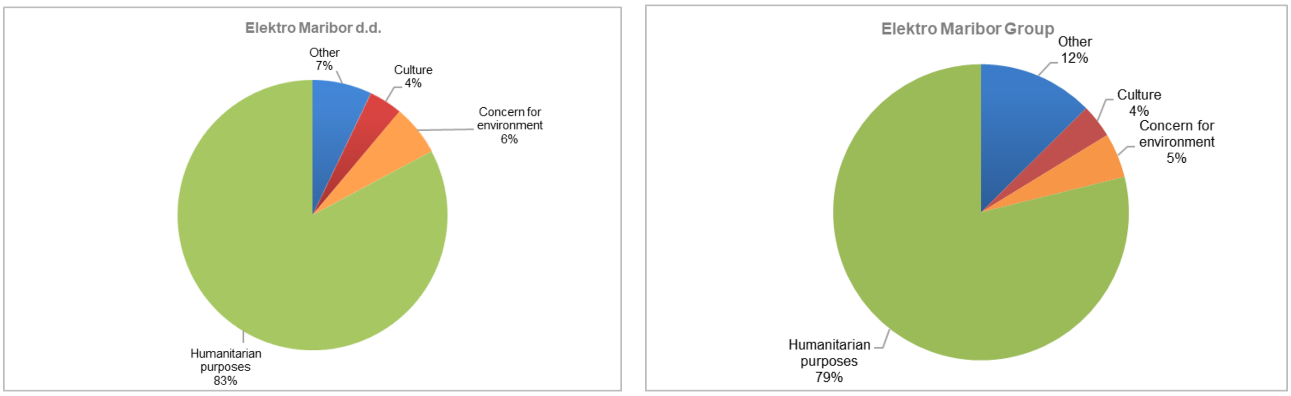

Figure 84: Breakdown of donations by purpose

The company continued promoting excellence among the youth, encouraging them to achieve notable success and results during secondary and tertiary education. In cooperation with the University of Maribor and the subsidiaries Energija plus d.o.o. And OVEN Elektro Maribor d.o.o., the company traditionally awarded recognitions and prizes to the best university students. In cooperation with three secondary schools in our distribution area, prizes were also awarded to the best secondary school students.

Communication and provision of information

The general public is informed of current contents and developments at the company via the company website, social network and press conferences.

Network users were informed within the scope of work processes via the call centre, personal contact with customers, email info@elektro-maribor.si, website: www.elektro-maribor.si, online and mobile eStoritve portal, online and mobile Moj Elektro portal, the Facebook social network and partner radio stations.

Upon the emergence of Covid-19, the company further communicated with users on associated measures via the website, its Facebook and Twitter profiles, the media and notices posted at entrances to the company premises.

The company published the company Profile containing all key data about the company and a new version of the leaflet “Installation of a new meter” in the cooperation of Elektro Maribor (51% of users were very satisfied and 27% were satisfied).

On the anniversary of the first lightning during the activities for independent and sovereign Slovenia, the company unveiled a memorial plaque in Ptuj. The company also published a book entitled "Elektro Maribor in the quest for an independent and sovereign Slovenia".

In 2021, the company again measured satisfaction on cooperation with Elektro Maribor d. d. Questionnaires were sent to household and commercial customers in regional and service units who used company services in 2021. The goal of the survey was to establish customer satisfaction with company services and cooperation, the quality of products and services, resolution of warranty claims, and to assess contact persons at Elektro Maribor and obtain other opinions, recommendations and proposals.

The research showed that 74% of respondents were fully pleased with the cooperation of Elektro Maribor (45% of users were very satisfied and 29% were satisfied).

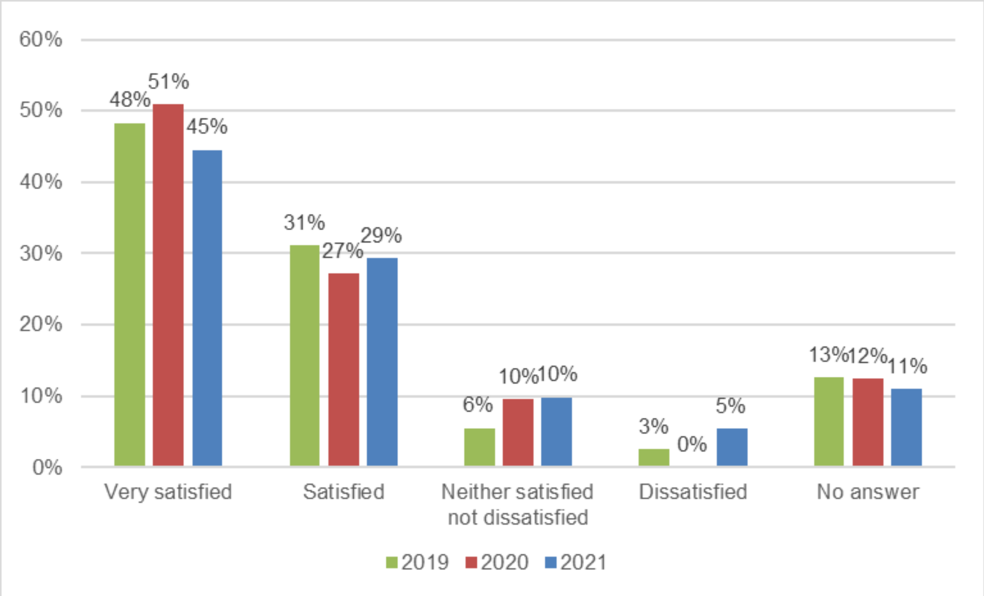

Figure 85: Results of measuring satisfaction with the cooperation of Elektro Maribor d. d.

In 2021, the company recorded 45,668 calls to its free phone line for the notification of defects and interruptions (080 21 05), whereby the service level indicator amounted to 80%, meaning that the mentioned share of customers reached the operator within a minute. The number of calls primarily depends on weather conditions and disconnections due to urgent maintenance works. The company recorded 25,036 calls to its free phone line for general information (080 21 01), whereby the service level indicator amounted to 94%, meaning that the mentioned share of customers reached the operator within a minute.

Users were kept informed of the option to subscribe to free-of-charge notification about planned and unplanned interruptions in electricity distribution by email and/or via a text message. The number of metering points included has grown from year to year. The number of users included in the Moj elektro portal also increased substantially.

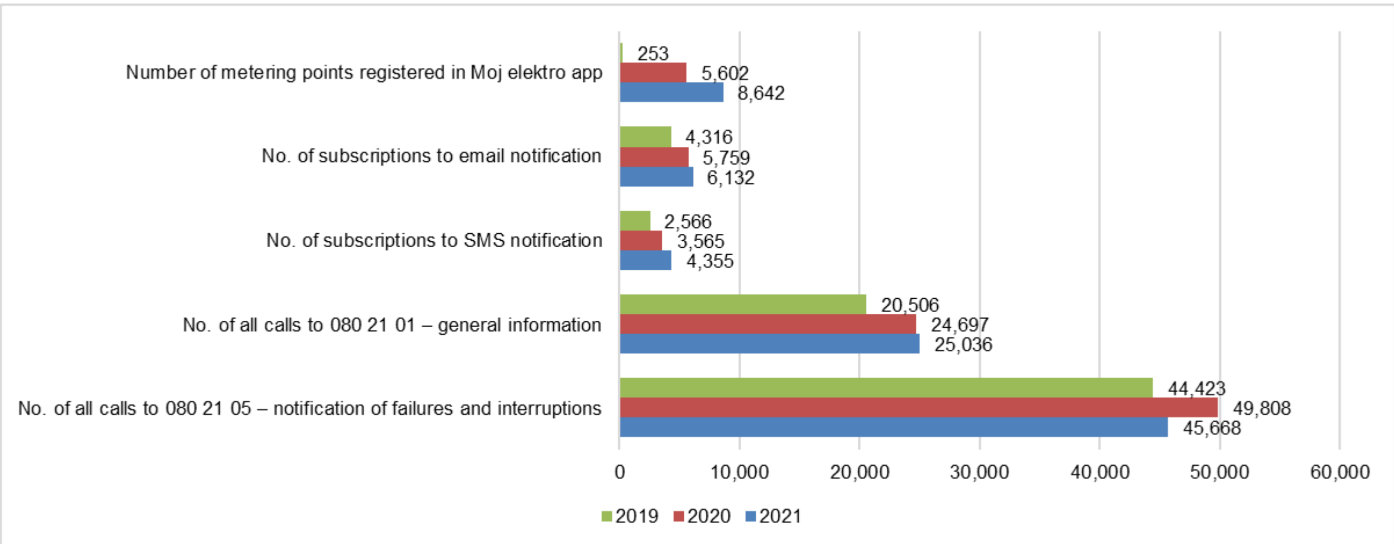

Figure 86: Contacts with system users

The closure of information offices due to the epidemiological situation did not significantly affect the implementation of processes due to the previously introduced digitalisation of operations.

The table below presents the results of a survey of users on the services provided by SODO. Due to the Covid-19 epidemic and related measures to limit contact with users, the survey was conducted only for the field of issuing documents in the field of connection, without field research for other services. Users rated the services on a scale from 1 to 5, whereby 1 meant very poor and 5 meant very good. The average score amounted to 4.41, which is the lowest so far and is mainly due to longer response times or deadlines due to the significant number of applications for self-sufficiency received.

Table 62: Results of user surveys on the services rendered on behalf of SODO d.o.o.

	2021 Average score	2020 Average score	2019 Average score
1. Assessment of a service rendered			
Transparency and knowledge of a service	4.59	4.66	4.70
Response time and demand	4.01	4.41	4.57
Price	4.17	4.00	4.38
2. Assessment of the service provider			
Quality of execution	4.62	4.74	4.76
Implementation deadline	4.10	4.37	4.58
3. Assessment of warranty resolution quality			
Professionalism	4.56	4.69	4.76
Responsiveness	4.44	4.56	4.66
4. Assessment of contact persons			
Professionalism	4.65	4.73	4.79
Responsiveness	4.58	4.63	4.76
TOTAL	**4.41**	**4.53**	**4.66**
N	257	226	419

Energija plus d. o. o. has strengthened the brand's visibility through various media (communication campaign during the Tour de France 2021) and presented its offer at the International Craft Fair in Celje. At the beginning of the year, a new, customer-oriented website of the company Energija plus was launched, which reflects the company's mission and goals and enables friendly and transparent operations. In the research Energetika On-line 2021, conducted by the user research company E-laborat d. o. o., the company's website achieved the best rating among Slovenian and selected foreign suppliers. From April 2021 onwards, the company monitors customer satisfaction immediately after the call to the call centre, with an average score of 4.90 (maximum score is 5). The company also offered customers the option of signing contracts electronically. With all marketing activities in 2021 the company again managed to increase the level of visibility of Energija plus by 7 percentage points.

15.4 Collaboration with business partners[29]

the company made contact with market suppliers in a transparent and just manner. Pursuant to the transparent and open company policy and Rules laying down the procurement of low-value goods, services and construction works, all contracts worth over €1,000 are published on the company website. Hence, the company enables a large number of providers to submit their proposals, which affects the scope of suppliers. company suppliers are evaluated annually based on quality criteria, sales prices and attitude.

[29] GRI 102-9

the company has centralised its procurement of material and services for the needs of the entire company. The Purchasing function covers the process of procuring materials, services and construction works as well as the process of acceptance and warehousing. Material is typically procured for the main warehouse, which is in charge of further distribution of materials to the warehouses of regional and service units. Purchasing processes are conducted in a transparent manner by way of public procurement procedures or recorded procedures as published on the website.

To provide uninterrupted supply of material, the company holds stocks in the main warehouse and the warehouses of regional and service units, for which the target quantities of material in stock are set. As at 31 December 2021, the total value of material inventory amounted to €2.8 million which is a 19% increase with respect to the previous year. Most inventories refer to material that is intended for installation in own implementation of investments. The higher value of inventories is attributed to higher prices of materials and raw materials on the world market. These are mainly higher prices of copper, aluminium, plastics, petroleum products, and transformer oil and transport services. Accordingly, higher bid prices and consequently stocks.

As an entity bound by public procurement, the company published 79 public procurement procedures in 2021 pursuant to the applicable legislation governing public procurement (ZJN-3) and monthly public procurement time schedule, which are 25 more than in the previous year. Public contracts are regularly posted on the Public Procurement Portal (enarocanje.si), the e-JN electronic public procurement portal and on the company website.

Public procurement is based on the principles of economy, efficiency, performance, provision of competition among providers, transparency, proportionality and equal treatment of providers. Various criteria are observed in public procurement, e.g. the lowest price, the most economically advantageous tender taking into account various criteria, calculation of costs in service life, etc.

An important factor in the selection of a supplier is the Decree on green public procurement, in line with which the company takes into account only those tenders that comply with the technical requirements laid down in the Decree.

Pursuant to SSH recommendations, the company regularly publishes data on all contracts concluded in public procurement procedures, low-value contracts and tendering procedures on its website. The company publishes information on the subject of the contract, the value of the contract and the name of the business partner.

By the end of February every year, the company publishes on the public procurement portal a list of contracts awarded in the previous year, the value of which is below the threshold for public procurement and equal or higher than €10,000 excluding VAT, with the description of the subject, type of subject, value of the contract awarded excluding VAT, and the name of economic entity to whom the contract was awarded, pursuant to the Public Procurement Act.

15.5 Quality system

By meeting the demands and expectations of customers, clients and business partners on one hand and with the awareness of employees about the importance of quality assurance on the other hand, Elektro Maribor d. d. has managed to set up a quality management system as per the ISO 9001 standard. The system was subsequently upgraded and now combines management systems in the following areas:

- quality;
- environment protection;
- occupational health and safety;
- information security;
- energy management;
- requirements for inspection authorities;
- qualification for test and calibration laboratories. Safety and health at workwaste management;

In addition to the established management systems, the company also started introducing other

systems raising the level of expectations by interested parties, i.e. Family Friendly company certificate and self-assessment under the EFQM model.

Figure 87: Quality management systems at Elektro Maribor d. d.

Quality systems are subject to continuous improvements and development to upgrade the activities already established and to maintain their growth. Upgrading or improvements to activities in system management enhance the competitive position of the company compared to other companies in the industry.

- Quality in company operations is provided with the fulfilment of requirements under the ISO 9001 standard. The requirements on one hand refer to operations within the company and, on the other hand, to relations with users or fulfilment of their expectations and needs. Activities continued in respect of a process-based approach, as we are aware that it is vital to define own processes to achieve a general increase in the quality level and the goals set, also integrating the need for risk management.

- The area of occupational safety and health is already basically regulated by legal and executive requirements. By transferring to the ISO 45001 standard, the occupational health and safety area was integrated in the existing management system. Occupational health and safety is the basis for each activity. Employees are entitled to a safe and healthy work environment, which is in fact provided by the company as the employer.

- The company has also committed to transfer to a low-carbon company. The key elements for transfer to a low-carbon company have been established with a quality network and promotion of efficient energy use from renewable sources. The company has been engaged in systematic work in environment protection under the ISO 14001 standard for over a decade. It has managed to reduce its impact on the environment as regards waste, but also as regards water, air and soil conservation as well as other impacts caused.

- The company is also upgrading its active work in the field of environmental protection on energy efficiency, where it is reducing energy needs through various measures. In 2020, the company introduced the ISO 50001 standard, which defines energy efficiency. The company has taken its energy management under scrutiny, focusing on identifying measures to increase energy efficiency. The latter will be even more important in the future, as we cannot ensure an adequate level of energy efficiency without investments in energy rehabilitation.

- The management of information security was regulated in 2013 with the introduction of the ISO 27001 standard (Information security), which was upgraded in 2015 due to the amended version of the standard. In 2018, the General Data Protection Regulation (GDPR) substantially changed the company's view of the protection of the information and personal data processed by the company. The issue is properly managed upon compliance with the requirements of the information security standard as per ISO 27001 and the Regulation on the protection of natural persons with regard to the processing of personal data.
    - In 2021, there were no such extraordinary events in Elektro Maribor d. d. that would lead to the interruption of the critical infrastructure with negative material and other consequences for the operation of the identified critical infrastructure in the company.

  - As the company is aware of the dangers that could jeopardize the continuous operation of the identified critical infrastructure, it implemented solutions and measures in 2021 to improve the provision of information security in the company.

- The company is trying to bring its operations closer to the needs and wishes of the market. As a company that acts as an electricity distributor, it has also provided additional services to its customers. The Metrology Institute of the Republic of Slovenia accredited the Metering Lab for the certification of electricity meters and current measuring transformers based on the accreditation

  document issued under the SIST EN ISO/IEC 17020:2012 standard. The Slovenian Environment Agency authorised the company's Metering Lab to conduct initial measurements and operational monitoring for low-frequency sources of electromagnetic radiation based on the accreditation document issued under the SIST EN ISO/IEC 17025:2017 standard, which is also provided on the market. The operation of the Metering Laboratory was upgraded and certified by the introduction of a mobile unit for performing verification of measurements in the field.

  The services are rendered pursuant to the standards and metrology regulations at the laboratory and on site. The requirements imposed by the Slovenian Accreditation and the Metrology Institute of the Republic of Slovenia are upheld regularly and successfully.

- Basic areas of operations in terms of quality are managed as per the previously mentioned standards. However, since those areas largely refer to the provision of principal activity, the company also approached to the provision of enhanced employee satisfaction. It introduced the Family Friendly company certificate, using it to coordinate the requirements of the work process with the requirements of the external environment towards employees. The company has acquired the full Family-Friendly company certificate.

All activities in system management are conducted using various approaches. With regular consideration of individual areas, the actual state of affairs is established and, if needed, corrected with adequate measures. This also includes the performance of regular and extraordinary internal audits, external audits, reviews of independent organizations. Efforts are made to apply a process-based approach, which is why system documents and processes through which management systems are governed are harmonised on a regular basis. These are checked upon the managerial inspection, where activities in management systems are re-examined and, if needed, additional measures are adopted.

15.6 Environmental impacts[30]

The Elektro Maribor Group, which provides electricity supply and energy services in the environment in which it operates, is to a large extent dependent on weather conditions.

Extreme weather events and their impact on operations

Weather phenomena such as windthrow, snowstorms and hailstorms may cause serious damage to the electricity system and negatively affect the quality of electricity supply. The number and intensity of extreme weather conditions have grown recently.

In 2021, there were 10 days with extreme weather events recorded in the area supplied by Elektro Maribor, which is 13 days fewer or for more than a half less than in the previous year. In the last 4 years (2017–2020), the number of days with extreme weather events was three times higher than in years before that (2010–2016). As an example, in 2014, which was noted for disastrous damage caused by sleet, there were only 14 days with extreme weather events.

The impact of meteorological factors on the security of electricity supply is mitigated with enhanced network robustness.

[30] GRI 201-2, 302-2

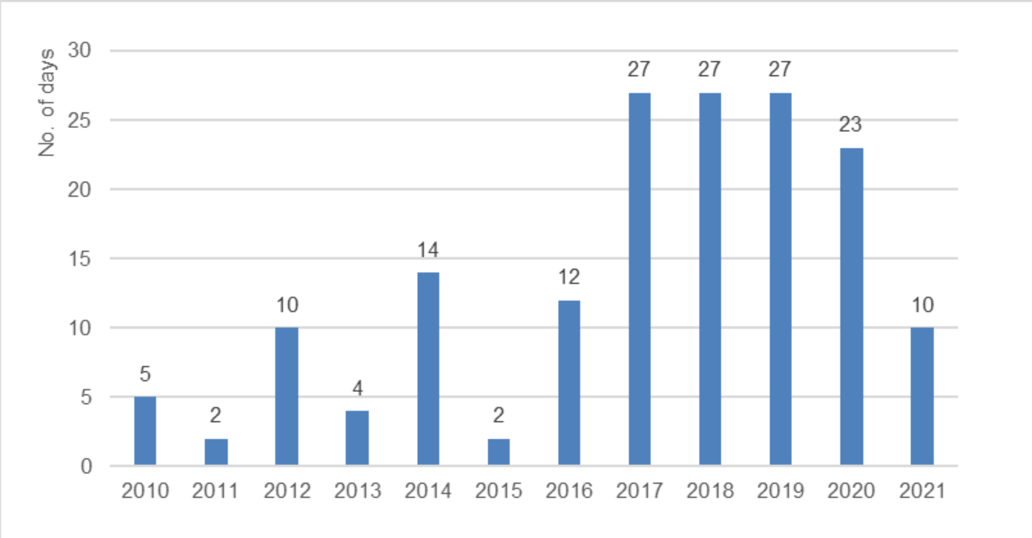

Figure 88: Number of days with extreme weather events

Production and distribution of energy

Electricity production in 2021 increased by 28.8% with respect to the previous year. Production in hydroelectric power plants increased the most. A detailed explanation is provided in the chapter “Production of energy products”.

The sale of energy in 2021 was 0.3% higher than the previous year. The sale of heat grew the most. A detailed explanation is provided in the chapter “Sale of energy products”.

The volume of electricity distributed through the company grid to users in 2021 increased by 5.3% with respect to the previous year. A detailed explanation is provided in the chapter “Access to the distribution system and network use billing”.

Table 63: Energy at the Elektro Maribor Group

	2021	2020	2019
Produced electricity in MWh	15,191	11,794	13,047
- hydroelectric power plants	14,273	10,838	12,061
- photovoltaic power stations	578	573	599
- cogeneration	340	383	387
Energy sold in MWh	1,996,939	1,990,524	1,931,632
- Electricity	1,870,021	1,839,680	1,835,533
- Natural has	124,541	148,599	93,915
- Heat	2,377	2,245	2,184
Distributed electricity in MWh	2,314,390	2,197,131	2,279,153

Table 64: Energy in the Elektro Maribor distribution system

	2021	2020	2019
Collected electricity in MWh	2,419,737	2,303,223	2,384,171
- from generation sources	343,787	340,830	318,332
- from the transmission network	2,075,951	1,962,393	2,065,839
Share of energy collected from generation sources in %	14.2	14.8	13.0
Distributed electricity in MWh	2,314,390	2,197,131	2,279,153
Electricity losses in MWh	105,348	106,114	105,018
Share of electricity losses in %	4.55	4.84	4.61

In 2021, the share of energy received from generation sources amounted to 14.2%, which was 0.6 percentage points less than in the previous year.

The share of electricity losses in the Elektro Maribor distribution system in 2021 decreased by 0.22 percentage points compared to the previous year.

Environment protection[31]

The company is committed to observe the principles of sustainable development. Environment protection and concern for nature is embedded in all company activities engaging all employees.

Environment protection measures as per ISO 14001:2004 have been implemented systematically in Elektro Maribor d. d. since 2006. the company protects the environment by reducing potential environmental impacts. The most important thing is to identify the environmental impacts caused by the company. Efforts are made to minimise the latter through various activities. Separate waste collection and proper waste treatment before waste is handed over to the waste disposal contractor, the siting of power installations, mitigation of direct impacts on air, water and soil, and so on are only some of the areas where the company seeks to minimise its impacts on the environment. Crucial to achieving the set goals in the field of environmental protection is the cooperation or involvement of all employees whose work helps to reduce environmental impact, both inside and indirectly and outside Elektro Maribor d. d.

Active work in environment protection is also upgraded in terms of energy efficiency. In 2021, the company systematically approached to reduced energy consumption by introducing the ISO 50001 standard. Regular energy consumption measurements, specification of measures to reduce consumption and investments in energy efficiency reflect the company's commitment to sustainable development and transfer to a low-carbon society. Due to the nature of work (maintenance and erection of the distribution network), most energy is needed for transport and heating. The goal is to increase energy efficiency.

Table 65: Consumption of energy products at Elektro Maribor d. d.

Energy product	Unit	2021	2020	2019
Fuel	l	589,445	613,263	552,500
Electricity	MWh	3,223	3,075	3,192
Natural gas	m^3	141,511	127,140	141,337
District heating	MWh	734	737	654
Total	**MWh**	**11,078**	**10,995**	**10,558**

Table 66: Consumption of energy products at the Elektro Maribor Group

Energy product	Unit	2021	2020	2019
Fuel	l	594,702	617,890	558,329
Electricity	MWh	3,399	3,129	3,249
Natural gas	m^3	141,511	127,140	141,337
District heating	MWh	795	737	654
Total	**MWh**	**11,367**	**11,095**	**10,672**

Table 67: Self-sufficiency at the Elektro Maribor Group

Energy product	Unit	2021	2020	2019
Electricity – production within the Group	MWh	15,191	11,794	13,047
Electricity – consumption within the Group	MWh	3,399	3,129	3,249
Other energy products – consumption within the Group	MWh	7,968	7,966	7,423
Self-sufficiency	%	**134**	**106**	**122**

In 2021, 15.2GWh of electricity was produced within the scope of the Elektro Maribor Group, while

the consumption of electricity and energy products totalled 11.1GWh. That means that the Elektro Maribor Group achieved 134% energy self-sufficiency. Better result than 2020 and 2019 are a result of a higher

[31] GRI 302-1, 302-4

production at hydroelectric power plants. The long-term sustainability goal is to maintain a high level of self-sufficiency.

Carbon footprint[32]

Elektro Maribor d. d. regularly calculates its carbon footprint, taking into account the following sources of greenhouse gas emissions:

- direct greenhouse gas emissions occurring at the sources owned or supervised by the company, e.g. in fossil fuel combustion in combustion installations or use of company vehicles and building machinery;
- indirect greenhouse gas emissions due to the use of electricity and purchased heat or steam;
- other indirect greenhouse gas emissions occurring as a result of the purchase of products and services procured by the company, e.g. purchase of material and fuel, business travel with vehicles not owned by the company, etc.

The calculation also takes into account indirect emissions due to the use of paper.

Table 68: Carbon footprint (kg CO2/employee) in Elektro Maribor d. d.

	2021	2020	2019
Transport	2,884	2,945	2,754
Electricity	0	0	0
Heating	564	530	538
Paper	27	26	23
Total	**3,475**	**3,501**	**3,315**

Waste[33]

While pursuing its activities, the company encounters mostly waste resulting from the maintenance of the distribution system and investments (construction waste, various metals, cables and conductors, wood, packaging, meters). Waste is separated and handed over to waste disposal contractors authorised to keep records of collected waste in the IS waste system.

A great deal of attention is placed on waste management, since waste mostly represents a secondary raw material. In waste management, the company has established a centre for the collection, separation and treatment of disassembled equipment, where waste from non-ferrous metals is mostly separated.

The total mass of disposed waste in 2021 increased by 9% compared to the previous year. A major increase in waste quantities with respect to the previous year was recorded in construction waste, primarily as a result of the construction projects carried out in 2021.

Table 69: Waste mass in Elektro Maribor d. d.

in kg	2021	2020	2019
Hazardous waste	44,266	26,521	121,575
Contaminated water	84,500	115,000	64,400
Packaging	64,771	44,409	35,101
Paper, cardboard	28,233	25,693	24,723
Construction waste	2,185,530	1,971,413	1,491,514
Municipal waste	48,241	46,421	42,807
Non-ferrous metals	13,200	23,055	19,955
Other metals	214,081	230,769	221,106
Waste electrical and electronic equipment	49,039	59,390	47,895
Other	162,616	113,912	96,773
Total	**2,894,477**	**2,656,583**	**2,165,849**

[32] GRI 305-1, 305-2, 305-3, 305-5

[33] GRI 306-2

III. Financial report of Elektro Maribor d. d.

1 INDEPENDENT AUDITOR`S REPORT

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INDEPENDENT AUDITOR`S REPORT
To the shareholders of the company Elektro Maribor d. d.

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the company Elektro Maribor d. d. (hereinafter "company") comprising the balance sheet as at 31 December 2021, income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements, including a summary of relevant accounting policies.

In our opinion, the financial statements are in every significant aspect a fair presentation of the financial situation of the company as at 31 December 2021 and its operating result and cash flows for the then finished year pursuant to the Slovenian Accounting Standards (hereinafter "SAS").

Basis for the opinion

The audit was performed in accordance with the International Standards on Auditing (ISA). Our responsibilities based on the standards are described in detail in the paragraph Auditor's responsibility for the audit of financial statements of this report. In line with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) and ethical requirements referring to the auditing of financial statements in Slovenia, we confirm our independence from the company and the fulfilment of all other ethical obligations pursuant to these requirements and the IESBA Code. We believe that the audit evidence obtained represents a sufficient and appropriate basis for our audit opinion.

Key audit matter

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. The matter was taken into account in the audit of separate financial statements as a whole and in the formation of our opinion on these financial statements, and no separate opinion is provided on such matter.
We have fulfilled all obligations described in paragraph Auditor's responsibility for the audit of separate financial statements, including those relating to the matter. Hence, the audit included the execution of procedures laid down on the basis of our risk assessment for a material misstatement in separate financial statements. The results of our audit procedures, including procedures conducted in relation to the matter described below, serve as the basis for our audit opinion on the attached separate financial statements.

<u>Capitalised own products and services</u>

<u>Description of the key audit matter</u>

Capitalised own products and service in the financial year ended on 31 December 2021 amounted to €21,413,549 (2020: €21,551,855).
The company pursues the activity of own construction of facilities and installations. Investments in fixed assets built by the company itself are valued on the basis of estimated values of hourly rates, which in addition to labour costs also include other indirect costs and direct costs of material. The setting of hourly rates for the price of works and assessing which indirect costs to include in the value of fixed assets is related to estimates. The estimate of the amount and structure of costs for the construction of fixed assets is important for the audit, as it relates to important judgements of the management, which is why the matter was defined as the key audit matter. When making therewith related decisions, the company applies significant assumptions and judgements relating to the fulfilment of conditions for the recognition of property, plant and equipment as laid down by the Slovenian Accounting Standards.

Reference is hereby made to the note in point 4 Significant accounting policies – Property, plant and equipment, note 2 Property, plant and equipment in point 6.1 Notes to the balance sheet, and to note 18 Capitalised own products and services in point 6.2 Notes to the income statement.

Our audit approach

Our audit procedures, inter alia, included:

- Assessing internal acts and rules defining investments in property, plant and equipment and construction costs to make sure that they comply with the policies laid down by the Slovenian Accounting Standards, particularly SAS 1– Property, plant and equipment.
- Testing the design and implementation of internal controls in the process of recognising labour costs, the costs of material and services, and fixed assets.
- Learning about the method of managing investments executed by the company on its own.
- Examining the methodology and assumptions applied by the company in the calculation of the price for the works and checking for the completeness and accuracy of the data used.
- Recalculating the calculated price for the selected type of works and comparing it with post-calculation for the current year and market data.
- Testing by way of a sample of selected items of capitalised own products and services, whereby we:
  - assessed whether a proper price for the works was taken into account with respect to the type of works;
  - obtained bases for the cost of material and car drives;
  - conducted interviews with the persons responsible for investments;
  - checked the supporting financial documents and book entries in the financial statements. The sample included randomly selected items as items that were specified as per our risk-based approach due to the size, complexity, content or duration of construction or maintenance works.

Other information

Other information is the responsibility of the management. Other information includes the information in the annual report other than the financial statements and the auditor's opinion thereon. Other information was obtained prior to the date of the auditor's report, except for the Report by the Supervisory Board, which will be available later.

Our responsibility in relation to the audit of financial statements is to read other information and assess whether it is materially incompliant with the financial statements, legal requirements or our knowledge obtained during the audit or whether it seems materially incorrect in any other way. If, based on the audit we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Based on the procedures carried out and in the scope possible for an assessment, we report of the following:
- Other information describing the facts also presented in the financial statements are in every significant aspect in line with the financial statements.
- Other information has been prepared in line with the applicable law or regulations.
- Based on the knowledge and understanding of the company and its environment obtained during the audit, we detected no material misstatement of facts in relation to other information.

The responsibility of the management, Supervisory Board and Audit Committee for the financial statements

The management is responsible for the preparation and fair presentation of these financial statements pursuant to the Slovenian Accounting Standards and for such internal control as deemed appropriate by the management for the preparation of financial statements that are free from material misstatements due to fraud or error.

During the preparation of company financial statements, the management is responsible for an assessment of the ability to continue as a going concern, the disclosure of matters related with the going concern and the use of the assumption of a going concern as the basis for accounting, unless the management intends to liquidate or terminate operations or has no other realistic chance for either.

The Supervisory Board and Audit Committee are responsible for supervising the financial reporting process at the company.

Auditor's responsibility for the audit of financial statements

Our goal is to obtain acceptable assurance confirming that the financial statements as a whole contain no material misstatement due to fraud or error and to issue the auditor's report including our opinion. Acceptable assurance is a high level of assurance which, however, is no guarantee that the audit conducted pursuant to the International Standards on Auditing (ISA) will always identify material misstatements, if any. False statements may derive from fraud or error and are considered material if it can be reasonably expected that they, individually or in combination, affect the economic decisions of users adopted on the basis of these financial statements.

During auditing pursuant to ISA, we apply professional judgement and maintain professional scepticism. Furthermore:

- We identify and assess the risk of material misstatement in the financial statements either due to error or fraud, develop and carry out auditing procedures as a reaction to the risk assessed, and obtain sufficient and adequate audit evidence providing the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may include collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- We carry our procedures to review and understand internal controls that are relevant to the audit in order to develop audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the company's internal controls.
- We evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and associated disclosures made by the management.
- Based on the obtained audit evidence on the existence of significant uncertainty in respect of events or circumstances raising doubt as to the organisation's ability to continue as a going concern, we hereby adopt a decision of the appropriateness of the assumption of going concern used by the management as the accounting basis. If a decision on the existence of significant uncertainty is adopted, we are required to warn in the auditor's report of the relevant disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. The auditor's conclusions are based on the audit evidence obtained until the date of issue of the auditor's report; however, subsequent events or circumstances may cause the termination of the organisation as a going concern.
- We evaluate the general presentation, structure and content of the financial statements, including disclosures, and assess whether the financial statements give a true presentation of the relevant transactions and events.

The Supervisory Board and Audit Committee are also informed of the planned scope and time frame of the audit and relevant audit findings, including significant deficiencies in internal controls as identified during our audit.

We submitted to the Supervisory Board and Audit Committee our statement declaring that all ethical requirements in relation to independence were met, and informing them of all relationships and other matters that may reasonably be believed to affect our independence and of all therewith related supervisory measures.

Of all the matters brought to the attention of the Audit Committee and the Supervisory Board, the issues that were most important in the audit of the current year's financial statements were identified as key audit matters. If the law or regulations do not prevent their public disclosure and except in extremely rare circumstances, when we can reasonably expect that the consequences of reporting on a particular case would be more harmful than in the public interest, these matters are described in the audit report.

REPORT ON OTHER STATUTORY AND REGULATORY MATTERS

Other requirements relating to the auditor's report pursuant to Regulation (EU) No 537/2014 of the European Parliament and of the Council

Pursuant to Article 10(2) of Regulation (EU) No 537/2014 of the European Parliament and of the Council, our independent auditor's report hereby provides the following information required in addition to that required by the International Standards on Auditing:

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

On 28 June 2019, the General Meeting of Shareholders of the company appointed us as the statutory auditor for the 2019–2021 financial years. The auditing contract was concluded for the period of three years on 6 September 2019. The statutory audit of separate financial statements is conducted for the fourth year. The certified auditor responsible for the audit performed is Maruša Hauptman.

Compliance with the additional report to the Audit Committee

Our opinion on separate financial statements in this report complies with the additional report to the company's Audit Committee as issued on 6 May 2022.

Prohibited services

We hereby declare that we performed no prohibited services as referred to in Article 5(1) of Regulation (EU) No 537/2014 of the European Parliament and of the Council and that we ensured our independence from the audited company when conducting the audit.

Other services rendered by the audit firm

In addition to the services of statutory audit and those disclosed in the annual report, we performed no other services for the company and its subsidiaries.

Ljubljana, 6 May 2022

BDO Revizija d.o.o.
Cesta v Mestni log 1, Ljubljana

Maruša Hauptman, Certified Auditor, Procurator

2 MANAGEMENT BOARD'S STATEMENT OF RESPONSIBILITY

The Management Board of Elektro Maribor d. d. hereby confirms the financial statements published and presented in this Annual Report, as well as all other integral parts of this Annual Report for the financial year 2021.

The Management Board is responsible for keeping proper records, which present the company's financial position with reasonable accuracy at any given time, for the implementation of measures intended for preserving the value of company's assets and for the prevention and identification of irregularities in the company's operations.

The Management Board hereby declares:

- that all financial statements have been drawn up in accordance with the code of conduct of the profession and the laws pertaining to business operations, accounting, taxes and finance;
- that the company's financial statements have been drawn up in accordance with all the requirements of Slovenian Accounting Standards with respective positions and interpretations, and in accordance with the provisions of the Companies Act;
- that the financial statements have been drawn up under the assumption that the company will continue as going concern;
- that the selected accounting policies are being applied consistently, and that any changes in accounting policies are to be disclosed;
- that the accounting estimates have been produced in accordance with the principles of prudence and good management;
- that the financial statements do not include any material or immaterial errors made in order to achieve the chosen presentation of the company.

Maribor, 1 April 2022

President of the Management Board:
Jože Hebar, BSc (Elec Eng)

3 BASIS FOR THE COMPILATION OF FINANCIAL STATEMENTS

Statement of compliance

The company's financial statements were prepared in accordance with accounting and reporting requirements of the Slovenian Accounting Standards including amendments (hereinafter: SAS), the provisions of the Companies Act (ZGD), the requirements of the legislation governing energy as well as legislation governing taxes and finance.

Statement of management's responsibility

On 5 May 2022, the management of the company approved and adopted the financial statements and notes or accounting policies to the financial statements and the presented Annual Report for 2021.

Functional currency

Financial statements are compiled in euros, rounded to the nearest thousand, and for the financial year that is the same as the calendar year. Rounding can result in rounded differences when adding up.

Changes in accounting policies

There were no changes to accounting policies in 2021.

Legislative amendments

Based on the change of the System Operating Instructions for the Electricity Distribution System (SONDSEE), there were changes in 2021 regarding the recording of the execution of connections whereby the installation and assembly of meters from 1 March 2021 onwards is performed by SODO d.o.o. and the company therefore no longer discloses revenues in this market.

Point 14 of Article 69 of the ZOEE (Electricity Supply Act), which was adopted in 2021, changed the conditions for the acceptance of electricity lines and devices from users. The distribution operator must purchase electricity lines or devices from users at fair value, which mainly affects that part of the assets that the users of the system have transferred free of charge to the distribution operator.

Fundamental accounting assumptions and qualitative characteristics of accounting statements

The following fundamental accounting assumptions were taken into account: in the preparation of financial statements:

- accrual basis and
- going concern.

We also took into account the qualitative characteristics:

- comprehensibility,
- relevance;
- reliability;
- comparability.

The same accounting policies were applied to all periods presented in the attached financial statements.

Items are presented in the balance sheet and P&L statement separately and in the same order as stipulated by the Companies Act. The values of individual items that are irrelevant to the true and fair presentation of the company's assets and profit or loss have been combined and explained accordingly in the notes to the financial statements.

The books of account are kept according to the double-entry bookkeeping system, which takes into account 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 liable for the monthly calculation of the value added tax under the Value Added Tax Act and is also a liable entity under the Corporate Income Tax Act.

Bases for the compilation of financial statements

The bases for the preparation of financial statements are the legal and professional accounting rules and the following accounting policies, other policies and rules, which are consistently applied throughout all reporting periods.

The presentation of information refers to the current and previous financial year.

Materiality of disclosures

The company defined the materiality of disclosures in the financial statements by way of internal acts, namely for each category of assets and liabilities and income and expenses separately. Transactions and other business events in the balance sheet, the values of which exceed 2% of the value of assets or liabilities as at the balance sheet date, and those costs, expenses and revenues that exceed 10% of total revenues or costs and expenses of the financial year are material for the company.

Accounting policies

When disclosing and valuing items in the financial statements, we applied the provisions of SAS directly, except for the valuation of items where the provisions of SAS provide the option of choosing between different valuation methods. In these cases, we selected the option of valuation defined in the Rules on Accounting or determined by the company's Management Board in its resolutions. All accounting policies comply with the SAS.

When preparing the financial statements for the financial year, we observed the precautionary principle and disclosed provisions for all contingent liabilities that are expected to be settled in the future with a probability of more than 50%.

Comparability of information

The data in the financial statements for the financial year in question is comparable in terms of content with the data from the previous financial year.

Events after the balance sheet date

Events that occurred after the balance sheet date do not have a material impact on the financial statements for 2021, which would require additional disclosure in the financial report; however, we highlight some factors that will materially affect the company's operations in 2022.

- **Act Determining the Measures to Mitigate the Consequences of Rising Energy Prices in the Economy and Agriculture**

  On 22 February 2022, the National Assembly of the Republic of Slovenia adopted the Act Determining the Measures to Mitigate the Consequences of Rising Energy Prices in the Economy and Agriculture (ZUOPVCE), which entered into force on 5 March 2022. Article 5 of the Act stipulates that tariff items for the distribution and transmission operator for the billing power and the accepted active power for all customer groups are to be reduced to zero. The identified network fee shortfall for 2022 resulting from the network fee payment exemption measure for the distribution and transmission system for final customers from all customer groups is covered by the Energy Agency amending the general act laying down the methodology for determining eligible costs and in the process of determining deviations from the regulatory framework for 2022 reducing the recognized rate of return on assets of the distribution and transmission operator. The measure is valid from 1 February 2022 to 30 April 2022.

  This act will have a negative impact on the operations of Elektro Maribor d. d. in 2022 as it means approximately EUR 70 million less inflows to SODO d.o.o. for the network fee for the distribution network, which is intended to cover the costs of renting electricity infrastructure and the provision of services by electricity distribution companies. In 2022, the measure will have an impact on reducing the regulated revenues of electricity distribution companies and consequently on their solvency.

In March 2022, two petitions and one request were submitted to the Constitutional Court of the Republic of Slovenia to assess the constitutionality of Article 4 of the Act Determining the Measures to Mitigate the Consequences of Rising Energy Prices in the Economy and Agriculture.

The Constitutional Court of the Republic of Slovenia ruled on the above-mentioned two petitions and one request for the assessment constitutionality on 8 April, 12 April and 14 April 2022, and rejected both petitions and the request for the constitutionality review.

- **Annex no. 3 to the SODO d. o. o. Contract**

  We harmonised the content of Annex no. 3 to the SODO d. o. o. Contract with SODO d. o. o., whereby the Contract refers to the new regulatory framework for 2022. The Energy Agency gave its consent to the said Annex. In Annex no. 3, the contractual values for the lease of the electricity infrastructure and the provision of services for SODO d.o.o. are determined, as well as the schedule for 2022. The Annex was mutually signed on 15 April 2022.

- **Annex no. 4 to the SODO d. o. o. Contract**

  Based on the measure from Article 4 of the ZUOPVCE act, we harmonised the content of Annex no. 4 to the SODO d. o. o. Contract with SODO d. o. o., which refers to the reduction of the value of monthly lease fees charged for electricity infrastructure and services for SODO d.o.o. for the duration of the measure.

The financial statements for 2021 take into account the preliminary settlement of the 2021 regulatory year, which shows a deficit of received funds in relation to the recognised contractual values of leases and services in the amount of EUR 5,062,675 and is fully recorded in the 2021 financial year. The final settlement of the 2021 regulatory year, which will be based on audited data, was not yet known at time of the compilation of financial statements.

These values are considered in accordance with the fourth and fifth paragraphs of Article 60.a of the Contract on the lease of electricity distribution infrastructure and the provision of services for SODO, and will therefore have an impact on cash flow in the coming regulatory period.

Relationships with associated companies

Elektro Maribor d. d. holds long-term financial investments with a share of more than 20% in:

- Elektro Maribor Energija plus d. o. o., Vetrinjska ulica 2, Maribor 100.00%
- OVEN Elektro Maribor d. o. o., Vetrinjska ulica 2, Maribor 100.00%,
- Moja energija d. o. o., Jadranska cesta 28, Maribor 33.33%,
- Eldom d. o. o., Obrežna ulica 170, Maribor 25.00%,
- Informatika d. o. o., Vetrinjska ulica 2, Maribor 23.97%.

Table 70: Operations of associated companies in 2021

EBITDA	Equity	Asset value	Net profit or loss	Revenues
Energija plus d.o.o., Vetrinjska ul. 2, Maribor	17,868,826	44,847,987	-300,802	126,518,900
OVEN Elektro Maribor d.o.o., Vetrinjska ul. 2, Maribor	4,220,831	4,600,379	117,350	931,204
Moja energija d.o.o., Jadranska cesta 28, Maribor	949,350	4,225,165	-2,074,047	4,204,165
Eldom d.o.o., Obrežna ulica 170, Maribor	312,615	425,758	2,814	591,127
Informatika d.o.o, Vetrinjska ulica 2, Maribor	2,307,457	9,775,442	574,789	9,924,085

Elektro Maribor d. d. prepares consolidated financial statements and a consolidated annual report for the parent company and the subsidiaries Energija plus d. o. o. and OVEN Elektro Maribor d. o. o.

4 SIGNIFICANT ACCOUNTING POLICIES

Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

Upon initial recognition they are carried at cost, comprised of all purchase duties and all costs directly attributable to their availability for use.

Long-term property rights are amortised individually using the straight-line method. Amortisation of intangible assets begins when they are available for use. Amortisation is subject to amortisation rates, which are determined for each type of long-term property right defined on the basis of the estimated useful life.

In the case of comprehensive software solutions, the company applies a single amortisation rate of 10%, and for software solutions during the term of the contract. An amortisation rate of 10 to 50% is applied for all other software solutions.

Property, plant and equipment

Property, plant and equipment are part of the company's non-current assets used for the pursuit of the company's activity.

Property, plant and equipment are stated at cost less accumulated depreciation. The cost of an item of property, plant and equipment includes its purchase price and all costs that are directly attributable to bringing the asset into working condition for its intended use. The cost is also increased by interest from loans for the acquisition of an item of property, plant and equipment up until its availability for use in those items of property, plant and equipment, for which the period until the availability of the item of property, plant and equipment is longer than one year and which involve significant amounts. The cost does not include the costs of removal and restoration as the Management Board estimates that these are not materially important values. Materiality is defined in the Rules on Accounting.

The company carries on the activity of construction of buildings and equipment for its own account, which it records in its business books after the completion of construction. The value that is the basis for recording the assets in the business books is in the spirit of SAS 1.12. The cost of an item of property, plant and equipment constructed or produced in house comprises the cost of constructing or producing the asset and the indirect cost of constructing or producing the asset that may be attributed to it. It does not include any costs that cannot be associated with its construction or production, and the costs not recognised by the market, yet it may include the borrowing costs for the construction or production of the asset and the cost to bring the asset to its working condition. The cost of such an item of property, plant and equipment may not exceed the cost under SAS 1.10.

When valuing items, the company uses the full cost price method. The cost price, on the basis of which items of property, plant and equipment are built in the company are recorded, does not include the profit by which the cost price of the production hour, which is charged on the market, is increased when we offer the same type of service on the market.

Parts of property, plant and equipment with different useful lives are accounted as individual assets (items of property, plant and equipment).

Subsequent costs incurred in connection with an item of property, plant and equipment increase its cost if its future benefits increase compared to those originally estimated.

Investments in property, plant and equipment are accrued on the basis of a systemic instruction for the accrual of investments in property, plant and equipment and maintenance costs, which is an appendix to the Rules on Accounting.

Depreciation is calculated individually using the straight-line method.

When assessing whether these are leases according to the provisions of the SAS, the company determines the reasons for reclassification for each contractual relationship separately. In this way, the company reclassifies long-term leases as a right of use asset.

Short-term leases and low-value leases are not reclassified among right of use assets.

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

The company's Management Board actively monitors market developments and estimates that there was no objective evidence in 2021 of factors that would indicate the need to impair property, plant and equipment.

Investment property

Investment property is property owned for the purpose of it earning rent and/or increasing the value of a non-current investment.

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

Depreciation is calculated individually using the straight-line method. The estimated useful life is 50 years.

The company's Management Board actively monitors market developments and estimates that there was no objective evidence in 2021 of factors that would indicate the need to impair investment property.

Amortisation and depreciation expense

The carrying amount of an item of property, plant and equipment, of an intangible asset and of investment property is reduced through depreciation or amortisation respectively.

The company has all property, plant and equipment classified into depreciation groups. The company applies depreciation rates that are harmonised between electricity distribution companies in Slovenia. Depreciation is calculated individually using the straight-line method.

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

The company independently determines the useful lives of individual fixed assets, which are harmonised between electricity distribution companies in Slovenia. When calculating depreciation, the company uses the useful lives shown in the table below.

Table 71: Useful life of fixed assets

	2021	2020
Buildings	50 years	50 years
Cable ducting, HV overhead lines, HV cable lines, MV overhead lines	40 years	40 years
Construction part of TSS, SS and TS	40 years	40 years
MV cable line with XHP and EHP, LV and RL overhead line with wooden poles, mast TS on wooden pole	33 years	33 years
TSS equipment and secondary SS	15 years	15 years
TSS, SS equipment and RCS 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
Easement rights	1–100 years	1–100 years

Changes in accounting estimates The responsible persons in the company annually verify the suitability of the useful lives of the individual groups of fixed assets. Should a significant change occur, the working group on technical matters, which appointed a project group for fixed assets meets under the sponsorship of the Economic Interest Grouping (EIG) of electricity distribution companies. Members are required to review the useful lives of fixed assets by depreciation groups and issue their findings. If they find that significant changes have occurred since the last inspection, these are taken into account at all electricity distribution companies on the first day of the following financial year.

Financial assets

In the balance sheet, financial assets are disclosed as non-current and current financial assets. Non-current financial assets are investments that the company intends to hold for a period longer than one year and which are not held for trading.

A financial asset is measured at cost upon initial recognition, whereby the cost is equal to the amount of cash or cash equivalents paid.

Long-term investments in subsidiaries and associates are stated at cost in financial statements.

The company has other financial assets classified in the group of available-for-sale financial assets.

The company assesses at each balance sheet date whether there is any objective evidence of impairment of a financial asset. If any such evidence exists, the investment has to be revalued accordingly.

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

Inventories

When disclosing inventories of materials, the company applies moving average prices.

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

Receivables

Upon initial recognition, receivables of all types are disclosed at amounts arising from appropriate documents with the assumption they will be paid. Original receivables can later be increased or, irrespective of payment or other settlement, decreased by every amount that is proven by an agreement.

The company regularly checks the adequacy of disclosed receivables. Receivables not expected to be collected and receivables not paid in due time are disclosed as doubtful and disputable.

The company revalues receivables due to impairment when there is objective evidence that the carrying amount of the receivable is greater than the present value of expected future cash flows.

When formulating the value adjustment for doubtful and disputed receivables, the company uses the approach of 100% value adjustment of the receivable due from the customer regardless of the level of collectability, i.e. for receivables for which insolvency proceedings or lawsuits have been initiated and for receivables that are not paid within 90 days of the due date. The Company forms revaluation adjustments of receivables individually for individual business partners.

In the balance sheet, receivables are shown in net value, which means that they are reduced by the revaluation adjustments for disputed and doubtful receivables.

Cash and cash equivalents

Cash and cash equivalents are represent bank balances and cash equivalents, investments that can be quickly converted into a known amount of cash.

Upon initial recognition, they are recognised at amounts arising from relevant documents after the verification of their nature.

Short-term deferred and accrued items

Short-term deferred costs and accrued revenues are receivables and other assets that will, as may be assumed, occur within a period of one year of the balance sheet date, whereby their occurrence is probable and their size can be reliably measured.

At their inception, these are amounts that do not yet burden the company's activities and do not yet affect the company's profit or loss. In the balance sheet, items are shown in real amounts and do not contain hidden reserves.

Short-term accrued costs and deferred revenue include all costs accrued in advance (expenses) and short-term deferred revenue. These may only be used for items, which have been initially recognised. In the balance sheet, they are recognised in amounts assessed reliably without any hidden reserves.

Equity

The total equity of the company is represented by the amounts invested by owners, and amounts from operations, which belong to the owner.

The share capital is recorded in the domestic currency and is entered in the register of companies. It is divided into 33,495,324 ordinary no-par value shares. All shares are part of a one class and have been fully paid up. They were issued as dematerialised securities and kept with KDD – Centralna klirinško depotna družba d.d. (Central Securities Clearing Corporation) in line with the regulations.

Own shares are bought back based on the authorisation of the General Meeting.

Reserves for own shares are set aside in the amounts, which were paid for their acquisition.

Revenue reserves are recognised by a decision adopted by the Management Board, Supervisory Board and the General Meeting.

Reserves arising from the valuation at fair value and recognised based on the revaluation of investments at the end of the financial year and based on the recording of actuarial gains/losses arising from the calculation of provisions for severance pay upon retirement.

The net profit or loss is the undistributed part of the net profit or loss of the current year.

The company records changes in equity items in the statement of changes in equity.

Provisions and long-term accrued costs and deferred revenues

Provisions are set aside for the liabilities that are expected based on assumptions considering past events to occur in the following periods. Their amount is based on the estimated current amount of expenditures, which will be required to settle these liabilities.

Provisions are set aside by the company for severance pay and long-service bonuses for employees. They are set aside based on an annual calculation of a certified actuary as at the start and end of a financial year. The actuarial calculation is based on the provisions of SAS 10, International Accounting Standards (hereinafter: IAS) – IAS 19, and performed at the end of each financial year when the company adjusts the value and balance of provisions. They were calculated using the Projected Unit Credit method based on a multiple decrement model taking into account the following decrements: mortality probability, retirement probability, employee turnover probability, and disability probability. The most important assumptions used in the actuarial calculation are:

- Probability:
  - of mortality (SLO2007; selection factor for active population 75%);
  - of disability (in accordance with the model based on BUZ/BV1990x, BUZ/BV1990y).
- Retirement in accordance with the model based on the Pension and Disability Insurance Act (ZPIZ-2A; Official Gazette of the Republic of Slovenia, no. 96/2012);
- employee turnover:
  - 4.5% at an interval of up to 35 years;

  - 3.5% at an interval from 36 to 45 years;
  - 2.5% at an interval of from 46 years.
- Discount rate: 0.9852%.
- Growth of wages:
  - in the Republic of Slovenia - 3.0%;
  - at the company – 1.0%;
  - in the electricity generation sector – 1.0%;
- Employer's contribution rate: 16.1% (in case of payments higher than amounts as stipulated by the Decree on the levels of reimbursed work-related expenses and of certain income not to be included in the tax base (Official Gazette of the Republic of Slovenia, nos. 140/06,76/08, 63/17, 71/18, 104/21, 114/21)).
- Growth of amounts referred to in the Decree – 0.5%.
- Provisions of the Corporate Collective Agreement.

The carrying amount of provisions equals their historical cost less any sums spent until the need for their increase or decrease arises.

The company forms long-term accrued costs and deferred revenues from accrued costs and from accounted, exempt contributions for pension and disability insurance of disabled employees. The company uses this income to cover the actual salaries of disabled employees.

The company also forms long-term accrued costs and deferred revenues from deferred revenues for fixed assets acquired free of charge and from contributions for co-financing, which are intended to cover for depreciation of such assets.

Debts

Liabilities may be either financial or operating in terms of content and current or non-current in terms of maturity.

All liabilities are initially disclosed at amounts arising from relevant documents upon their creation and according to the assumption that the creditors request their repayment. Liabilities subsequently increase by the accrued returns (interest, other compensations), for which there is an agreement concluded with the creditor. Liabilities are decreased by the repaid amounts and potential other settlements in agreement with the creditor.

Their carrying amount equals their original value less their repayments.

In the balance sheet, non-current liabilities and current liabilities are presented separately, and they are further broken down into financial and operating liabilities.

Off-balance-sheet records Off-balance sheet records present the values of bills of exchange given for loans received, guarantees given and received, contingent liabilities for the payment of damages, amounts pertaining to small tools in use, and values of fixed assets transferred to SODO d.o.o.

Recognition of revenues

Revenues are recognised if the increase in economic benefits in the accounting period is associated with an increase in the value of an asset or a decrease in debt, and provided the increase can be reliably measured. Revenues are recognised when it is reasonable to expect that they will lead to receipts provided these have not been realised already upon their occurrence.

Revenues are broken down into operating revenues, finance income and other revenues.

Operating revenues comprise sales revenues and other operating revenues associated with products and services. Sales revenues comprise the value of products, services and materials sold in the accounting period. They are measured based on sales prices stated in invoices or other documents less amounts that the company charges on behalf of a third party (duties), discounts granted upon the sale, and subsequently also by the value of returned quantities and any subsequent discounts.

To measure the recognition of sales revenues, the company observes the following guidelines:

- The buyer and the seller agree on the content of the transaction and the terms of the sale. In most cases, the agreement is made in writing.
- Revenues from services rendered are measured at a fixed and determinable selling price.
- In construction contracts, revenue is recognised incrementally or according to the stage of completion. The basis for recognition is the confirmation from the customer, which means that they agree with the services provided. When the performance obligation is fulfilled incrementally, revenue is also recognised incrementally. The input method is consistently used at the company to measure progress.
- The amounts charged by the company for the sale transaction do not carry significant credit risk as the company expects economic benefits from the transaction.

Operating revenues from revaluation arise upon the disposal of items of property, plant and equipment and intangible assets and also after the repayment of receivables, which were revaluated in previous years.

Finance income is income from investing activities and occurs in connection with current and non-current financial assets as well as in connection with receivables in the form of interest charged and as finance income from revaluation.

It is recognised when it is accounted for, irrespective of the receipts and provided there is no reasonable doubt as to its size, maturity and repayability. Interest is accounted on an elapsed time proportion basis taking account of the principal outstanding and the rate applicable.

Other revenues are exceptional items and other revenues that increase the operating profit or loss.

Recognition of expenses

Expenses are recognised if the decrease in economic benefits in the accounting period is associated with a decrease in an asset or an increase of debt, and if such decrease can be measured reliably.

Expenses are broken down into operating, finance and other expenses.

Operating expenses are recognised when the costs are no longer retained in the value of the inventories of products. They generally equal the accrued costs in an accounting period.

Operating expenses from revaluation are recognised when an adequate revaluation is completed and they appear in connection with items of property, plant and equipment, intangible non-current and current assets due to their impairment.

Finance expenses are expenses from financial and operating liabilities. Finance expenses are recognised upon being charged irrespective of the payments associated with them.

Other expenses are exceptional items and other expenses that decrease the operating profit or loss.

Labour and employee benefit costs

The company discloses the following items in labour costs:

- wages and salaries;
- compensations for wages and salaries;
- cost of supplementary pension insurance;
- cost of contributions and other taxes;
- other costs such as pay for annual leave, reimbursement of material costs, solidarity aid and other.

Labour costs and reimbursement costs are accounted and paid in accordance with the law, the Collective Agreement for the Energy Sector and the Corporate Collective Agreement.

Labour costs also include accrued costs from unused annual leave of employees.

Taxes

The company is liable for payment of taxes in accordance with the Value Added Tax Act and the Corporate Income Tax Act.

The corporate income tax is calculated based on revenue and expenses as disclosed in the P&L statement, taking into account the provisions of the Corporate Income Tax Act.

The tax assessed this way is the tax paid by the company from the taxable profit for the financial year, using tax rates applicable on the date of the statement of financial position, taking into consideration any adjustments to tax liabilities arising from previous financial years.

The company discloses deferred tax using the balance sheet liability method based on temporary differences between book and tax values of individual assets and liabilities. The amount of the deferred tax is based on the expected method of refund or settlement of the carrying amount of the assets and liabilities with the application of tax rates applicable as at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deferred asset can be utilised in the future.

Cash flow statement

The cash flow statement has been prepared using the direct method. Cash and cash equivalents are represented in the cash flow statement by bank balances and deposits with maturity of 3 months.

Sectoral or regional divisions

Pursuant to the Energy Supply Act (ZOEE), the company is obliged to report by activities (segments). Two activities are defined for that purpose:

- the contract with SODO, d.o.o. which sets forth the tasks performed by the company in accordance with the Contract on the lease of the electricity distribution infrastructure and provision of services for SODO d.o.o.;
- services, which include other market activities performed by the company.

5 FINANCIAL STATEMENTS OF ELEKTRO MARIBOR, D.D.

Table 72: Balance sheet

In EUR

	Item	Note	31 December 2021	31 December 2020
A.	**Non-current assets (I-VI)**		**380,546,680**	**376,475,479**
I.	**Intangible assets and long-term deferred costs and accrued revenues (1 through 6)**	**1**	**3,511,604**	**4,335,300**
	1. Long-term property rights		3,511,604	4,335,300
II.	**Property, plant and equipment (1 through 6)**	**2**	**365,327,714**	**352,676,825**
	1. Land and buildings (a through c)		273,515,654	262,413,027
	a. Land		9,962,564	9,974,029
	B. Buildings		263,553,090	252,438,998
	2. Production plant and machinery		86,298,367	84,447,958
	4. Property, plant and equipment being acquired (a + b)		5,513,694	5,815,840
	a. Property, plant and equipment under construction and in production		5,464,138	5,755,936
	b. Advances for the acquisition of property, plant and equipment		49,556	59,904
III.	**Investment property**	**3**	**593,817**	**605,093**
IV.	**Non-current financial assets (1 through 2)**	**4**	**9,798,300**	**17,596,970**
	1. Non-current financial assets, excluding loans (a through d)		9,798,300	17,596,970
	a. Shares and stakes in Group companies		9,184,808	16,983,478
	b. Shares and stakes in associates		349,854	349,854
	c. Other shares and stakes		56,594	56,594
	d. Other non-current financial assets		207,045	207,045
V.	**Non-current operating receivables (1 through 3)**	**5**	**67,683**	**65,483**
	3. Non-current operating receivables due from others		67,683	65,483
VI.	**Deferred tax assets**	**6**	1,247,562	**1,195,807**
B.	**Current assets (I - V)**		**36,230,859**	**22,337,331**
I.	**Assets (disposal groups) held for sale**		**7,798,671**	**0**
II.	**Inventories (1 through 4)**	**7**	**2,786,766**	**2,339,050**
	1. Materials		2,786,766	2,339,050
IV.	**Current operating receivables (1 through 3)**	**8**	**17,766,608**	**9,615,152**
	1. Current operating receivables from Group companies		35,414	28,010
	2. Current trade receivables		17,140,984	8,762,161
	3. Current operating receivables from others		590,210	824,980
V.	**Cash and cash equivalents**	**9**	**7,878,815**	**10,383,129**
C.	**Short-term deferred costs and accrued revenues**	**10**	**462,193**	**266,555**
	ASSETS (A + B + C)		**417,239,732**	**399,079,365**

In EUR

	Item	Note	31 December 2021	31 December 2020
A.	**Equity**	**11**	**303,178,613**	**294,792,477**
I.	**Called-up capital (1 through 2)**		**203,932,512**	**203,932,512**
	1. Share capital		203,932,512	203,932,512
II.	**Capital surplus**		**75,384,315**	**75,384,315**
III.	**Revenue reserves (1 through 5)**		**21,028,950**	**13,064,589**
	1. Legal reserves		7,068,802	6,485,990
	5. Other revenue reserves		13,960,148	6,578,599
V.	**Fair value reserve**		**-859,047**	**-879,226**
VII.	**Net profit or loss for the financial year**		**3,691,882**	**3,290,287**
B.	**Provisions and long-term accrued costs and deferred revenues (1 through 3)**	**12**	**40,299,987**	**41,295,069**
	1. Provisions for pensions and similar liabilities		5,989,653	5,792,325
	2. Other provisions		715,094	501,363
	3. Long-term accrued costs and deferred revenues		33,595,241	35,001,381
C.	**Non-current liabilities (I through III)**	**13**	**49,029,711**	**43,608,417**
I.	**Non-current financial liabilities (1 through 4)**		**48,987,719**	**43,467,654**
	2. Non-current financial liabilities to banks		48,487,500	43,125,000
	3. Other non-current financial liabilities		500,219	342,654
II.	**Non-current operating liabilities**		**41,992**	**41,992**
	2. Non-current trade payables		41,992	41,992
III.	**Deferred tax liabilities**		**0**	**98,771**
D.	**Current liabilities (I through III)**	**14**	**23,620,959**	**18,577,410**
II.	**Current financial liabilities (1 through 4)**		**6,720,694**	**6,260,993**
	2. Current financial liabilities to banks		6,637,500	6,200,000
	4. Other current financial liabilities		83,194	60,993
III.	**Current operating liabilities (1 through 8)**		**16,900,265**	**12,316,417**
	1. Current operating liabilities to Group companies		53,040	64,124
	2. Current trade payables to suppliers		8,462,967	5,863,129
	3. Other current operating liabilities		8,384,258	6,389,164
D.	**Short-term accrued costs and deferred revenues**	**15**	**1,110,462**	**805,992**
	LIABILITIES (A through D)		**417,239,732**	**399,079,365**

Table 73: Profit and Loss Statement

In EUR

	Item	Note	I–XII 2021	I–XII 2020
1.	**Net sales revenues**	**16**	**63,841,981**	**58,153,824**
	a. on the domestic market		63,841,981	58,153,824
3.	**Capitalised own products and own services**	**17**	**21,413,549**	**21,551,855**
4.	**Other operating revenue (including operating revenue from revaluation)**	**18**	**2,883,844**	**3,829,948**
5.	**Cost of goods, materials and services**	**19**	**21,160,182**	**21,019,559**
	a. Cost of goods and materials sold and cost of materials used		13,861,446	14,006,681
	b. Cost of services		7,298,736	7,012,878
6.	**Labour costs**	**20**	**31,773,297**	**29,035,834**
	a. Cost of wages and salaries		22,387,884	20,042,349
	b. Cost of social security		4,712,542	4,303,658
	- of which cost of pension insurance		1,059,761	1,004,374
	c. Other labour cost		4,672,871	4,689,827
7.	**Write-downs**	**21**	**22,341,410**	**21,716,881**
	a. Amortisation and depreciation expense		22,054,050	21,309,916
	b. Operating expenses from revaluation of intangible assets and property, plant and equipment		232,533	299,326
	c. Operating expenses from revaluation of current assets		54,828	107,639
8.	**Other operating expenses**	**22**	**732,705**	**625,137**
9.	**Finance income from participating interests**	**23**	**1,396,151**	**1,034,435**
	a) Finance income from participating interests in Group companies		1,296,151	1,027,978
	b) Finance income from participating interests in associates		100,000	6,457
10.	**Finance income from loans granted**		**0**	**5**
	B. Finance income from loans to others		0	5
11.	**Finance income from operating receivables**	**24**	**16,514**	**77,445**
	b. Financial income from operating receivables due from others		16,514	77,445
13.	**Finance expenses from financial liabilities**	**25**	**351,796**	**371,121**
	b. Finance expenses from bank loans		344,598	364,891
	d. Finance expenses from other financial liabilities		7,198	6,230
14.	**Finance expenses from operating liabilities**	**26**	**19,357**	**77,575**
	b. Finance expenses from trade payables and bills payable		184	32,501
	c. Finance expenses from other operating liabilities		19,173	45,074
15.	**Other revenues**	**27**	**36,186**	**12,875**
16.	**Other expenses**	**28**	**95,661**	**103,287**
17.	**Corporate income tax**		**1,436,883**	**1,347,783**
18.	**Deferred taxes**		**42,627**	**110,385**
19.	**NET PROFIT OR LOSS FOR THE PERIOD**	**29**		
	(1 ± 2 +3 + 4 - 5 - 6 - 7 - 8 + 9 + 10 + 11 - 12 - 13 - 14 + 15 - 16 - 17 +18)		**11,719,561**	**10,473,594**

Table 74: Statement of total comprehensive income

	Item	Note	I–XII 2021	I–XII 2020
19.	Net profit or loss for the period		11.719.561	10.473.594
23.	Other components of comprehensive income		-43.138	-125.073
	- Actuarial gains/losses from severance pay provisions		-151.038	-125.073
	- Effect of deferred tax on actuarial gains/losses from severance pay provisions		107.900	0
24.	**TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD (19+20+21+22+23)**		**11.676.423**	**10.348.521**

Table 75: Cash flow statement

In EUR

Item	Note	I–XII 2021	I–XII 2020
A. Cash flows from operating activities			
a) Receipts from operating activities	***30***	***109,209,086***	***112,425,789***
Receipts from the sales of products and services		106,928,592	109,337,106
Other receipts from operating activities		2,280,494	3,088,683
b) Disbursements from operating activities	***31***	***-104,375,663***	***-100,928,537***
Disbursements for the acquisition of materials and services		-64,752,907	-61,609,384
Disbursements for employees' salaries and wages and shares in the profit		-30,892,053	-30,558,827
Disbursements for all types of taxes		-6,569,743	-7,010,167
Other disbursements for operating activities		-2,160,959	-1,750,160
c) Net cash inflow from operating activities (a + b)		***4,833,423***	***11,497,252***
B. Cash flows from investing activities			
a) Receipts from investing activities	***32***	***1,450,186***	***3,325,809***
Receipts from interest and shares in the profit of others related to investing activities		1,396,151	1,034,439
Receipts from the disposal of property, plant and equipment		54,035	2,291,370
b) Disbursements for investing activities	***33***	***-10,941,187***	***-12,792,381***
Disbursements for the acquisition of intangible assets		-1,242,455	-1,690,582
Disbursements for the acquisition of property, plant and equipment		-9,698,732	-11,101,799
c) Net cash outflow from investing activities (a + b)		***-9,491,001***	***-9,466,573***
C. Cash flows from financing activities			
a) Receipts from financing activities	***34***	***12,900,000***	***11,000,000***
Receipts from the increase in financial liabilities		12,900,000	11,000,000
b) Disbursements for financing activities	***35***	***-10,746,737***	***-11,595,380***
Disbursements for interest paid on financing activities		-356,453	-402,034
Disbursements for repayment of financial liabilities		-7,100,000	-6,325,000
Disbursements for the payment of dividends and other shares in profit		-3,290,284	-4,868,346
c) Net cash outflow from financing activities (a+b)		***2,153,263***	***-595,380***
D. Closing balance of cash		**7,878,815**	**10,383,129**
x) Net cash inflow or outflow for the period (sum of items Ac, Bc and Cc)		**-2,504,314**	**1,435,299**
+			
y) Cash and cash equivalents at beginning of period		**10,383,129**	**8,947,830**

Table 76: Statement of changes in equity

In EUR

	Item	Called-up capital	Capital surplus	Revenue reserves				Fair value reserve	Retained earnings	Net profit or loss for the financial year	Total
		Share capital		Legal reserves	Reserves for treasury shares	Treasury shares	Other revenue reserves		Retained net profit	Net profit	
		I/1	II	III/1	III/2	III/3	III/5	V	VI/1	VII/1	
A.1.	**Balance as at the end of the previous period**	**203,932,512**	**75,384,315**	**6,485,990**	**0**	**0**	**6,578,599**	**-879,226**	**0**	**3,290,287**	**294,792,476**
A.2	**Opening balance of the reporting period**	**203,932,512**	**75,384,315**	**6,485,990**	**0**	**0**	**6,578,599**	**-879,226**	**0**	**3,290,287**	**294,792,476**
B.1	**Changes in equity – transactions with owners**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-3,290,287**	**0**	**-3,290,287**
g.	Dividend distribution								-3,290,287	0	-3,290,287
B.2	**Total comprehensive income for the reporting period**	**0**	**0**	**0**	**0**	**0**	**0**	**-43,138**	**0**	**11,719,561**	**11,676,423**
a.	Input of the net operating profit or loss for the financial year								0	11,719,561	11,719,561
d.	Other components of comprehensive income							-43,138			-43,138
B.3	**Changes in equity**	**0**	**0**	**582,812**	**0**	**0**	**7,381,549**	**63,318**	**3,290,287**	**-11,317,966**	**0**
a.	Allocation of the remaining part of net profit of the comparable reporting period among other equity components								3,290,287	-3,290,287	0
b.	Allocation of a portion of net profit from the reporting period to other equity components based on the resolution of management and supervisory bodies			582,812			7,381,549		63,318	-8,027,679	0
f	Other changes in equity							63,318	-63,318		0
C.	**Closing balance for 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**
	DISTRIBUTABLE PROFIT								**0**	**3.691.882**	**3.691.882**

Table 77: Statement of changes in equity 2020

In EUR

	Item	Called-up capital	Capital surplus	Revenue reserves				Fair value reserve	Retained earnings	Net profit or loss for the financial year	Total
		Share		Legal reserves	Reserves for treasury shares	Treasury shares	Other revenue reserves		Retained net profit	Net profit	
		I/1	II	III/1	III/2	III/3	III/5	V	VI/1	VII/1	
A.1.	**Balance as at the end of the previous period**	**139,147,480**	**75,384,315**	**5,966,575**	**0**	**0**	**64,785,032**	**-839,446**	**363,301**	**4,505,045**	**289,312,301**
A.2	**Opening balance of the reporting period**	**139,147,480**	**75,384,315**	**5,966,575**	**0**	**0**	**64,785,032**	**-839,446**	**363,301**	**4,505,045**	**289,312,301**
B.1	**Changes in equity – transactions with owners**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-4,868,346**	**0**	**-4,868,346**
g.	Dividend distribution								-4,868,346	0	-4,868,346
B.2	**Total comprehensive income for the reporting period**	**0**	**0**	**0**	**0**	**0**	**0**	**-125,073**	**0**	**10,473,594**	**10,348,521**
a.	Input of the net operating profit or loss for the financial year								0	10,473,594	10,473,594
d.	Other components of comprehensive income							-125,073			-125,073
B.3	**Changes in equity**	**64,785,032**	**0**	**519,415**	**0**	**0**	**-58,206,433**	**85,293**	**4,505,045**	**-11,688,352**	**0**
a.	Allocation of the remaining part of net profit of the comparable reporting period among other equity components								4,505,045	-4,505,045	0
b.	Allocation of a portion of net profit from the reporting period to other equity components based on the resolution of management and supervisory bodies			519,415			6,578,599		85,293	-7,183,307	0
f	Other changes in equity	64,785,032					-64,785,032	85,293	-85,293		0
C.	**Closing balance for the reporting period**	**203,932,512**	**75,384,315**	**6,485,990**	**0**	**0**	**6,578,599**	**-879,226**	**0**	**3,290,287**	**294,792,476**
	DISTRIBUTABLE PROFIT								**0**	**3,290,287**	**3,290,287**

6 NOTES AND DISCLOSURES ON THE FINANCIAL STATEMENT ITEMS

6.1 Notes to the Balance Sheet

The balance sheet is the basic financial statement that discloses those assets and liabilities that relate to the company’s operations.

In accordance with SAS 20.4 it is presented in form of a sequential report with values disclosed for the current and past periods.

In the balance sheet, items are disclosed according to the carrying amount, which is the difference between the cost value and the deducted value adjustment. The balance sheet has been prepared taking account of the principle of individual asset and liability valuation.

The company is not in possession of any additional information significant for a fair presentation of the company's financial position; such items are not mandatory parts of the balance sheet.

Information constituting the basis for the preparation of the balance sheet and information about special accounting policies and methods used in recording the company's business events are presented in the following notes to individual balance sheet items.

Notes to the financial statements are an integral part of the financial statements and should be read in conjunction with the latter.

Intangible assets

Note 1

Intangible assets comprise property rights from the use of licenses, and application software, which are classified as assets with the finite useful life of between 2 and 10 years; they are depreciated using the straight-line method. The amortisation rates applied range from 10% to 50%.

Intangible assets also include easement rights for the use of the land under the routes of the company's distribution network, which are shown in the balance sheet under the land and buildings item in accordance with the provisions of Article 65 of the Companies Act (ZGD-1).

Intangible assets are not pledged for the repayment of debts and the company also does not have assets acquired through government grants.

At the end of financial year, the company discloses EUR 491,660 of operating liabilities for the acquisition of licences for the use of information technology. The company has been settling its liabilities monthly based on the invoices received.

Major acquisitions of intangible assets relate mostly to the acquisition of licenses for the use of information technology, upgrades to the ERP solution MS Dynamics AX and the purchase of the software for the operation of the remote command and control centre.

Table 78: Changes in intangible assets in 2021

In EUR	Intangible assets	Investments underway	Total
Cost			
Balance as at 1 January 2021	13,213,105	0	13,213,105
Increases	*0*	*0*	0
- New purchases	0	1,036,798	1,036,798
- Activation	1,036,798	-1,036,798	0
Eliminations	1,979,014	0	1,979,014
Transfers	0	0	0
Balance as at 31 December 2021	12,270,889	0	12,270,889
Write-offs			
Balance as at 1 January 2021	8,877,804	0	8,877,804
Adjustments	0	0	0
Eliminations	1,979,014	0	1,979,014
Transfers	0	0	0
Amortisation and depreciation expense	1,860,495	0	1,860,495
Balance as at 31 December 2021	8,759,285	0	8,759,285
Carrying amount			
Balance as at 1 January 2021	4,335,300	0	4,335,300
Balance as at 31 December 2021	3,511,604	0	3,511,604

Table 79: Changes in intangible assets in 2020

In EUR	Intangible assets	Investments underway	Total
Cost			
Balance as at 1 January 2020	12,084,050	0	12,084,050
Increases	*0*	*0*	0
- New purchases	0	1,145,824	1,145,824
- Activation	1,145,824	-1,145,824	0
Eliminations	16,769	0	16,769
Transfers	0	0	0
Balance as at 31 December 2020	13,213,105	0	13,213,105
Write-offs			
Balance as at 1 January 2020	7,314,018	0	7,314,018
Adjustments	0	0	0
Eliminations	16,769	0	16,769
Transfers	0	0	0
Amortisation and depreciation expense	1,580,556	0	1,580,556
Balance as at 31 December 2020	8,877,804	0	8,877,804
Carrying amount			
Balance as at 1 January 2020	4,770,032	0	4,770,032
Balance as at 31 December 2020	4,335,300	0	4,335,300

Property, plant and equipment

Note 2

Table 80: Balance and changes in property, plant and equipment in 2021

In EUR	Land	Buildings		Easement rights	Equipment	Investments underway	Advances given	Total property, plant and equipment
		Buildings	Right of use assets					
Cost								
Balance as at 1 January 2021	7,722,519	753,786,499	426,600	2,365,310	199,935,867	5,755,936	59,904	970,052,635
Acquisitions, of which:	0	0	0	0	0	32,853,223	0	32,853,223
- Acquisitions (new purchases)	0	0	0	0	0	32,084,522	0	32,084,522
- Acquisitions (free-of-charge takeover)	0	0	0	0	0	768,701	0	768,701
Activations	14,921	23,569,618	211,341	0	9,560,483	-33,145,022	0	211,341
- Activation (new purchases)	14,921	22,800,917	211,341	0	9,560,483	-32,376,321	0	211,341
- Activation (free-of-charge takeover)	0	768,701	0	0	0	-768,701	0	0
Disposals	2,733	7,011,945	0	0	5,466,327	0	0	12,481,005
Transfers	0	0	0	0	0	10,348	-10,348	0
Balance as at 31 December 2021	7,734,706	770,344,173	637,941	2,365,310	204,030,023	5,464,138	49,556	990,625,846
Write-offs								
Balance as at 1 January 2021	0	501,716,982	57,119	113,800	115,487,909	0	0	617,375,810
Disposals	0	6,831,416	0	0	5,415,729	0	0	12,247,146
Amortisation and depreciation expense	0	12,452,625	33,714	23,653	7,659,476	0	0	20,169,468
Transfers	0	0	0	0	0	0	0	0
Balance as at 31 December 2021	0	507,338,191	90,833	137,453	117,731,656	0	0	625,298,132
Carrying amount								
Balance as at 1 January 2021	7,722,519	252,069,517	369,481	2,251,510	84,447,958	5,755,936	59,904	352,676,825
Balance as at 31 December 2021	7,734,706	263,005,982	547,108	2,227,857	86,298,367	5,464,138	49,556	365,327,714

Table 81: Balance and changes in property, plant and equipment in 2020

In EUR	Land	Buildings – Buildings	Buildings – Right of use assets	Easement rights	Equipment	Investments underway	Advances given	Total property, plant and equipment
Cost								
Balance as at 1 January 2020	7,710,567	741,738,966	426,600	2,140,490	193,518,944	8,490,371	59,904	954,085,841
Acquisitions, of which:	0	0	0	0	0	32,326,766	0	32,326,766
- Acquisitions (new purchases)	0	0	0	0	0	30,417,625	0	30,417,625
- Acquisitions (free-of-charge takeover)	0	0	0	0	0	1,909,140	0	1,909,140
Activations	14,349	24,241,698	0	224,820	10,580,334	-35,061,201	0	0
- Activation (new purchases)	14,349	22,332,558		224,820	10,580,334	-33,152,060	0	0
- Activation (free-of-charge takeover)	0	1,909,140	0	0	0	-1,909,140	0	0
Disposals	2,397	12,194,164	0	0	4,163,411	0	0	16,359,972
Transfers	0	0	0	0	0	0	0	0
Balance as at 31 December 2020	7,722,519	753,786,500	426,600	2,365,310	199,935,867	5,755,935	59,904	970,052,635
Write-offs								
Balance as at 1 January 2020	0	500,453,461	28,559	92,395	111,352,251	0	0	611,926,665
Disposals	0	10,932,341	0	0	3,323,984	0	0	14,256,325
Amortisation and depreciation expense	0	12,195,864	28,559	21,405	7,459,642	0	0	19,705,470
Transfers	0	0	0	0	0	0	0	0
Balance as at 31 December 2020	0	501,716,983	57,118	113,800	115,487,909	0	0	617,375,810
Carrying amount								
Balance as at 1 January 2020	7,710,567	241,285,505	398,041	2,048,095	82,166,694	8,490,371	59,904	342,159,177
Balance as at 31 December 2020	7,722,519	252,069,517	369,482	2,251,510	84,447,958	5,755,935	59,904	352,676,825

Larger purchases of property, plant and equipment in 2021 mainly relate to:

Table 82: Larger purchases of property, plant and equipment (+)

	2021	2020
LV lines	10,915,656	10,588,675
Measurement devices and instruments	3,453,668	3,676,494
TS MV/HV	2,588,347	2,868,683
Overhead MV lines	3,473,961	3,695,349
DV HV – new	51,307	70,554
Underground MV lines	4,452,571	3,365,242

The decrease in property, plant and equipment refers to buildings with the cost of EUR 7,011,945 and equipment with the cost of EUR 5,466,327, mostly resulting from write-offs as a result of destruction and replacement.

Items of property, plant and equipment not yet available for use (investments underway) totalled at EUR 5,464,138.

All assets are owned by the company and have not been pledged as collateral for debts.

The company still has some contractual commitments for the acquisition of tangible fixed assets, but these are concluded for successive supply of equipment by the contract in accordance with the time schedule.

All long-term borrowings are intended to finance investments in property, plant and equipment of the company. The company does not capitalise interest expenses as the loans mainly financed investments that were completed within the financial year.

In accordance with the provisions of SAS 1.27 (2016 with amendments), the company recognised in its books of account the right of use assets from long-term leases of office buildings and telecommunications routes on 1 January 2019 in the amount of EUR 426,600. In doing so, it applied a simplified approach in the way set out in point 5 of the SAS. In 2021, it additionally leased office space for a period of 10 years and with an interest rate of 1.445%, thus increasing its cost by EUR 211,341.

The interest rate agreed with Energija plus d. o. o. for leases in the group amounts to 0.939%, while we observed the risk-free interest rate as at 1 January 2019 for leases from other business partners (Slovenian 10Y bond = 1.125%) + credit risk premium, which amounts to 1.445%.

The depreciation expense for the assets thus obtained in 2021 amounted to EUR 33,714. The cost of interest arising from the right of use assets amounted to EUR 5,334.

In 2021, the company disclosed costs of EUR 195,235 for short-term and small value leases.

The company does not sublease such recognised assets, but uses them to carry on its activity.

All liabilities from the right of use assets were settled on time, except for received invoices that fell due in 2022. Cash flow from rents in 2021 amounted to EUR 283,222.

For the 2019–2021 period, the company signed an Agreement with SODO on the lease of electricity distribution infrastructure and the provision of services for the system operator of the distribution network, which defines the amount of rent and services provided by the company for SODO.

The amounts of future leases cannot be presented reliably, since the price and scope of the lease modification over the years. The rent for the electricity infrastructure for the 2021 financial year amounts to EUR 31,751,443.

The book value for the leased electricity distribution infrastructure as at 31 December 2021 amounts to EUR 332,024,483.

Table 83: Balance and changes in electricity distribution infrastructure in 2021

In EUR	Land	Buildings and facilities	Easement rights	Equipment	Total property, plant and equipment
Cost					
Balance as at 1 January 2021	4,994,480	725,403,359	2,365,310	171,960,282	904,723,431
Increase, of which:	14,809	22,610,900	0	7,417,213	30,042,922
- Activations	14,809	22,610,900	0	7,417,213	30,042,922
Disposals	0	6,889,319	0	3,915,419	10,804,738
Transfers	0	0		0	0
Balance as at 31 December 2021	5,009,289	741,124,940	2,365,310	175,462,076	923,961,615
Write-offs					
Balance as at 1 January 2021	0	487,408,728	113,800	97,176,078	584,698,606
Decreases	0	6,715,741	0	3,886,067	10,601,808
Amortisation and depreciation expense	0	11,899,106	23,653	5,917,575	17,840,334
Balance as at 31 December 2021	0	492,592,093	137,453	99,207,586	591,937,132
Carrying amount					
Balance as at 1 January 2021	4,994,480	237,994,631	2,251,510	74,784,204	320,024,825
Balance as at 31 December 2021	5,009,289	248,532,847	2,227,857	76,254,490	332,024,483

Investment property

Note 3

The company's Management Board actively monitors market developments and estimates that there was no objective evidence in 2021 of factors that would indicate the need to impair investment property.

Table 84: Balance and changes in investment property in 2021

In EUR	2021
Cost	
Balance as at 1 January 2021	1.423.794
Increases	13,559
Decreases	3,049
Balance as at 31 December 2021	1,434,304
Write-offs	
Balance as at 1 January 2021	818,701
Disposals	2,302
Depreciation expense	24,087
Balance as at 31 December 2021	840,486
Carrying amount	
Balance as at 1 January 2021	605,093
Balance as at 31 December 2021	593,817

Table 85: Balance and changes in investment property in 2020

In EUR	2020
Cost	
Balance as at 1 January 2020	1,447,266
Increases	7,929
Decreases	31,401
Balance as at 31 December 2020	1,423,794
Write-offs	
Balance as at 1 January 2020	812,079
Disposals	17,269
Depreciation expense	23,891
Balance as at 31 December 2020	818,701
Carrying amount	
Balance as at 1 January 2020	635,187
Balance as at 31 December 2020	605,093

All the investment property is owned by the company and is not pledged as collateral for debts.

Table 86: Investment property in 2021

In EUR	Value	Revenues	Costs
Holiday facilities	545,589	86,585	113,546
Apartments	48,229	10,867	3,947
Total	**593,817**	**97,452**	**117,493**

Non-current financial assets

Note 4

The company did not impair any investments in associates in 2021, but did reclassify the investment in Energija plus d.o.o. group among non-current assets held for sale.

Table 87: Non-current financial assets

In EUR	Balance as at 31 December 2021	Balance as at 31 December 2020
Investments in stakes of the companies in the group:	9,184,808	16,983,478
- Energija plus d. o. o.	7,492,840	15,291,511
- OVEN Elektro Maribor d. o. o.	1,691,967	1,691,967
Investments in shares and stakes of associated companies:	349,854	349,854
- Informatika d. o. o.	299,478	299,478
- Eldom d.o. o.	50,376	50,376
- Moja energija d. o. o.	0	0
Other non-current financial investment in stakes	56,594	56,594
Other non-current financial assets	207,045	207,045
Total	**9,798,300**	**17,596,970**

Table 88: Changes in non-current financial assets in 2021

In EUR	Investments in stakes of group companies	Investments in shares and stakes of associated companies	Other non-current financial investments in stakes	Other non-current financial assets	Total
Balance as at 1 January 2021	16,983,478	349,854	56,594	207,045	17,596,970
Increases	0	0	0	0	0
Transfer to assets held for sale	7,798,671	0	0	0	7,798,671
Balance as at 31 December 2021	**9,184,808**	**349,854**	**56,594**	**207,045**	**9,798,300**

The Management Board estimates that non-current financial assets are not exposed to risks as at 31 December 2021 or they are exposed to risk equal to the amount of the investments in the capital of these companies.

The company has all long-term investments, other than investments in subsidiaries and associated companies, classified as held for sale.

Other non-current financial assets primarily disclose the investment in the Infond Globalni uravnoteženi financial fund.

Non-current operating receivables

Note 5

Other non-current operating receivables include receivables from the collection of assets to the reserve fund of owner-occupied residential buildings.

Deferred tax assets

Note 6

In 2021, the company recognised the increase in deferred tax assets for temporary deductible tax differences based on past and current provisions for long-service bonuses and severance pay of employees set aside or their use or reversal. The company did not recognise or form deferred tax assets arising from actuarial losses, revaluation of receivables and long-term accrued costs and deferred revenues.

The tax rate used in the calculation of deferred tax assets was 19%. The same rate is also expected to be applied in the future financial years.

The balance of deferred tax assets as at 31 December 2021 amounted to EUR 1,247,562.

Table 89: Changes in deferred tax assets

In EUR	Balance as at 31 December 2020	Decreases	Increases	Balance as at 31 December 2021
Deferred tax assets				
- relating to revaluation adjustments of receivables	*306,119*	*36,502*	*0*	*269,617*
- relating to provisions for long-service bonuses and severance pay	*550,271*	*59,423*	*167,323*	*658,170*
- from long-term accrued costs and deferred revenues	*339,417*	*19,642*	*0*	*319,775*
Total	**1,195,807**	**115,568**	**167,323**	**1,247,562**

Inventories

Note 7

Inventory is comprised predominantly of inventory of material for use in own investments, material for the provision of services on the market, and spare parts for the maintenance of property, plant and equipment.

The Management Board estimates that the carrying amount of inventories is at the level of the net realisable value.

Table 90: Inventories

In EUR	31 December 2021	31 December 2020
Raw material and material	2,654,949	2,248,680
Fuel and lubricants	13,791	10,504
Office supplies	9,364	7,880
Small tools and packaging inventories	108,661	71,985
Total	**2,786,766**	**2,339,050**

As at 31 December 2021, the company discloses inventories worth EUR 113,392; there were no changes in the period from 1 January 2019 to 31 December 2021; however, the inventory is determined as operating reserve inventory.

Table 91: Value of inventories

In EUR	31 December 2021	31 December 2020
Gross value of inventories	2,786,766	2,339,050
Value adjustments	0	0
Net value of inventories	**2,786,766**	**2,339,050**

During the regular annual stock-taking, the company found a shortfall of EUR 148.34 and a surplus of EUR 1,175.35. No write-down of inventories due to damage, obsolescence or destruction was performed in 2021.

All items of inventory are owned by the company and not pledged as collateral for debts.

Current operating receivables

Note 8

Table 92: Current operating receivables

In EUR	31 December 2021	31 December 2020
Current operating receivables due from group companies, of which:	35,414	28,010
- receivables due from Energija plus d. o. o.	26,768	25,911
- receivables due from OVEN Elektro Maribor d. o. o.	8,646	2,100
Current operating receivables due from customers for network use	3,057,558	2,957,907
Current operating receivables due from customers for services	14,081,367	5,802,001
Current operating receivables for interest	2,059	2,254
Other current receivables	590,210	824,980
Total	**17,766,608**	**9,615,152**

Clients mostly settle their liabilities on time or with a slight delay. Default interest is charged to the clients in accordance with the contract.

The company made a value adjustment for disputable, doubtful receivables and for receivables that were more than 90 days past due, which it did in accordance with the Rules on the management of receivables.

The company did not form a value adjustment for receivables due from SODO d.o.o., which are outstanding for more than 90 days and amount to EUR 742,042 as monthly method of repayment has been agreed in accordance with Annex no. 3 and their repayment is not disputed.

Elektro Maribor d. d. issued invoices from the received preliminary settlement for 2021 in the amount of EUR 5,825,241 that are due in April 2022. The difference between the preliminary settlement for 2021 and the final settlement for 2021 is taken into account when determining the next regulatory period.

Table 93: Value of receivables

In EUR	31 December 2021	31 December 2020
Gross receivables	19,216,675	11,259,837
Value adjustment	1,450,066	1,644,685
Net receivables	**17,766,608**	**9,615,152**

Table 94: Changes in value adjustments of receivables

In EUR	Balance as at 31 December 2020	Decreases	Increases	Balance as at 31 December 2021
Value adjustments of current operating receivables				
- decrease in value adjustments due to payments	0	79,253	0	0
- decrease of value adjustments due to write-offs	0	165,230	0	0
Total	**1,644,685**	**244,483**	**49,864**	**1,450,066**

Accounts receivable for network use amount to EUR 3,057,558 and mostly are not secured by payment security instruments as this is not foreseen in the Decree on general terms and conditions and the supply of electricity.

The company's receivables due from SODO d.o.o. for the lease of the electricity distribution infrastructure are secured with bills of exchange. The balance of current receivables due from SODO as at 31 December 2021 for lease and services stood at EUR 12,533,273 (EUR 4,756,421 in 2020).

A year-on-year deficit of network fees for 2021 in the amount of EUR 1,159,407 is disclosed among receivables due from SODO d.o.o., which is expected to be fully settled in 2022.

As at the end of the 2021 financial year, the company had no receivables due from the Management Board or the members of the Supervisory Board.

Table 95: Breakdown of current operating receivables by maturity

In EUR	31 December 2021	Structure in %	31 December 2020	Structure in %
Non-past due receivables	16,121,732	90.74	9,269,018	96.40
Past due by up to 30 days	416,700	2.35	293,262	3.05
Past due by 31-60 days	49,187	0.28	45,616	0.47
Past due by 61-90 days	421,557	2.37	2,166	0.02
Past due by more than 90 days	757,433	4.26	5,090	0.05
Total	**17,766,609**	**100.00**	**9,615,152**	**100.00**

Cash and cash equivalents

Note 9

Table 96: Cash and cash equivalents

In EUR	31 December 2021	31 December 2020
Bank balances	7,878,815	283,129
Deposits redeemable at notice	0	10,100,000
Total	**7,878,815**	**10,383,129**

Short-term deferred costs and accrued revenues

Note 10

Table 97: Short-term deferred costs and accrued revenues

In EUR	31 December 2021	31 December 2020
Short-term accrued revenues	395,503	219,739
Short-term deferred costs	24,895	17,070
VAT in received advances	41,795	29,746
Total	**462,193**	**266,555**

Short-term accrued revenues show the amounts of revenues that already affect the profit or loss, but have not yet been charged.

Table 98: Changes in short-term accrued revenues and deferred costs

In EUR	31 December 2020	Increases	Decreases	Balance as at 31 December 2021
Short-term accrued revenues	219,739	395,503	219,739	395,503
Short-term deferred costs	17,070	29,920	22,095	24,895
VAT in received advances	29,746	12,764	715	41,795
Total	**266,555**	**438,187**	**242,549**	**462,193**

Equity

Note 11

The company's share capital totals at EUR 203,932,512 and is divided into 33,345,302 ordinary registered no-par value shares which is also the weighted average number of ordinary shares outstanding during the accounting period.

Table 99: Equity

In EUR	31 December 2021	31 December 2020
Share capital	203,932,512	203,932,512
Capital surplus	75,384,315	75,384,315
Legal reserves	7,068,802	6,485,990
Other revenue reserves	13,960,148	6,578,599
Fair value reserve	-859,047	-879,226
Net profit or loss for the financial year	3,691,882	3,290,287
Total	**303,178,613**	**294,792,477**

Capital surplus arise from the general equity revaluation adjustment and the decrease in share capital as a result of the buyback of treasury shares.

Statutory revenue reserves are formed from the net profit for the current years from 2003 to 2021, while other revenue reserves are formed from the amount of net profit in 2020 and 2021.

Reserves arising from fair value measurement show the value of non-current financial assets and the amount of actuarial loss from the recalculation of provisions for severance pay upon retirement and the amount of deferred taxes for actuarial losses.

Table 100: Changes in fair value reserves

In EUR	Balance as at 31 December 2020	Formation	Use	Transfer to retained earnings	Balance as at 31 December 2021
Reserves from revaluation of non-current financial assets	160,474	0	0	0	160,474
Actuarial gains/losses from severance pay	-1,039,700	180,558	29,520	63,318	-1,127,420
Deferred tax from the actuarial calculation	0	167,323	59,423	0	107,900
Total	**-879,226**	**347,881**	**88,944**	**63,318**	**-859,047**

In 2021, the company disclosed net profit of EUR 11,719,561. In accordance with the powers defined in the Companies Act (ZGD-1), the Management Board used part of net profit in the amount of EUR 63,318 to cover the loss brought forward as evident from the actuary's calculation, it used EUR 582,812 for the formation of legal reserves and EUR 8,514,500 for the formation of other revenues reserves.

The distributable profit amounted to EUR 3,691,882 and is presented in the appendix to the statement of changes in equity and will be subject to consideration at the General Meeting of shareholders in 2022.

The book value of 1 share amounted to EUR 9.09 on 31 December 2021 and EUR 8.840 on 31 December 2020.

In 2021, the basic earnings per share of Elektro Maribor d.d. amounted to EUR 0.35. Diluted earnings per share are equal to the basic earnings per share.

Provisions and long-term accrued costs and deferred revenues

Note 12

Table 101: Provisions

In EUR	Balance as at 31 December 2021	Balance as at 31 December 2020
Provisions for long-service bonuses	1,782,610	1,793,728
Provisions for severance pay upon retirement	4,207,043	3,998,597
Provisions for guarantees issued	50,683	25,285
Provisions for non-current accrued costs	664,411	476,079
Total	**6,704,747**	**6,293,688**

Provisions for severance pay upon retirement and long-service bonuses are formed on basis of a calculation of a certified actuary. The methodology underlying their calculation is presented in the chapter Significant accounting policies.

The amount of provisions based on legal obligations totals at EUR 664,411 and is the best estimate of expenses needed for their settlement.

In making the best estimate, we observed risks and uncertainties which inevitably accompany the legal proceedings for which provisions were formed.

The company estimates that no provision type is exposed to risks.

The amount of provisions equals the current value of expenses, which are expected to be needed for the settlement of such commitments.

Table 102: Changes in provisions

In EUR	Balance as at 31 December 2020	Formation	Use	Reversal	Balance as at 31 December 2021
Provisions for long-service bonuses	1,793,728	245,203	256,321	0	1,782,610
Provisions for severance pay upon retirement	3,998,597	403,350	194,904	0	4,207,043
Provisions for guarantees issued	25,285	25,399	0	0	50,683
Provisions for long-term accrued costs	476,079	195,278	6,946	0	664,411
Total	**6,293,688**	**869,230**	**458,171**	**0**	**6,704,747**

Long-term accrued costs and deferred revenues are formed from property, plant and equipment acquired free of charge and from co-financing. The company uses these long-term accrued costs and deferred revenues to cover the cost of their depreciation using the annual depreciation rate of 2.93 %.

Since 2010, the amounts used to cover the depreciation expense for the formed long-term accrued costs and deferred revenue have been those that match the actual depreciation rate of an individual item of property, plant and equipment.

The company uses the total long-term accrued costs and deferred revenues from exempt contributions for disabled employees to settle the cost of their salaries and wages.

Table 103: Changes in long-term accrued costs and deferred revenue

In EUR	Balance as at 31 December 2020	Decreases	Increases	Reversal	Balance as at 31 December 2021
Long-term deferred revenues from house connections acquired free of charge	19,296,096	840,139	618,996	0	19,074,953
Long-term deferred revenues from fixed assets acquired free of charge	7,605,050	306,899	186,529	0	7,484,680
Long-term deferred revenues from average connection costs	3,134,467	174,357	0	0	2,960,109
Long-term deferred revenues from co-financing	2,941,575	187,454	0	0	2,754,121
Long-term deferred revenues from EU projects	2,024,193	92,522	0	610,294	1,321,377
Total	**35,001,381**	**1,601,371**	**805,525**	**610,294**	**33,595,241**

Non-current liabilities

Note 13

Non-current financial liabilities refer completely to received long-term loans from banks.

In 2021, the company raised a long-term loan in the amount of EUR 12,000,000

The maturity of loans received is 8 to 11 years. The interest rate is between the 1M and 6M EURIBOR, within 1.0 to 1.65% profit margin or a fixed interest rate within the range from 1.84% to 1.98% annually.

The carrying amount of long-term debts is equal to their fair value. Non-current liabilities of the company are not exposed to any special exchange and credit risks. The exposure to interest rate risk represents a potentially negative change in reference interest rate EURIBOR.

The company has secured loans acquired in Slovenia with bills of exchange.

Principals in the amount of EUR 19,250,000 fall due within five years from the balance sheet date. The company regularly pays all matured instalments of the principal and interest.

Table 104: Financial liabilities to banks

In EUR	31 December 2021	31 December 2020
Non-current financial liabilities to banks	48,487,500	43,125,000
Current part of non-current financial liabilities to banks	6,637,500	6,200,000
Total	**55,125,000**	**43,125,000**

The company discloses EUR 500,219 worth of non-current financial liabilities from the right of use assets.

Non-current operating liabilities include Long-term caution money received as the supplier's performance bond. As at the end of 2021, the company had no non-current liabilities to the Management Board and the members of the company's Supervisory Board.

Current liabilities

Note 14

Current financial liabilities amount to EUR 6,720,694 and present the balance of the short-term part of long-term loans falling due within one year from the balance sheet date and amounting to EUR 6,637,500, and other current liabilities amounting to EUR 83,194.

Current operating liabilities totalled EUR 16,900,265 and represent the balances as shown in the table below. In particular, they include trade payable for fixed assets, liabilities to employees, which relate to wages and salaries for December 2021 and liabilities to SODO d.o.o.

Table 105: Current operating liabilities

In EUR	31 December 2021	31 December 2020
Current operating liabilities to group companies, of which:	53,040	64,124
- liabilities to Energija plus d.o.o.	53,040	64,124
Current operating liabilities to associated companies	536,923	438,870
Current trade payables for fixed assets	5,019,513	3,300,641
Current trade payables for current assets	2,906,530	2,123,617
Current operating liabilities to SODO d.o.o.	3,043,189	3,011,521
Current operating liabilities to employees	3,056,045	2,435,136
Current operating liabilities to state and other institutions	1,102,303	143,546
Current operating liabilities from advances	1,014,217	646,103
Other current operating liabilities	168,505	152,859
Total	**16,900,265**	**12,316,417**

The company generally settles all its current liabilities on maturity dates.

As at 31 December 2021, the company discloses EUR 655,975 worth of trade payables for which security instruments were issued.

As at 31 December 2021, the company discloses a liability to the President of the Management Board for the salary and reimbursement of travel expenses from December 2021 in the gross amount of EUR 8,427.

Short-term accrued costs and deferred revenues

Note 15

Short-term accrued costs and deferred revenues include short-term accrued expenses and short-term deferred revenues. They include receivables and liabilities, which are assumed to appear within a year from the balance sheet date and are probable, with their size assessed reliably.

Table 106: Short-term accrued costs and deferred revenues

In EUR	31 December 2021	31 December 2020
Accrued costs for unused annual leave	929,054	805,857
Short-term accrued costs of deviations	180,951	0
Other accrued costs	457	135
Total	**1,110,462**	**805,992**

Table 107: Changes in short-term accrued costs and deferred revenues

In EUR	Balance as at 31 December 2020	Formation	Use	Reversal	Balance as at 31 December 2021
Accrued costs for unused annual leave	805,857	921,236	786,414	11,624	929,054
Short-term accrued costs for legal matters					0
Short-term accrued costs of deviations		180,951			180,951
Other accrued costs	135	144	178		457
Total	**805,992**	**1,102,331**	**786,592**	**11,624**	**1,110,462**

Off-balance sheet assets and off-balance sheet contingent liabilities

Table 108: Off-balance sheet assets

In EUR	31 December 2021	31 December 2020
Payment security instruments – guarantees	171,587	197,015
Payment security instruments – bills of exchange	13,500,000	49,325,000
Receivables for received bank guarantees	3,893,214	3,276,380
Received enforcement drafts	410,557	410,557
Enforcement drafts given	484,387	442,960
Contingent liabilities for damages	232,997	224,912
Small tools in use	1,480,852	1,339,779
Average cost of connection of SODO d.o.o., transfer of assets 1 July to 31 December 2009	2,962,428	3,120,385
Average cost of connection of SODO d.o.o., transfer of fixed assets from 1 January 2010	875,023	911,495
Assets for holiday capacities - Eldom d.o. o.	184,870	184,870
Total	**24,195,916**	**59,433,351**

The company estimates that the probability of receipts and expenditures from the above-mentioned receivables and liabilities is very low, which is why it discloses amounts merely for information purposes. Assets included in off-balance sheet records do not qualify for recognition among balance sheet items. As at 31 December 2021, the company does not disclose off-balance sheet contingent liabilities as defined in the ZGD-1.

6.2 Notes to the profit or Loss Statement

The P&L statement includes those revenues, costs and expenses that occurred in the accounting period of the company’s operations.

The P&L statement has been compiled using version I as stipulated in point 21.6 of the SAS.

Information concerning the basis for the compilation of the P&L statement and about special accounting policies applied by the company is presented in disclosures to the individual significant items.

Revenues

The amount of revenue is affected by the methods, policies and estimates explained in the notes to the balance sheet.

The company did not change the methods and accounting estimates in 2021.

Table 109: Revenues

In EUR	I–XII 2021	I–XII 2020
Operating revenues	88,139,374	83,535,628
Finance income	1,412,665	1,111,884
Other revenues	36,186	12,875
Total	**89,588,226**	**84,660,387**

Table 110: Revenue generated in relation to group companies in 2021

In EUR	Energija plus d.o.o.	OVEN d.o.o.
Revenues from services rendered	64,183	11,353
Revenue from the rents for office buildings	63,248	8,004
Total	**127,431**	**19,357**

The revenues from the sale of services to Energija plus d.o.o. refer primarily to the charged IT support services rendered.

Net sales revenues

Note 16

Table 111: Net sales revenues

In EUR	I–XII 2021	I–XII 2020
Charged rents	32,190,709	27,799,890
- SODO d.o.o. – rent	31,751,443	27,353,439
- other	439,266	446,451
SODO d.o.o. contract services	26,067,572	26,046,446
SODO d.o.o. other services	180,951	0
Charged services	5,216,734	4,146,046
Sale of waste material	186,016	161,443
Total	**63,841,981**	**58,153,824**

Net sales revenues account for 72% of the total generated operating revenues. Net sales revenues include settlements of SODO d.o.o. for the regulatory years of 2019, 2020 and 2021.

Table 112: Observation of SODO d. o. o. settlements for regulatory years

In EUR	Actual revenue 2021	Final settlement 2019	Final settlement 2020	Preliminary balance 2021	Final settlement 2021	Total 2021
Rent	31,372,392	-11,643	20,745	369,949		31,751,443
Services	22,665,991	-913,372	-196,822	4,692,726	-180,950	26,067,573
Total	**54,038,383**	**-925,015**	**-176,077**	**5,062,675**	**-180,950**	**57,819,016**

Capitalised own products and services

Note 17

Capitalised own products and services include own construction of investments and revenues from internal services (finalisation of equipment).

Table 113: Capitalised own products and services

In EUR	I–XII 2021	I–XII 2020
Capitalised products	20,884,742	21,036,167
Capitalised services	528,806	515,688
Total	**21,413,549**	**21,551,855**

Other operating revenues

Note 18

Table 114: Other operating revenues

In EUR	I–XII 2021	I–XII 2020
Reversal of provisions	11,624	35,758
Derecognition of long-term accrued costs and deferred revenues	1,494,378	1,466,769
Funds received from government grants – Covid-19	103,669	913,526
Indemnities received from the insurance company	305,285	242,564
Profit from the sale of fixed assets	48,136	176,407
Recovered receivables from previous years	91,555	149,273
Other operating revenues	829,197	845,651
Total	**2,883,844**	**3,829,948**

Table 115: Other revenues associated with business effects (government grants – Covid-19)

In EUR	I–XII 2021	I–XII 2020
Revenues based on employee's contribution exemptions	0	503,478
Revenues based on employer's contribution exemptions	3,537	287,544
Revenues based on compensations – sick leave benefits for up to 30 days	0	52,247
Revenues based on the crisis bonus – refunds	31,739	30,104
Revenues based on compensations – force majeure – childcare	17,806	22,635
Revenues based on compensations – Covid-19 quarantine	28,282	14,751
Revenues based on compensations – short-term sick leave and cohabitation	22,305	2,767
Total	**103,669**	**913,526**

Costs by functional group

Table 116: Costs by functional group

In EUR	I–XII 2021	I–XII 2020
Production costs of products sold	69,727,983	66,115,697
Selling costs	1,779,733	1,713,124
Costs of general activities	4,212,518	4,161,626
Total	**75,720,234**	**71,990,447**

Cost of goods, materials and services

Note 19

Table 117: Cost of material

In EUR	I–XII 2021	I–XII 2020
Costs of material, of which:	11,609,324	11,575,280
- material for investments	9,244,784	9,502,464
- material for the elimination of damage	212,669	410,679
- material for services	2,035,123	1,476,185
- other costs of material	116,747	185,952
Costs of spare parts for fixed assets	846,268	976,347
Cost of energy	900,867	812,158
Write-offs of small tools and packaging	271,409	348,335
Cost of office supplies and professional literature	234,715	241,883
Other cost of material	-1,138	52,678
Total	**13,861,446**	**14,006,681**

Under intra-group transactions, the company recorded the cost of electricity purchases for own use in the amount of EUR 58,789 and the cost of gas purchase in the amount of EUR 19,140. All the costs were recorded under transactions with Energija plus d.o.o.

Table 11¸8: Cost of services

In EUR	I–XII 2021	I–XII 2020
Costs of services for further settlement	762,115	782,003
Cost of services associated with maintenance	2,242,739	2,181,870
Cost of rent	195,235	179,856
Reimbursements of expenses to employees	135,992	80,065
Costs of payment transactions, banking services and insurance premiums	1,184,809	1,181,017
Cost of intellectual and personal services	646,267	579,607
Cost of fairs, advertising and entertainment	35,627	25,887
Cost of services rendered by natural persons	134,360	206,276
Postal, telecommunications and internet services	326,246	249,608
IT services	1,162,412	1,141,569
Other costs of services	472,934	405,121
Total	**7,298,736**	**7,012,878**

Labour costs

Note 20

Labour costs include costs of wages and salaries and other employees' receipts, including employer contributions and accrued costs of unused annual leaved.

Table 119: Labour costs

In EUR	I–XII 2021	I–XII 2020
Cost of wages and salaries	22,387,884	20,042,349
Cost of supplementary pension insurance of employees	1,059,761	1,004,374
Cost of employer contributions and other wage taxes	3,652,781	3,299,284
Other labour cost	4,672,871	4,689,827
- Holiday allowance	1,705,907	1,680,501
- Travel allowance	1,112,950	1,034,122
- Meal allowance	1,054,993	1,058,843
- Collective accident and health insurance	149,719	153,773
- Provisions for long-service bonuses and severance pay	448,822	342,238
- Crisis bonus	35,931	322,423
- Other labour costs	164,550	97,927
Total	**31,773,297**	**29,035,834**

Data on groups of persons – Management Board of the company

The cost of salaries is represented by the salary of the President of the Management Board.

As at 31 December 2021, the company discloses a liability to the President of the Management Board for the December 2021 salary in the net amount of EUR 4,414.

Table 120: Composition and amount remuneration of management team members in 2021 in EUR

First and last name	Function (president /member)	Fixed remuneration – gross (1)	Variable remuneration – gross			Deferred remuneration (3)	Severance pay (4)	Perks (5)	Refund of paid bonus - "claw-back" (6)	Gross total (1+2+3+4+5-6)
			Based on quantitative criteria	Based on qualitative criteria	Total (2)					
Boris Sovič	President of the company's Management Board	94,017	12,998	0	12,998	0	0	544	0	107.559
Jože Hebar	President of the company's Management Board	5,121	0	0	0	0	0	0	0	5.121

Data on groups of persons – employees under contracts not subject to the tariff section of the collective agreement

Table 52: Accounted assets – employees under contracts not subject to the tariff section of the collective agreement

Gross in EUR	I–XII 2021	I–XII 2020
Salary receipts	734,371	762,525
Reimbursement of business trip travel expenses	82	37
Reimbursement of other material costs	26,010	24,154
Voluntary supplementary pension insurance	28,190	29,530
Severance pay upon retirement	0	29,112
Holiday pay	20,624	21,752
Long-service bonuses	0	5,275
Other receipts	1,894	0
Total	**811,171**	**872,386**

The group of persons employed under a contract not subject to the tariff section of the collective agreement was paid a bonus of EUR 3,245 net.

The company has a liability to the said group of persons for the payment of salary for the month of December 2021.

Data on groups of persons – Supervisory Board and Supervisory Board committees

Table 53: Attendance fees and payments for the performance of the Supervisory Board function

Gross in EUR	I–XII 2021	I–XII 2020
Regular and extraordinary session		
Attendance fee for the President of the SB	275	275
Attendance fee for the President of the SB (1 March – 31 May 2020)		193
Attendance fee for SB members	275	275
Attendance fee for SB members (1 March – 31 May 2020)		193
Correspondence session		
Attendance fee for the President of the SB	220	220
Attendance fee for the President of the SB (1 March – 31 May 2020)		154
Attendance fee for SB members	220	220
Attendance fee for SB members (1 March – 31 May 2020)		154
Payment for the performance of the function (month)		
Payment for the President of the SB	1,625	1,625
Payment for the President of the SB (1 March – 31 May 2020)		1,138
Payment for the Deputy President of the SB	1,192	1,192
Payment for the Deputy President of the SB (1 March – 31 May 2020)		834
Payment for SB members	1,083	1,083
Payment for SB members (1 March – 31 May 2020)		758

Table 54: Composition and amount remuneration of management team members in 2021 in EUR

First and last name	Function (president, deputy, member, external member of committee)	Payment for the performance of the function and top-ups – gross per annum				SB and committee session attendance fees – gross per annum (2)	Gross total (1+2)	Travel expense
		Basic payment for the performance of the function	Top-up payment for the performance of the function	Top-up payment for special assignments	Total (1)			
Tomaž Orešič	President, member, Deputy President	18,233	0	0	18,233	3,575	21,808	0
David Klarič	Deputy President	10,725	0	0	10,725	2,475	13,200	342
Alojz Kovše	Member	9,750	0	0	9,750	2,475	12,225	37
Jože Golobič	Member	9,750	0	0	9,750	1,925	11,675	136
Dušan Kovačič	Member	13,000	0	0	13,000	3,575	16,575	0
Nenad Kajtezovič	Member	13,000	0	0	13,000	3,575	16,575	89
Samo Iršič	Deputy President, President	3,849	0	0	3,849	1,100	4,949	0
Jože Hebar	President	3,846	0	0	3,846	825	4,671	0
Drago Štefe	Member	3,250	0	0	3,250	1,100	4,350	633

The remuneration from employment of Supervisory Board members who are representatives of employees amounted to EUR 87,256.

The Audit Committee (AC) operates as a committee of the Supervisory Board.

Table 55: Attendance fees and payments for the performance of the Supervisory Board's Audit Committee function

Gross in EUR	I–XII 2021	I–XII 2020
Regular and extraordinary session		
Attendance fee for the President of the AC	220	220
Attendance fee for the President of the AC (1 March – 31 May 2020)		154
Attendance fee for AC members	220	220
Attendance fee for AC members (1 March – 31 May 2020)		154
Correspondence session		
Attendance fee for the President of the AC	176	176
Attendance fee for the President of the AC (1 March – 31 May 2020)		123
Attendance fee for AC members	176	176
Attendance fee for AC members (1 March – 31 May 2020)		123
Payment for the performance of the function (month)		
Payment for the President of the AC	406	406
Payment for the President of the AC (1 March – 31 May 2020)		284
Payment for AC members	271	271
Payment for AC members (1 March – 31 May 2020)		190

Table 56: Composition and amount of remuneration of AC members in 2021

First and last name	Function (president, deputy, member, external member of committee)	Payment for the performance of the function and top-ups – gross per annum				SB and committee session attendance fees – gross per annum (2)	Gross total (1+2)	Travel expense
		Basic payment for the performance of the function	Top-up payment for the performance of the function	Top-up payment for special assignments	Total (1)			
Alojz Kovše	President	3,656	0	0	3,656	1,540	5,196	0
David Klarič	Member	2,438	0	0	2,438	1,540	3,978	0
Ivana Kuhar	External member	3,087	0	0	3,087	1,540	4,627	0
Hebar Jože	Member	641	0	0	641	220	861	0
Orešič Tomaž	President	1,219	0	0	1,219	440	1,659	0
Iršič Samo	Member	172	0	0	172	220	392	0

The company did not give any advances or loans to employees under individual contracts not subject to the tariff section of the collective agreement, the Management Board or the members of the Supervisory Board and its committees.

Write-downs

Note 21

Table 57: Amortisation and depreciation expense

In EUR	I–XII 2021	I–XII 2020
Amortisation of intangible assets	1,860,495	1,580,556
Amortisation of intangible assets – easement rights	23,653	21,405
Depreciation of property, plant and equipment, of which:	20,145,815	19,684,065
- building part	12,486,339	12,224,423
- equipment	7,659,476	7,459,642
Depreciation of investment property	24,087	23,891
Total	**22,054,050**	**21,309,916**

Operating expenses from revaluation of property, plant and equipment relate primarily to write-offs of damaged and destroyed parts of buildings and equipment due to renovation or replacement. The company makes value adjustments of receivables in accordance with the adopted accounting policy, i.e. individually for each business partner.

Table 58: Operating expenses from revaluation

In EUR	I–XII 2021	I–XII 2020
Operating expenses from revaluation of intangible assets and property, plant and equipment	232,533	299,326
Operating expenses from revaluation of receivables, of which:	54,828	81,895
- from the use of network	45,978	72,566
- from services rendered	8,850	9,329
Other operating expenses from revaluation	0	25,744
Total	**287,361**	**406,965**

Other operating expenses

Note 22

Table 59: Other operating expenses

In EUR	I-XII 2021	I-XII 2020
Provisions for guarantees issued	25,399	0
Provisions for legal proceedings	195,278	120,803
Charge for the use of building land	327,870	328,996
Other duties and expenses	184,158	175,339
Total	**732,705**	**625,137**

Other duties and expenses include expenditures relating mainly to the costs of holiday stays, legal fees and scholarships.

Finance income from participating interests

Note 23

In 2021, the company received profit participation payments based on the owners' resolutions, i.e. EUR 1,038,284.32 from the Group member Energija plus d. o. o., EUR 257,866.89 from OVEN Elektro Maribor d. o. o., and EUR 100,000 from Moja energija d. o. o.

Finance income from operating receivables

Note 24

Table 60: Finance income from operating receivables

In EUR	I–XII 2021	I–XII 2020
Interest income for the use of network	11,102	10,896
Interest income from lawsuits	5,412	3,266
Credit notes received	0	63,283
Total	**16,514**	**77,445**

Finance expenses from financial liabilities

Note 25

Table 60: Finance expenses from financial liabilities

In EUR	I–XII 2021	I–XII 2020
Finance expenses from bank loans received	344,598	364,891
Finance expenses from other financial liabilities	7,198	6,230
Total	**351,796**	**371,121**

Finance expenses from operating liabilities

Note 26

Table 62: Finance expenses from operating liabilities

In EUR	I–XII 2021	I–XII 2020
Finance expenses from trade payables and bills payable	184	32,501
Finance expenses from other operating liabilities	19,173	45,074
Total	**19,357**	**77,575**

Finance expenses from other operating liabilities include the amount of interest from the actuarial measurement of provisions for long-service bonuses and retirement benefits.

Other revenues

Note 27

Other revenues in the amount of EUR 36,186 include reimbursements for exceeding the disabled person quota, the amounts of reimbursements for internships from the Cohesion Funds and the amounts received from lawsuits.

Other expenses

Note 28

Table 63: Other expenses

In EUR	I–XII 2021	I–XII 2020
Penalties and fines	0	3,030
Damages from annuity	13,551	13,563
Deductibles and other expenses	22,771	21,673
Donations	55,479	58,384
Other expenses	3,859	6,638
Total	**95,661**	**103,287**

Net profit or loss for the period

Note 29

Table 64: Profit or loss before tax

In EUR	I–XII 2021	I–XII 2020
Operating profit or loss	12,131,780	11,138,216
Financial result	1,041,513	663,187
Profit or loss from other revenues and expenses	-59,475	-90,412
Profit or loss before tax	**13,113,817**	**11,710,991**

Corporate income tax

In 2021, the company's liability for the payment of the corporate income tax was established based on the tax return and totalled EUR 1,436,883.

6.3 Notes to the cash flow statement

The cash flow statement has been prepared in accordance with SAS 22.2 under the direct method – Version I. The data used to prepare the cash flow statement were obtained from records on receipts and disbursements of cash from the company's transaction accounts.

In 2021, the company generated EUR 123,559,272 in receipts and EUR 126,063,587 in disbursements. Net cash flow is negative, i.e. EUR 2,504,314. The closing balance of cash and cash equivalents on the company's accounts as at 31 December 2021 amounted to EUR 7,878,815.

Cash receipts from operating activities

Note 30

Table 65: Cash receipts from operating activities

In EUR	I–XII 2021	I–XII 2020
Receipts from leases and services under the SODO contract	67,210,268	70,700,270
Receipts from billed network charge and contributions	29,361,566	28,500,352
Cash receipts from other service buyers	4,497,408	5,610,837
Other receipts from operating activities	5,859,350	4,525,646
Other receipts from operating activities	2,262,926	3,073,826
Interest receipts from operating activities	17,568	14,857
Total	**109,209,086**	**112,425,789**

Cash disbursements from operating activities

Note 31

Table 66: Cash disbursements from operating activities

In EUR	I–XII 2021	I–XII 2020
Disbursements for the acquisition of materials and services	-64,752,907	-61,609,384
Disbursements from salaries and employees' participation in profit	-30,892,053	-30,558,827
Disbursements for all types of taxes	-6,569,743	-7,010,167
Other disbursements for operating activities	-2,160,959	-1,750,160
Total	**-104,375,663**	**-100,928,537**

Net cash flow from operating activities is positive, i.e. EUR 4,833,423.

Cash receipts from investing activities

Note 32

Receipts from investing receivables in the amount of EUR 1,450,186 relates primarily to the receipts arising from participation in the profit of others.

Cash disbursements from investing activities

Note 33

Disbursements from investing activities in the amount of EUR 10,941,187 relate primarily to the disbursements for the purchase of intangible assets and property, plant and equipment.

Receipts from financing activities

Note 34

Receipts from financing activities include a long-term loan in the amount of EUR 12,000,000, which the company took out with the European Investment Bank, with a maturity of eleven years to finance the renovation and construction of new electricity generation facilities and devices as well as the introduction of advanced metering devices and integration of components for the automation of the electricity distribution network.

Receipts from financing activities also include a short-term loan for working capital in the amount of EUR 900,000 for the purpose of covering the short-term funds deficit, which the company took out on the basis of the

Agreement on the management of cash of associated companies of the Elektro Maribor Group with Energija plus d. o. o.

Disbursements from financing activities

Note 35

Expenditures from financing activities are disclosed in the amount of EUR 10,746,737 and relate to expenditures for the repayment of non-current financial liabilities in the amount of EUR 6,200,000, repayment of a short-term loan to Energija plus d. o. o. in the amount of EUR 900,000, expenditures for dividend payments in the amount of EUR 3,290,284 and expenditures for paid interest in the amount of EUR 356,453.

6.4 Notes to the statement of changes in equity

The statement of changes in equity presents changes in individual items of equity over a financial year. The statement is broken down into items showing changes in items of equity and trends that would cause changes in items of equity.

A statutory provision enables the company to form other revenue reserves with a share of up to two thirds of net profit, which remains after being used for the purposes referred to in the first paragraph of Article 230 of the Companies Act (ZGD-1).

Table 67: Findings and the proposal for the use of distributable profit

In EUR	2021	2020
a) Net profit/loss for the financial year	**11,719,561,00**	**10,473,594,10**
b) Net loss brought forward	**-63,317,72**	**-85,293,21**
d) Increase in revenue reserves based on the resolution of management and supervisory bodies	**582,812,16**	**519,415,04**
Legal reserves	582,812,16	519,415,04
e) Increase in revenue reserves based on the resolution of management and supervisory bodies	**7,381,549,18**	**6,578,599,30**
Other revenue reserves	7,381,549,18	6,578,599,30
DISTRIBUTABLE PROFIT (a + b + c - d - e)	**3,691,881,94**	**3,290,286,55**

The General Meeting of Elektro Maribor d. d. decided at its meeting held on 30 June 2021 on distributing the distributable profit for the 2020 financial year. The General Meeting adopted a decision to allocate EUR 0.09867 gross per share for dividends to shareholders, which amounts to a total of EUR 3,290,286.55.

The Management Board and the Supervisory Board propose to the General Meeting of Shareholders that the distributable profit for the 2021 financial year amounting to EUR 3,691,881.94 be allocated for transfer to following year because dividend payments would increase the company's indebtedness and further burden the already difficult liquidity operations in 2022.

6.5 Reporting in accordance with the Energy Supply Act

6.5.1 Reporting by segment

Table 68: Balance sheet by segment

In EUR	As at 31 December 2021			As at 31 December 2020		
	Distribution	Services	**Total Elektro Maribor d.d.**	Distribution	Services	**Total Elektro Maribor d.d.**
A. Non-current assets	**370,771,399**	**9,775,281**	**380,546,680**	**364,230,080**	**12,245,399**	**376,475,479**
I. Intangible assets and long-term deferred costs and accrued revenues	3,509,017	2,587	**3,511,604**	4,329,363	5,937	**4,335,300**
II. Property, plant and equipment	359,527,717	5,799,997	**365,327,714**	346,961,482	5,715,343	**352,676,825**
III. Investment property	0	593,817	**593,817**	0	605,093	**605,093**
IV. Non-current financial assets	6,800,020	2,998,280	**9,798,300**	12,018,731	5,578,240	**17,596,970**
V. Non-current operating receivables	41,410	26,273	**67,683**	41,295	24,188	**65,483**
VI. Deferred tax assets	893,235	354,327	**1,247,562**	879,209	316,598	**1,195,807**
B. Current assets	**29,558,442**	**6,672,418**	**36,230,859**	**19,572,804**	**2,764,527**	**22,337,331**
I. Assets (disposal groups) held for sale	5,412,277	2,386,393	**7,798,671**	0	0	**0**
II. Inventories	1,501,926	1,284,840	**2,786,766**	1,077,045	1,262,005	**2,339,050**
IV. Current operating receivables	16,266,862	1,499,746	**17,766,608**	8,818,285	796,867	**9,615,152**
V. Cash	6,377,376	1,501,439	**7,878,815**	9,677,475	705,655	**10,383,129**
C. Short-term deferred costs and accrued revenues	**139,031**	**323,162**	**462,193**	**222,450**	**44,105**	**266,555**
ASSETS (A + B + C)	**400,468,872**	**16,770,860**	**417,239,732**	**384,025,334**	**15,054,031**	**399,079,365**
A. Equity	**293,217,119**	**9,961,493**	**303,178,613**	**284,986,913**	**9,805,563**	**294,792,477**
I. Called-up capital	197,612,002	6,320,509	**203,932,512**	197,639,305	6,293,207	**203,932,512**
II. Capital surplus	73,047,919	2,336,397	**75,384,315**	73,058,011	2,326,304	**75,384,315**
III. Revenue reserves	19,223,521	1,805,429	**21,028,950**	11,610,419	1,454,170	**13,064,589**
V. Fair value reserves	-195,378	-663,669	**-859,047**	-202,624	-676,602	**-879,226**
VII. Net profit or loss for the financial year	3,529,056	162,826	**3,691,882**	2,881,803	408,483	**3,290,287**
B. Provisions and long-term accrued costs and deferred income	**38,042,374**	**2,257,614**	**40,299,987**	**39,250,023**	**2,045,047**	**41,295,069**
C. Non-current liabilities	**48,944,438**	**85,273**	**49,029,711**	**43,448,319**	**160,097**	**43,608,417**
I. Non-current financial liabilities	48,919,789	67,930	**48,987,719**	43,394,671	72,983	**43,467,654**
II. Non-current operating liabilities	24,649	17,343	**41,992**	25,237	16,755	**41,992**
III. Deferred tax liabilities	0	0	**0**	28,412	70,360	**98,771**
C. Current liabilities	**19,479,228**	**4,141,731**	**23,620,959**	**15,796,929**	**2,780,481**	**18,577,410**
II. Current financial liabilities	6,714,465	6,229	**6,720,694**	6,258,783	2,210	**6,260,993**
III. Current operating liabilities	12,764,763	4,135,502	**16,900,265**	9,538,146	2,778,271	**12,316,417**
D. Short-term accrued costs and deferred income	**785,713**	**324,749**	**1,110,462**	**543,149**	**262,843**	**805,992**
EQUITY AND LIABILITIES (A + B + C + D + E)	**400,468,872**	**16,770,860**	**417,239,732**	**384,025,334**	**15,054,031**	**399,079,365**

Table 69: Profit and loss statement

In EUR	I–XII 2021			I–XII 2020		
	Distribution	Services	**Total Elektro Maribor d.d.**	Distribution	Services	**Total Elektro Maribor d.d.**
Net sales revenues	58,607,301	5,234,680	**63,841,981**	53,866,980	4,286,845	**58,153,824**
Capitalised own products and own services	0	21,413,548,76	**21,413,549**	0	21,551,855	**21,551,855**
Other operating revenue (including operating revenue from revaluation)	2,567,707	316,137	**2,883,844**	3,193,866	636,082	**3,829,948**
Cost of goods, materials and services	7,567,164	13,593,018	**21,160,182**	7,657,954	13,361,605	**21,019,559**
Labour costs	19,420,789	12,352,508	**31,773,297**	18,062,873	10,972,961	**29,035,834**
Write-downs	21,765,500	575,910	**22,341,410**	21,128,464	588,418	**21,716,881**
Other operating expenses	445,851	286,854	**732,705**	283,165	341,972	**625,137**
Finance income from participating interests	1,088,998	307,153	**1,396,151**	804,790	229,645	**1,034,435**
Finance income from loans granted	0	0	**0**	4	1	**5**
Finance income from operating receivables	16,324	190	**16,514**	77,056	388	**77,445**
Finance expenses from financial liabilities	350,897	899	**351,796**	370,299	822	**371,121**
Finance expenses from operating liabilities	13,304	6,053	**19,357**	63,691	13,885	**77,575**
Other revenues	28,651	7,535	**36,186**	10,133	2,742	**12,875**
Other expenses	66,209	29,452	**95,661**	75,584	27,703	**103,287**
Corporate income tax	1,485,337	-48,453	**1,436,883**	1,198,229	149,553	**1,347,783**
Deferred taxes	-4,768	47,395	**42,627**	25,394	84,991	**110,385**
NET PROFIT OR LOSS FOR THE PERIOD	**11,189,162**	**530,399**	**11,719,561**	**9,137,965**	**1,335,630**	**10,473,594**

In accordance with Article 106 of the Electricity Supply Act, the company keeps separate accounts for the distribution activity and other activities. In accordance with Article 107 of ZOEE, the Rules on the criteria for separate accounting monitoring and reporting of Elektro Maribor d.d. define the criteria for the allocation of assets, liabilities, revenue, costs and expenses, receipts and disbursements.

The following activities were defined for the requirements of segment reporting:
- distribution (which mostly includes the tasks performed by the company in accordance with the Contract on the lease of electricity distribution infrastructure and provision of services for SODO); and
- services (which mainly include other market services provided by the company).

The financial statements for individual activities are compiled on the basis of the following assumptions:
- business events that can unambiguously be ascribed an activity to which they relate are recorded in the related activity at the time of their occurrence;
- business events with a common character or which cannot be properly defined at the moment of recording are recorded at the level of support processes;
- balances of assets and liabilities, and revenue, expenses and costs, which are recorded at the level of support processes, are broken down into activities in accordance with the criteria determined in the Rules on the criteria for separate accounting monitoring and reporting of Elektro Maribor d.d;
- the sub-balance sheets are subject to the selection of suitable criteria and their limited scope.

6.5.1.1 Criteria for allocation of assets and liabilities

K-1 The share of the average monthly number of employees by individual activity is used to allocate long-term property rights, non-current operating receivables, deferred tax assets from provisions, intangible assets, current liabilities to employees, current liabilities from employee withholdings, liabilities to state institutions, short -term accrued costs and deferred revenues, inventories of small tools and said inventories in use, revaluation surplus and pension provisions and other non-current operating liabilities. In terms of their contents and scope, these assets and liabilities are associated with the number of employees.

K-2 The share of the carrying amount of property, plant and equipment as at the balance sheet date by individual activity is used to allocate property, plant and equipment, receivables for sold property, plant and equipment, advances, property, plant and equipment under construction and in production and trade payables for property, plant and equipment. Since fixed assets that are used within the scope of joint professional services by several activities are relatively debited with the help of the mentioned criterion subject to the scope of property, plant and equipment available to each activity.

K-3 The share of total revenues by individual activity is used for the allocation of current receivables, current and no-current financial assets except loans, deferred tax assets due to value adjustments of receivables, current short-term received advances and caution money and accrued and deferred items. The balance of these assets is subject to the volume of invoicing and related total revenues.

K-8 The share of VAT liabilities is used to allocate VAT liabilities.

K**-10 The share of net profit (after transfers)** is used for the allocation of current liabilities related to the allocation of profit or loss.

K-11 The share of service costs is used to divide short-term advances and caution money received and other current liabilities.

K-12 The share of costs of materials and services excluding costs of materials for investments is used for the allocation of receivables for input VAT as these receivables are directly related to the incurred costs.

K-13 The share of turnover for current liabilities from unbilled material is used to allocate inventories of material.

6.5.1.2 Criteria for the allocation of revenues, costs and expenses

K-1 The share of the average monthly number of employees for an individual activity is used for the allocation of revenues, costs and expenses in the area of joint professional services.

K-2 The share of the carrying amount of property, plant and equipment on the balance sheet date by individual activity is used to allocate revenues, costs and expenses of the Finance and Economics Division.

K-3 The share of total revenues by individual activity is used to allocate revenues, costs and expenses of the Management Board.

On the basis of criteria, individual shares for division are calculated, whereby these shares serve to calculate the average share of division, which is in turn the basis for attributing revenues, costs and expenses to support processes of an individual activity.

The depreciation expenses of support processes are divided according to the same criterion that applies to the preparation of the balance sheet by activity, namely the division of property, plant and equipment and intangible assets.

6.5.2 Related party transactions

In 2021, Elektro Maribor d.d. conducted business with its subsidiaries Energija plus d.o.o. and OVEN Elektro Maribor d.o.o., and with associate companies Eldom d.o.o., Moja energija d.o.o. and Informatika d. o. o.

Contractual prices were set in accordance with the arms length principle.

Table 70: Related party transactions in 2021

In EUR	Eldom d.o.o.	Energija plus d.o.o.	Informatika d. o. o.	Moja energija d.o.o.	OVEN Elektro Maribor d.o.o.	Total for associated companies
REVENUE	**1,373**	**1,165,715**	**6,865**	**104,031**	**277,224**	**1,555,208**
Net sales revenues	1,373	127,431	6,865	4,031	19,357	159,057
Finance income from participating interests		1,038,284	0	100,000	257,867	1,396,151
COSTS AND EXPENSES	**261,747**	**101,467**	**1,172,464**	**0**	**0**	**1,535,679**
Cost of material	69,866	77,929	0	0	0	147,795
Cost of services	189,989	12,225	1,172,464	0	0	1,374,678
Right of use assets	0	11,313	0	0	0	0
Other operating expenses	1,893		0	0	0	1,893
ASSETS	**580**	**26,768**	**0**	**0**	**8,646**	**35,994**
Current operating receivables	580	26,768	0	0	8,646	35,994
EQUITY AND LIABILITIES	**43,469**	**53,040**	**493,455**	**0**	**0**	**589,964**
Current operating liabilities	43,469	53,040	493,455	0	0	589,964

6.5.3 Reporting pursuant to the provisions of Article 69 of the Companies Act (ZGD-1)

As the parent company, Elektro Maribor d. d. compiles consolidated financial statements and a consolidated annual report. Both subsidiaries Energija Plus d. d. and OVEN Elektro Maribor d. o. o. are included in the consolidation.

The consolidated annual report of the Group is an integral part of the annual report of the controlling company Elektro Maribor d. d. and can be obtained at the registered office of Elektro Maribor d. d., Vetrinjska ul. 2, 2000 Maribor and on the company's website.

The Notes in the appendix to the Financial Statements are shown in the same order as the items in the statements.

The adopted accounting policies are presented in the financial report.

The company also included any contingent financial liabilities in the financial statements, and the liabilities to group companies are shown separately.

The company has no liabilities from the payments of pensions.

The company has no collateralised liabilities.

The company has not authorised any advances or loans to the Management Board, other workers and employees working under contract not subject to the tariff part of the collective agreement.

Revenues and expenses of exceptional importance or scope are disclosed between individual types of revenues and expenses.

Over a period of more than five years, EUR 19,250,000 worth of liabilities will fall due, and over a period of up to five years, EUR 35,875,000 worth of liabilities will fall due.

Data on the employees is presented in the business section of the annual report.

The amount of all remuneration of the company's Management Board and other employees, which is not subject to the tariff part of the collective agreement, is disclosed in the explanations of labour costs.

The company's Management Board proposed the distribution of net profit in the manner disclosed in the notes to the statement of changes in equity.

Data on the operations of the company, in which Elektro Maribor d. d. holds a participating interest of at least 20%, are disclosed in the section Basis for the preparation of financial statements.

There were no significant business events at the company after the end of the 2021 financial year that are not covered in the financial statements.

All transactions between associated companies are presented in a separate section of the financial section of the report. All transactions were carried out under normal market conditions.

All amounts of provisions discloses in the financial statements are explained in detail in the notes to the balance sheet.

Capital surplus arises from the general equity revaluation adjustment and the reduction of share capital resulting from the treasury shares buyback.

Deferred tax assets and liabilities and their changes are presented in the notes to the balance sheet.

The breakdown of net revenues by individual business areas is presented in the section Reporting by segment.

An audit contract for EUR 12,434 exclusive of VAT was concluded for the audit of the annual report for the 2021 financial year. This amount also includes the costs of auditing of the consolidated annual report in the amount of EUR 1,280. In 2021, the selected auditor also prepared a report on the agreed procedures in accordance with the provisions of the ZOEE, the costs of which amounted to EUR 915. There were no other transactions with the selected auditor in 2021.

7 FINANCIAL RISKS

Financial risks are possible events that (un)favourably affect the achievement of strategic and annual goals of the Group's financing and include:

- Credit risk as the risk of loss (benefit) due to (non)fulfilment of the debtor's obligations to an individual company in the group.
- Market risk as the risk of loss (benefit) due to changes in the prices of goods, currencies or financial instruments or changes in interest rates.
- Liquidity risk as the risk of loss (benefit) due to short-term (in)solvency.
- Equity risk as the risk that an individual company in the group always has/does not have sufficient long-term sources of financing in view of the scope and types of transactions it performs and the risks to which it is exposed when performing said transactions.

Risk management, risk management procedures and controls are explained in the business part of the Report, i.e. the Risk management section.

7.1 Credit risk

In 2021, we actively monitored the balance of trade receivables and carried out appropriate recovery processes accordingly.

Exposure to credit risk is actively managed through ongoing monitoring and financial collateralisation of outstanding receivables, active recovery of past due and outstanding receivables and charging default interest in case of late payment.

As at the reporting date, current operating receivables were most exposed to credit risk, increasing by EUR 8,151,457 or 85% compared to the previous year. The reason for the increase in receivables is mainly in the loss of liquid assets at SODO d.o.o., which reduced the payment of contractual obligations in 2021 due to the year-on-year deficit of the network fee.

Credit risk is estimated to have a moderate impact on operations. The probability of an (un) desired event is between 25% and 50%. The probability of an impact on the Group's revenues or expenses ranges from EUR 10,000 to EUR 100,000.

7.2 Market risk

The carrying amount of long-term debts is equal to their fair value. Non-current liabilities of the company are not exposed to any special currency and credit risks. The exposure to interest rate risk represents a potentially negative change in reference interest rate EURIBOR. Changes in interest rate are not specifically hedged by financial instruments. Exposure to interest rate risk is assessed as low as only 13.2% of the assets are financed by bank loans.

Market risk is estimated to have little impact on operations. The probability of an (un) desired event is lower than 25%. The probability of an impact on the Group's revenues or expenses is up to EUR 10,000.

Cash flow sensitivity analysis is based on the sensitivity of interest rate changes of borrowings at a variable interest rate. Given the volume of borrowings at a variable interest rate as at 31 December 2021 and assuming that all other variables remain unchanged, a change in the interest rate by 0.1 pp would mean higher expenditure by EUR 1,471, a change in the interest rate by 0.2% pp would mean higher expenses by EUR 2,943, and a change in the interest rate by 0.3 pp would mean higher expenses by EUR 4,414.

7.3 Liquidity risk

Liquidity risk represents the mismatch between the maturity of financial assets and the payment of liabilities, which can lead to the insolvency of the Group, which is reflected in the fact that the Group is currently unable to settle its liabilities. The company manages its exposure to liquidity risk through weekly planning and monitoring of realised inflows and outflows and a timely approach to anticipated borrowing.

In order to finance investments, the company obtains opinions and the necessary consents for borrowing from the competent ministries and SODO d. o. o. in a timely manner

Table 71: Maturity of liabilities as at 31 December 2011

In EUR	Carrying amount as at 31 December 2021	Maturity		
		Up to 1 year	From 1 to 5 years	More than 5 years
Loans for the financing of investments	57,108,678	7,025,343	30,408,011	19,675,324
Non-current operating liabilities	41,992	41,992		
Non-current lease liabilities	500,219	53,561	267,803	178,855
Current operating liabilities	16,847,225	16,847,225		

Liquidity risk is managed through the monitoring of the basic financial ratios.

Table 72: Basic liquidity risk ratios

	31 December 2021	31 December 2020
BASIC FINANCIAL RATIOS		
Acid test ratio = liquid assets / current liabilities	0.33	0.56
Quick ratio = liquid assets – current receivables / current liabilities	1.09	1.08
Current ratio = current assets / current liabilities	1.53	1.20

Liquidity risk is estimated to have little impact on operations. The probability of an (un) desired event is lower than 25%. The probability of an impact on the Group's revenues or expenses is up to EUR 10,000.

7.4 Equity risk

The main purpose of equity management is to ensure capital adequacy, financial stability, long-term solvency and the highest possible value for shareholders.

Table 72: Basic equity risk ratios

	31 December 2021	31 December 2020
BASIC FINANCING RATIOS		
Equity financing share in % = equity / liabilities	72.66%	73.87%
Long-term financing rate in % = equity + long-term debt + provisions + long-term accrued costs and deferred revenues / liabilities	94.07%	95.14%
BASIC FINANCIAL RATIOS		
Equity to operating fixed assets ratio = equity / fixed assets	0.82	0.83
BASIC PROFITABILITY RATIOS		
Net return on equity in % = net profit or loss / average equity (excluding net profit or loss for the period)	3.97%	3.63%

Lenders demand that the values of financial commitments stipulated in loan agreements be achieved, the consequences of non-achievement could be the reason for the premature maturity of loans. As of December 31, 2021, the company has fulfilled all contractual provisions with respect to lenders.

Equity risk is estimated to have a small impact on operations. The probability of an (un) desired event is lower than 25%. The probability of an impact on the Group's revenues or expenses is up to EUR 10,000.

IV. Financial report of the Elektro Maribor Group

1 INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT
to the shareholders of Elektro Maribor d.d.

Report on the Auditing of Consolidated Financial Statements

Opinion

We have audited the accompanying financial statements of the Elektro Maribor d.d. Group (Group) comprising the consolidated statement of financial position as at 31 December 2021 and the consolidated profit and loss statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended as well as the summary of the material accounting policies and other explanatory information.

In our opinion, the enclosed consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 in all material respects and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU (hereinafter: IFRS).

Basis for the Opinion

We have conducted the audit in accordance with the International Standards on Auditing (ISA) and Regulation (EU) No. **537/2014 o**f the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (hereinafter: Regulation (EU) No 537/2014 of the European Parliament and of the Council)**.** Our responsibilities pursuant to the abovementioned rules are outlined in this report under the heading Auditor's Responsibility for the Auditing of Financial Statements. In accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the IESBA Code of Ethics) and the ethical requirements relating to financial statement auditing in Slovenia, we hereby confirm our independence from the company and compliance with all other ethical obligations in accordance with these requirements and the IESBA Code of Ethics.

Key Audit Matters

Key audit matters are those matters that were of most significance in our professional judgment in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled all our obligations as described in the Auditor's Responsibility for the Audit of Consolidated Financial Statements section, including those related to this matter. Therefore, the audit involved performing the procedures we determined based on our assessment of the risk of material misstatement in the consolidated financial statements. The results of our audit procedures, including those performed in relation to the matter set out below, serve as the basis for our audit opinion on the accompanying consolidated financial statements.

Capitalised own products and own services

Description of the Key Audit Matter

Own products and own services amounted to EUR 21,413,549 in the financial year ended 31 December 2021 (2020: EUR 21,551,855).

The Group performs the activity of building and equipment construction on its own. Investments in fixed assets constructed in-house are valued on the basis of estimated values of hourly rates, which in addition to labour costs include other indirect costs as well as direct material costs. The setting of hourly rates for the price of labour and the assessment of which indirect costs to include in the value of fixed assets is linked to estimates.

The assessment of the amount and structure of the costs of construction of fixed assets is important for the audit because they are linked to important judgments made by the management, which is why we identified the matter as a key audit matter. In deciding this, the Group applies significant assumptions and judgments related to the meeting of conditions for recognising property, plant and equipment as set out in International Financial Reporting Standards adopted in the European Union.

We refer to the notes in the consolidated part of the financial report under item 4 of the Accounting policies - property, plant and equipment, to note 2 under item 6.1 Notes to the consolidated statement of financial position - Property, plant and equipment and to note 24 Capitalised own products and services under item 6.2 Notes to the consolidated profit or loss statement.

Our audit approach

Our audit procedures included, inter alia:

- Assessment of internal acts or rules defining the area of investment in property, plant and equipment and construction costs in order to ensure that they comply with the guidelines prescribed by accounting standards.
- Testing the design and implementation of internal controls in the process of recognising labour costs, costs of materials and services and fixed assets.
- Familiarisation with the method of managing in-house investments.
- Examination of the methodology and assumptions used by the company in calculating the price of labour and verification of the completeness and accuracy of the data used.
- Recalculation of the calculated labour price for the selected type of work and comparison with the calculation for the current year.
- Testing on a sample of selected items of capitalised own products and services where we:
- assessed whether the right price of labour was used subject to the type of work;
- obtained bases for material costs and car journeys;
- conducted interviews with the persons responsible for investments;
- verified supporting accounting documentation and postings in the financial statements.

The sample included randomly selected items as items that we determined based on our risk-related approach due to the size, complexity, content or duration of construction or maintenance.

Recognition of revenues from the sale of electricity in the context of discontinued operations

Description of the Key Audit Matter

Net sales revenues from discontinued operations (subsidiary Energija plus, d.o.o.) in the financial year ended 31 December 2021 amounted to EUR 125,808,584 (2020: EUR 115,045,911), after excluding intra-group transactions. The majority of these revenues are revenues from the sale of energy products.

An important activity of the group is the sale of energy products (electricity, natural gas). Recording revenues on the basis of actually sold quantities requires the harmonization of sold quantities with those purchased on energy

Our audit approach

Our audit approaches included, inter alia:

- Testing the design, implementation and testing of the effectiveness of internal controls in the revenue recognition process. Assessing the revenue recognition policy, including assessing whether the policy complies with relevant financial reporting standards.
- Assessing the accuracy of prices and quantities charged on samples of issued invoices and independent confirmations.
- Independent adjustment of sales volumes.
- Reviewing manual postings in posting logs with an emphasis on unusual, one-time entries

markets. Due to the above, we identified revenues as a key audit issue. Revenues from the sale of energy products are recognised in the financial statements in an instant. The company performs a large volume of individual transactions, which are mostly of lower value, so it is very important to ensure their completeness during the accounting period.

Disclosures regarding the recognition of revenue are set out in the note under item 4 of the Accounting policies - Revenue and in note 3.2 Discontinued operations of Energija plus d.o.o.

in revenue accounts and entries after the balance sheet date.

- Verifying the adequacy of the disclosures in the annual report.

Other information

The management is responsible for other information. Other information comprises the information contained in the consolidated annual report, with the exception of the financial statements (financial report) and our Auditor's Report thereon. Our opinion on the consolidated financial statements does not cover other information and we express no form of assurance in that regard. The other information was obtained before the date of the Auditor's Report, with the exception of the report of the Supervisory Board, which will be made available at a later date.

We inform the Audit Committee and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal controls that we identify during our audit.

We submitted to the Audit Committee and the Supervisory Board our statement that we had met all ethical requirements regarding independence and informed them of all relationships and other matters that could reasonably be considered to affect our independence, and we also informed them of the related control measures.

Of all the matters on which we briefed the Audit Committee and the Supervisory Board, the matters that were most important in the audit of the financial statements of the current period were identified as key audit matters. If the law or regulations do not prevent their public disclosure and except in extremely rare circumstances when we can reasonably expect that the consequences of reporting on a particular matter would be more harmful than in the public interest, these matters are described in the Auditor's Report.

REPORT ON OTHER STATUTORY AND REGULATORY REQUIREMENTS

Other requirements regarding the content of the Auditor's Report in accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council

In accordance with Article 10 (2) of Regulation (EU) No 537/2014 of the European Parliament and of the Council, our Independent Auditor's Report provides the following information, which is required in addition to the requirements of international auditing standards:

Appointment of auditor, duration of work and responsible certified auditor

On 28 June 2019, the General Meeting of Shareholders appointed us as the statutory auditor for the financial years 2019 - 2021. The audit contract was concluded on 6 September 2019 for a period of three years. We have performed the mandatory audit of consolidated financial statements for the fifth year running. The certified auditor Maruša Hauptman is responsible for the performed audit.

Compliance with the additional report to the Audit Committee

Our opinion on the consolidated financial statements in this Report is consistent with the additional report to the company's Audit Committee issued on 6 May 2022.

Prohibited services

We hereby declare that we have not provided any of the prohibited services referred to in Article 5 {1) of Regulation (EU) No 1095/2010. 537/2014 of the European Parliament and of the Council and that we have ensured our independence from the audited company in conducting the audit.

Other services of the auditing firm

Apart from the statutory audit services and those disclosed in the annual report, we did not provide any other services for the company and its subsidiaries.

Ljubljana, 6 May 2022

BDO Revizija d.o.o.
Cesta v Mestni log 1, Ljubljana

Maruša Hauptman, Certified Auditor, Procurator

2 STATEMENT OF MANAGEMENT'S RESPONSIBILITY BY THE MANAGEMENT BOARD OF ELEKTRO MARIBOR D. D. FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Management Board of Elektro Maribor d. d. is responsible for preparing and presenting consolidated financial statements to all interested parties in such a way as to give a true and fair view of the Group's assets and operating results for the 2021 financial year.

It is responsible for keeping appropriate records, which present at all times and with reasonable accuracy the financial position of the Group, for implementing measures to ensure the preservation of the value of the Group's assets, and for preventing and detecting irregularities in the Group's operations.

The Management Board declares:

- that all financial statements of the Group have been prepared in accordance with the rules of the profession and the laws governing business, accounting, taxes and finance;
- that the Group's financial statements have been prepared in accordance with all the requirements of International Financial Reporting Standards as adopted and in force in the EU, with appropriate views and interpretations;
- that the financial statements have been prepared on the assumption that the Group will continue operations in the future (going concern);
- that selected accounting policies have been applied consistently and that any changes in accounting policies are disclosed;
- that accounting estimates are made according to the precautionary principle and due diligence;
- that the Group's annual report presents a true and fair view of the Group's operating results and assets;
- that the financial statements are free from material or immaterial misstatement made in order to achieve the selected presentation of the Group's operations.

Maribor, 5 May 2022

President of the Management Board:
Jože Hebar, BSc (Elec Eng)

3 BASIS FOR THE COMPILATION OF FINANCIAL STATEMENTS

Reporting company

For the financial years beginning on 1 January 2016 and onwards, the Group is obliged in accordance with ZGD-1 to consolidate in line with International Financial Reporting Standards (hereinafter: IFRS), therefore the following are presented in more detail: bases, significant accounting policies and explanations of the application of standards in force in the current period.

The assessment of individual items of the consolidated financial statements is based on the uniform and common accounting policies of the Elektro Maribor Group defined in the Rules on Accounting. All basic accounting assumptions, IFRS and the Companies Act are also taken into account.

The consolidated financial statements of the Elektro Maribor Group have been prepared in accordance with IFRS as adopted by the European Union and with the notes adopted by the International Financial Reporting Interpretations Committee (hereinafter: IFRIC) and which were adopted by the European Union. The company Elektro Maribor d. d. as the parent company, it compiles consolidated financial statements and a consolidated report.

As the parent company, Elektro Maribor d. d. compiles consolidated financial statements and a consolidated annual report. Both subsidiaries Energija Plus d. d. and OVEN Elektro Maribor d. o. o. are included in the consolidation.

The consolidated financial statements for the year ended 31 December 2021 are presented below. The consolidated financial statements include the parent company and its subsidiaries as well as the Group's participating interests in associates.

A more detailed overview of the composition of the Group is presented in the business part of the report, chapter Presentation of the company and the Elektro Maribor Group.

3.1 Basis for the compilation of the consolidated financial statements

- Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union and with the notes adopted by the Interpretations Committee on International Financial Reporting Standards as well as in accordance with the requirements of the ZGD-1. The Group does not disclose information the disclosure of which can reasonably be expected to result in significant damage.

- Basis for measurement

The consolidated financial statements have been prepared on a historical cost basis.

- Functional and presentation currency

The accompanying consolidated financial statements are presented in euros, which is the Group's presentation and functional currency. All accounting information is presented in euros and rounded. Due to the rounding of value data, deviations in the totals in the tables may occur, but they are immaterial.

- Going concern assumption

The parent company continues to operate as a going concern without the risk of its operations being jeopardised. All assumptions and disclosures used are for the Group's companies operating as a going concern.

- Application of estimates and judgements

In preparing its financial statements in accordance with the IFRS as adopted by the EU, the Group is required to make estimates, judgments and assumptions that affect the application of accounting policies and the disclosed values of assets, liabilities, income and expenses. Estimates, judgments and assumptions are reviewed on an ongoing basis. All changes in accounting estimates, judgements and assumptions are recognised in the period, in which the estimates were changed provided the change only affects the said period or in the period of the change and in the future periods provided the change affects the future periods.

The Group uses estimates and assumptions mainly in the following areas:

- Estimation of the useful life of depreciable assets
  In assessing the useful life of assets, the Group takes into account the expected physical wear and tear, technical and economic obsolescence, and expected legal and other restrictions on use.

- Assessment of impact at associates
  For associates, the Group regularly reviews whether there has been a change in the impact, which it does so as to ensure that investments are treated appropriately in the financial statements. The following facts are especially important for the investor's appropriate impact:
  - representation in management and supervisory bodies in the companies in which the company holds an investment;
  - participation in policy-making processes as well as participation in decision-making on dividends or participating interests;
  - significant transactions between the investor and the company in which the company holds an investment.
- Assessment of provisions set aside for lawsuits.
  Group companies have filed several legal claims, which are estimated to be more than 50% likely to be repaid and thus result in cash expenditures.

  Other contingent liabilities are recognised in the financial statements outside the balance sheets or in the off-balance sheet records. The management teams of individual companies regularly check whether the expenditure of cash is probable for the settlement of contingent liabilities. If expenditure becomes probable, the contingent liability is allocated by setting aside a provision for it in the financial statements at the time the probability level changes.

- Estimation of formed provisions for post-employment and other long-term employee benefits.
  Liabilities for post-employment benefits include liabilities for severance pay upon retirement and long-service benefits They are recognised on the basis of an actuarial calculation approved by the management teams of individual companies. The actuarial calculation is based on assumptions and estimates valid at the time the calculation is made. In the future, the calculation may differ from the actual assumptions that will apply at that time. This applies in particular to the determination of the discount rate, the estimate of employee turnover, the estimate of mortality and the estimate of wage growth at the company. All these estimates are sensitive to changes due to the complexity of the actuarial calculation and their long-term nature.

- Assessment of the possibility of using deferred tax assets
  The Group forms deferred tax assets and tax liabilities from provisions set aside for long-service bonuses and severance pay upon retirement as well as for receivables that are impaired due to doubts as to their repayment.

  As the date of closing statements, the Group checks the amount of disclosed deferred tax assets. Deferred tax is recognised at the Group as it is probable that future taxable profits will be available against which the deferred tax can be utilised.
- In assessing leases, the Group used the following approach:
  - Identification of leases where the contract is identified as a lease if it gives the Group the right to manage the asset. The Group controls an asset only when it can use it and is entitled to the economic benefits that the asset brings.

- Determining the lease duration. The Group determined the lease duration as a period that is based on an assessment of the need to use an individual asset obtained by the responsible persons of an individual line of business.
- Determination of the discount rate, which is set in the amount of the interest rate at which the Group can obtain comparable assets with comparable maturities on the market. For intra-group transactions, a comparable market interest rate is used for transactions between related parties.

To measure the recognition of sales revenues, the Group observes the following guidelines:

- The buyer and the seller agree on the content of the transaction and the terms of the sale. In most cases, the agreement is made in writing.

- Revenues from services rendered are measured at a fixed and determinable selling price. They are recognised at the time of sale as the Group no longer controls the services or goods sold after the moment of the sale.

- In construction contracts, revenue is recognised incrementally or according to the stage of completion. The basis for recognition is the confirmation from the customer, which means that they agree with the services provided. When the performance obligation is fulfilled incrementally, revenue is also recognised incrementally. The input method is consistently used at the company to measure progress.

3.2 Discontinued operations of Energija plus d.o.o.

The management team of Holding Slovenske elektrarne d. o. o. and Elektro Maribor d. d. signed a contract on 9 June 2021 on the sale or purchase of a 51% majority stake in Energija plus d. o. o. The entry of HSE into Energija plus d.o.o. will be completed after the approval from the Slovenian Competition Protection Agency.

In the consolidated P&L statement, the items of revenues and expenses of the subsidiary Energija plus d. o. o. are shown as discontinued operations after taxes. The consolidated P&L statement for 2020 has been prepared in the same way. The comparative consolidated P&L statement for 2020 has been prepared in the same way. Profit or loss from discontinued operations after taxes of Energija plus d. o. o. amounted to EUR 421,741 in 2021 and is EUR 300,802 higher than the profit in 2021, i.e. due to consolidation adjustments in the amount of EUR 722,543. The consolidation process excludes net sales revenues (EUR 92,313), finance income (EUR 54), costs of materials (EUR 684,913) and costs of services (EUR 129,998).

In the P&L statement, all assets and liabilities relating to Energija plus d.o.o. are reclassified to non-current assets held for sale and non-current liabilities related to assets and disposal groups. There were no effects on equity due to reallocations of assets and liabilities.

Table 74: Assets from discontinued operations

In EUR	31 December 2021
Non-current assets	**4,292,118**
Intangible assets	1,420,012
Property, plant and equipment	1,887,971
Deferred tax assets	984,135
Current assets	**39,908,329**
Inventories	18,118
Trade receivables	34,450,538
Other operating receivables and other assets	2,439,763
Cash and cash equivalents	2,999,910
TOTAL ASSETS	**44,200,447**

Table 75: Liabilities from discontinued operations

In EUR	31 December 2021
Non-current liabilities	**1,131,956**
Provisions	647,709
Financial liabilities	472,351
Operating liabilities	11,896
Current liabilities	**25,161,726**
Financial liabilities	84,966
Operating liabilities	24,559,837
Other liabilities	516,923
TOTAL LIABILITIES	**26,293,681**

Table 76: Operating profit or loss from discontinued operations

In EUR	I–XII 2021	I–XII 2020
Net sales revenues	125,808,584	115,045,911
Other operating revenues	473,334	551,938
Gross operating profit	**126,281,918**	**115,597,849**
Cost of goods, materials and services	121,157,023	109,263,275
Cost of materials used	117,163,276	105,657,965
Cost of services	3,993,747	3,605,310
Labour costs	3,234,180	3,248,452
Amortisation and depreciation expense	905,013	702,231
Write-offs, losses and accumulated amortisation and depreciation	512,730	318,227
Other operating expenses	103,718	283,569
Operating profit or loss	**369,255**	**1,782,095**
Finance income	138,203	190,095
Finance expenses	17,791	20,569
Financial result	**120,412**	**169,526**
Other revenues	6,411	7,214
Other expenses	42,823	43,190
Pre-tax operating profit or loss	**453,256**	**1,915,645**
Corporate income tax	0	218,465
Deferred taxes	-31,514	-20,367
Tax	-31,514	198,098
Net profit or loss from discontinued operations for the period	**421,741**	**1,717,547**

Table 77: Cash flow from discontinued operations

In EUR	I–XII 2021
Cash flows from operating activities	
Cash receipts from operating activities	**226,152,021**
Receipts from the sales of products and services	225,495,760
Other receipts from operating activities	656,261
Cash disbursements from operating activities	**-224,935,701**
Disbursements for the acquisition of materials and services	-212,620,573
Disbursements from salaries and employees' participation in profit	-3,409,182
Disbursements for all types of taxes	-8,475,614
Other disbursements for operating activities	-430,332
Positive cash flow from operating activities	**1,216,320**
Cash flows from investing activities	
Cash receipts from investing activities	**900,055**
Receipts from interest earned from investing activities	55
Proceeds from disposal of short-term financial assets	900,000
Cash disbursements from investing activities	**-1,410,592**
Disbursements for the acquisition of intangible assets	-293,274
Disbursements for the acquisition of property, plant and equipment	-217,318
Disbursements for the acquisition of current financial assets	-900,000
Negative cash flow from investing activities	**-510,537**
Cash flows from financing activities	
Disbursements from financing activities	**-1,183,677**
Disbursements for repayment of non-current financial liabilities	-145,393
Disbursements for the payment of dividends and other shares in profit	-1,038,284
Negative cash flow from financing activities	**-1,183,677**
Closing balance of cash and cash equivalents	**2,999,910**
Net cash flow for the period	-477,894
Opening balance of cash and cash equivalents	**3,477,804**

3.3 Events after the date of compilation of consolidated financial statements

Events that occurred after the date of the consolidated financial statements do not have a material impact on the consolidated financial statements for 2021, which would require additional disclosure in the financial report; however, we highlight some factors that will materially affect the Group's operations in 2022.

- **Act Determining the Measures to Mitigate the Consequences of Rising Energy Prices in the Economy and Agriculture**

  On 22 February 2022, the National Assembly of the Republic of Slovenia adopted the Act Determining the Measures to Mitigate the Consequences of Rising Energy Prices in the Economy and Agriculture (ZUOPVCE), which entered into force on 5 March 2022. Article 5 of the Act stipulates that tariff items for the distribution and transmission operator for the billing power and the accepted active power for all customer groups are to be reduced to zero. The identified network fee shortfall for 2022 resulting from the network fee payment exemption measure for the distribution and transmission system for final customers from all customer groups is covered by the Energy Agency amending the general act laying down the methodology for determining eligible costs and in the process of determining deviations from the regulatory framework for 2022 reducing the recognized rate of return on assets of the distribution and transmission operator. The measure is valid from 1 February 2022 to 30 April 2022.

This act will have a negative impact on the operations of Elektro Maribor d. d. in 2022 as it means approximately EUR 70 million less inflows to SODO d.o.o. for the network fee for the distribution network, which is intended to cover the costs of renting electricity infrastructure and the provision of services by electricity distribution companies. In 2022, the measure will have an impact on reducing the regulated revenues of electricity distribution companies and consequently on their solvency.

In March 2022, two petitions and one request were submitted to the Constitutional Court of the Republic of Slovenia to assess the constitutionality of Article 4 of the Act Determining the Measures to Mitigate the Consequences of Rising Energy Prices in the Economy and Agriculture. The Constitutional Court of the Republic of Slovenia ruled on the above-mentioned two petitions and one request for the assessment constitutionality on 8 April, 12 April and 14 April 2022, and rejected both petitions and the request for the constitutionality review.

- **Annex no. 3 to the SODO d. o. o. Contract**

  We harmonised the content of Annex no. 3 to the SODO d. o. o. Contract with SODO d. o. o., whereby the Contract refers to the new regulatory framework for 2022. The Energy Agency gave its consent to the said Annex. In Annex no. 3, the contractual values for the lease of the electricity infrastructure and the provision of services for SODO d.o.o. are determined, as well as the schedule for 2022. The Annex was mutually signed on 15 April 2022.

- **Annex no. 4 to the SODO d. o. o. Contract**

  Based on the measure from Article 4 of the ZUOPVCE act, we harmonised the content of Annex no. 4 to the SODO d. o. o. Contract with SODO d. o. o., which refers to the reduction of the value of monthly lease fees charged for electricity infrastructure and services for SODO d.o.o. for the duration of the measure.

- **Preliminary settlement for the 2021 regulatory year**

  The consolidated financial statements for 2021 take into account the preliminary settlement of the 2021 regulatory year, which shows a deficit of received funds in relation to the recognised contractual values of leases and services in the amount of EUR 5,062,675 and is fully recorded in the 2021 financial year. The final settlement of the 2021 regulatory year, which will be based on audited data, was not yet known at time of the compilation of the consolidated financial statements. The said value is considered in accordance with the fourth and fifth paragraphs of Article 60.a of the Contract on the lease of electricity distribution infrastructure and the provision of services for SODO, and will therefore have an impact on cash flow in the coming regulatory period.

- **Short-term borrowings of the subsidiary**

  The subsidiary Energija plus d. o. o. took out a short-term credit line in February 2022 of EUR 5 million to settle current trade payables, and in March 2022 it took out a short-term loan of EUR 5 million to ensure liquidity.

3.4 Initial application of new amendments to existing standards effective in the current financial year

The following amendments to the existing standards and clarifications issued by the International Accounting Standards Board and adopted by the EU apply in the current reporting period:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Reform of the Reference Interest Rate - Phase 2. The amendments identify issues arising from the implementation of the IBOR Reform and include the replacement of one benchmark with another. For financial instruments measured at amortised cost, the amendments require companies to consider, as a practical exception, a change in the basis for determining contractual cash flows as a result of the IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, there is no immediate recognition of the gain or loss. This practical exception applies only to such a change and only to the extent necessary as a direct consequence of the IBOR reform, and the new basis is economically equivalent to the previous basis. With respect to IFRS 16, tenants are required to apply a similar practical exception when accounting for lease modifications that change the basis for determining future leases as a result of the IBOR reform (for example, when leases are indexed to the IBOR rate).

- Extension of changes to lease terms related to COVID-19 (amendments to IFRS 16 - Leases), effective for annual periods beginning on or after 1 June 2020, with retroactive application permitted. The amendment, first adopted in May 2020, allows tenants not to assess whether a change in a lease related to Covid-19 is a lease modification and consequently consider the change as not being lease modification as defined in IFRS 16. In doing so, certain conditions must be met, such as: a) the new rent concession remains 'substantially the same' or less than the pre-change rent concession; b) any reduced payments were originally due on or before 30 June 2021; and c) there are no other 'substantive' modifications to the lease. In March 2021, the IASB extended the amendment from 30 June 2021 to 30 June 2022. This amendment applies to reporting periods beginning on or after 1 April 2021.
  Tenants can optionally choose this practical solution and apply it consistently to all leases with similar characteristics and in similar circumstances. This practical solution does not apply to landlords.

- Amendments to IFRS 4 – Insurance Contracts – temporary exception to the application of IFRS 9 that starts to apply in the EU from 1 January 2021.

The adoption of these new standards, amendments to existing standards and interpretations did not lead to significant changes in the company's financial statements.

The Group did not use a practical exception for leases, so there is no impact on the Group's financial statements.

3.5 Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

On the date of the approval of these financial statements, the following new standards and clarifications produced by IASB and adopted by the EU were issued but are not yet effective:

The following amendments are effective for the reporting period beginning on 1 January 2022:

- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets). The changes relate to the clarification that in the case when onerous contracts are being assessed, the costs of performing the contract include all costs directly related to the contract.
- Property, plant and equipment: revenue before intended use (amendment to IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use). Proceeds from the sale (e.g. of samples) before a fixed asset is available for its intended use can no longer be deducted from the cost of the fixed asset, but are recognised in the profit or loss account, together with the cost of production. In doing so, the company will have to distinguish between the cost of production and sales before the fixed asset is available for its intended use and the costs associated with preparing the fixed asset for its intended use.
- Annual improvements to IFRS 2018-2020 (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41). The annual improvements include amendments to IFRS 1 - First-time Adoption of IFRSs to simplify the introduction of IFRSs in a subsidiary applying IFRSs for the first time, then amendments to IFRS 9 - Financial Instruments, which clarify which fee costs to consider in the '10% test' to derecognise financial liabilities, followed by changes to the illustrative example to IFRS 16 - Leases and IAS 41 - Agriculture, which eliminates the requirement to exclude cash flows for tax purposes when measuring fair value, thus equating fair value with the definition in IFRS 13.
- Reference to the Conceptual Framework (amendments to IFRS 3 - Business Combinations relating to the updated reference to the Conceptual Framework 2018, which introduces new exceptions to recognition and measurement under IFRS 3 in order to ensure that the new reference does not change which assets and liabilities qualify as business combinations).

The following amendments are effective for the reporting period beginning on 1 January 2022: IFRS 17 - Insurance Contracts.

- Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2). IAS 1 contains two amendments - an amendment related to the presentation of current and non-current liabilities and an amendment related to the disclosure of accounting policies. In January 2020, the IFRIC issued amendments to IAS 1 that clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that the classification as current or non-current is based on whether the entity has the right to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' involves the transfer of cash, goods, services or equity instruments, unless the obligation to transfer equity instruments arises from a conversion feature that is a separate component of a compound financial instrument. The amendments originally applied to annual reporting periods beginning on or after 1 January 2022, but in May 2020 the effective date was postponed to annual reporting periods beginning on 1 January 2023. Amendment to IAS 1 related to disclosure of accounting policies introduces the disclosure of material and not only significant accounting policies and provides guidance on when information related to accounting policies is material.

- Definition of accounting estimates (amendments to IAS 8). The amendment introduces the definition of accounting estimate and other clarifications that will make it possible to distinguish between an accounting policy and an accounting estimate. The amendment will also clarify that the effect of a change in input data or measurement techniques is a change in an accounting estimate, unless they result in a correction of a prior period error.

The adoption of these new standards, amendments to existing standards and interpretations will not have a significant effect on the company's financial statements.

3.6 New standards and amendments to the existing standards issued by the IASB but not yet adopted by the EU

Currently, the IFRS as adopted by the EU do not significantly differ from the regulations adopted by the IASB with the exception of the following new standards and amendments to the existing standards that enter into force for the reporting period starting on 1 January 2023:

- Deferred tax in respect of assets and liabilities arising from individual transactions (amendments to IAS 12). The amended IAS 12 clarifies whether the initial recognition exemption relates to certain transactions that are recognised as both an asset and a liability (e.g. such as a lease under IFRS 16). The amendment introduces additional criteria for the initial recognition of exemptions under IAS 12.15, whereby the exemption for initial recognition does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
- Amendments to IFRS 17 - Insurance Contracts, Initial Application of IFRS 17 and IFRS 9 - Comparative Information.

The company expects that the introduction of said new standards and amendments to existing standards will not have a material effect on the Group's financial statements in the period when they are initially applied.

4 ACCOUNTING POLICIES

In 2021, the companies in the Group consistently applied the accounting policies defined below, which are presented in the consolidated financial statements for the reporting period. The Group will continue to apply the same policies.

The basis for measuring economic categories in the financial statements are the initial historical cost values and the final fair values, which are evident from the accounting documents of individual companies.

- Basis for consolidation
- A subsidiary is an entity that is controlled by the parent. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- Consolidation procedure

  The parent company Elektro Maribor d. d., subsidiaries Energija plus d. o. o. in Oven d. o. o are included in consolidation. The consolidated financial statements have been prepared taking into account the discontinued operations of the subsidiary Energija plus d.o.o. and using the equity method for associates.

- Subsidiaries

  Subsidiaries are companies that are controlled by the Group. Control exists when:
  - the investor is exposed or entitled to variable returns from the involvement or the company in which they hold an investment;
  - has the ability to influence the return based on their control of the company in which they have an investment or the recipient of the financial investment;
  - there is a link between power and return.

  The accounting policies of subsidiaries are consistent with those of the Group.

- Investments in associated companies

  Investments in associates are accounted for using the equity method and are recognised at cost. The consolidated financial statements cover the Group's share of profits and losses and other comprehensive income. If the Group's share in the losses of companies is greater than its share, the carrying amount of the Group's interest is reduced to zero and the share of subsequent losses is derecognised, but only to the extent that is controlled by the Group.

- Transactions excluded from consolidation

  In preparing the consolidated financial statements, balances and transactions, unrealised gains and losses arising from intra-group transactions are excluded. Unrealised gains on transactions with associates are excluded only up to the extent of the Group's interest in the associate. Unrealised losses are excluded in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

- Financial statements of Group companies

  Consolidated financial statements of the Group are presented in euros. The items of each Group company that are included in the financial statements are disclosed in the same way and in euros for the purposes of the consolidated financial statements.

- Financial instruments

  Non-derivative financial assets, such as loans, receivables and deposits, are initially recognised by the Group on the date they are originated. The Group's non-derivative financial instruments are: liabilities and receivables, available-for-sale financial assets, and cash and cash equivalents.

  Liabilities and receivables are financial assets with fixed or determinable payments that are not listed in an active market. Such assets are initially recognised at fair value plus direct transaction costs. After initial recognition, liabilities and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

  Cash and cash equivalents comprise bank balances and an investment (deposit if due within three months).

  Financial assets are classified in the group of financial instruments at fair value through other comprehensive income. After initial recognition, investments are measured at fair value plus related transaction costs, and changes are recorded within fair value reserves in other comprehensive income.

  Non-derivative financial liabilities

  The Group recognizes financial liabilities at the trade date when the Group becomes a contracting party under the instrument. The Group discloses loans and operating and other liabilities as other financial liabilities.

- Share capital

  Called-up capital of the controlling 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 in by its owners.

Dividends are recognised as liabilities in the period in which the resolution of the General Meeting on the payment of dividends was adopted.

Legal reserves are amounts that are deliberately withheld from the profits of previous years, primarily to settle potential future losses. They are recorded on the basis of a resolution of the company's management from the amounts of the net profit for the current year.

Fair value reserves show the effects of valuing assets at fair value and actuarial gains and losses related to provisions for post-employment and other long-term employee benefits.

Reserves for treasury shares include the amount paid for treasury shares, including tax-free transaction costs. Reserves for treasury shares are deducted from total equity as treasury shares until those shares are withdrawn, reissued or sold. If treasury shares are subsequently sold or reissued, all payments received excluding transaction costs and related tax effects are included in capital surplus.

- Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Value at cost includes costs that are directly attributed to the purchase of an asset. The cost does not include the costs of removal and restoration as the Group estimates that these are not materially important values. Costs for assets produced in-house include material costs, direct labour costs and other costs that can be directly attributed to preparing 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. Gain or loss on disposal of property, plant and equipment is determined as the difference between proceeds from disposal of the asset and its carrying amount and is disclosed in the P&L statement under other operating revenue / other operating expenses.

In the Group, fixed assets are depreciated using the straight-line method applying depreciation rates that show estimates of the useful lives of the assets. Useful lives are assessed annually by the responsible persons and coordinated at the level of the working group within the EIA for electricity distribution.

- Reclassification under investment property

The Group reclassifies owner-occupied property to investment property when it generates rental income. The Group values investment property according to 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 the asset if it is probable that the future economic benefits associated with the item 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, repair, etc.) are recognised in profit or loss as an expense when incurred.

- Depreciation

Depreciation is performed using the straight-line depreciation method with the observation of the estimated useful life of an individual asset or its component parts. Land is not subject to depreciation.

Table 78: Estimated useful lives

	2021	2020
Real estate – construction part	20–50 years	20–50 years
Plant and equipment	2-33 years	2–33 years

- Intangible assets

Other intangible assets acquired by the Group relate to application software and have a finite useful life less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method over the estimated useful lives of intangible assets. Amortisation of an intangible asset begins when it is available for use.

Table 79: Estimated useful lives

	2021	2020
Application software	2-10 years	2–10 years
Easement and superficies rights	1-100 years	1–100 years

- Inventories

  Inventories of materials and merchandise are measured at historic cost or net realisable value, i.e. the lower of the two. The Group values inventories using the moving average price method.

  Write-off of damaged and non-moving inventories is performed regularly during the year on a line-by-line basis. At the end of the financial year, inventories are impaired according to the balance as at 31 December due to their movement over a period of three years. The estimate of the recoverable amount of inventories is performed at least once a year, as at the date of preparation of the Group's annual financial statements.

- Impairment of assets

  In accordance with IFRS 9, the Group has transitioned to the model of expected losses in the valuation of trade receivables, according to which it also recognises losses that are expected to occur in the future.

- Impairment of receivables

  The Group regularly checks the adequacy of disclosed receivables. Receivables not expected to be collected are disclosed as doubtful and disputable.

  The Group revalues receivables due to impairment when there is objective evidence that the carrying amount of the receivable at the time is greater than the present value of expected future cash flows.

  The estimate of the impairment of receivables is based on expected credit losses also for receivables with a maturity of 90 days. The Group has developed a methodology for calculating credit risk for operating receivables as required by IFRS 9. The policy of value adjustments under IFRS 9 is based on the repayment matrix, which also recognises the value adjustment of non-past due receivables, which takes into account past payments based on of which the matrix of repayability of receivables is compiled. When formulating the value adjustment for doubtful and disputed receivables, the Group uses the approach of 100% value adjustment of the receivable due from the customer regardless of the level of collectability, i.e. for receivables for which insolvency proceedings or lawsuits have been initiated and for receivables that are not paid within 90 days of the due date. The value adjustments of receivables in this case are made individually for individual business partners.

  In the statement of financial position of the Group, receivables are shown in net value, which means that they are reduced by the value of adjustments for disputed and doubtful receivables.

- Employee benefits

  Short-term employee benefits are measured without discounting and are disclosed under expenses when the employee's work related to a particular short-term benefit is completed.

- Provisions

  Provisions are recognised when the Group has present legal or indirect obligations as a result of a past event, the amount of which can be reliably estimated and it is probable that the settlement of the obligation will result in an outflow of resources embodying economic benefits.

  A provision for product and service warranties is recognised when the underlying products or services are sold. Provisions are based on historical warranty data and the assessment of all possible outcomes in terms of their associated probabilities. The Group has chosen a policy based on the amount guaranteed, which is 10% of the amount of the guarantee specified in the contract.

  Provisions for severance pay and long-service bonuses are formed in the amount of estimated future payments discounted as at the balance sheet date. A calculation was made for every employee, taking into account the costs of severance pay upon retirement and the costs of all projected long-service bonuses until retirement. The balance is checked annually on the basis of a calculation made by a certified actuary. Actuarial gains and losses on provisions for severance pay upon retirement are recognised in the revaluation reserve.

Provisions are set aside by the Group for severance pay and long-service bonuses for employees. They are set aside based on an annual calculation of a certified actuary as at the start and end of a financial year. The actuarial calculation is based on the provisions of International Accounting Standards (hereinafter IAS) IAS 19 and is performed at the end of each financial year when the Group reconciles the value and balance of provisions. They were calculated using the Projected Unit Credit method based on a multiple decrement model taking into account the following decrements: mortality probability, retirement probability, employee turnover probability, and disability probability. The most important assumptions used in the actuarial calculation are:

- Probability:
  - of mortality (SLO2007; selection factor for active population 75%);
  - of disability (in accordance with the model based on BUZ/BV1990x, BUZ/BV1990y);
- retirement in accordance with the model based on the Pension and Disability Insurance Act (ZPIZ-2A; Official Gazette of the Republic of Slovenia, no. 96/2012);
- employee turnover:
  - 4 - 4.5% at an interval of up to 35 years;
  - 3 - 3.5% at an interval from 36 to 45 years;
  - 2 - 2.5% at an interval from 46 years;
- Discount rate: 0.9852%.
- Growth of wages:
  - in the Republic of Slovenia - 3.0%;
  - at the company – 1.0%;
  - in the electricity generation sector – 1.0%;
- Employer's contribution rate: 16.1% (in case of payments higher than amounts as stipulated by the Decree on the levels of reimbursed work-related expenses and of certain income not to be included in the tax base (Official Gazette of the Republic of Slovenia, no. 76/08, 63/17, 71/18, 104/21, 114/21));
- growth of amounts referred to in the Decree – 0.5%;
- provisions of the Corporate Collective Agreement.

- Long-term deferred revenues

  Long-term deferred revenues represent deferred revenues from fixed assets obtained free of charge. Deferred revenue is transferred to revenue in accordance with the calculated depreciation of the assets received.

- Revenues

  Revenues from the sale of products, goods and materials are recognised at fair value of the received repayment or receivable arising therefrom, whereby they are decreased by refunds, rebates and quantity-related discounts. Revenues are disclosed when the buyer assumes all significant risks and benefits associated with the ownership of the asset, when there is certainty regarding repayment and when the Group ceases further decision-making with regard to sold products.

To measure the recognition of sales revenues, the Group observes the following guidelines:

- The buyer and the seller agree on the content of the transaction and the terms of the sale. In most cases, the agreement is made in writing.
- Revenues from services rendered are measured at a fixed and determinable selling price.
- In construction contracts, revenue is recognised gradually or according to the stage of completion. The basis for recognition is the confirmation from the customer, which means that they agree with the services provided. When the performance obligation is fulfilled incrementally, revenue is also recognised incrementally. The input method is consistently used at the company to measure progress.
- The amounts charged by the Group for the sale transaction do not carry significant credit risk as the Group expects economic benefits from the transaction.

Rental income is recognised under revenues on a straight line basis over the term of the lease.

- Finance income and finance expenses

  Finance income comprises interest income from investments, dividends and from the disposal of available-for-sale financial assets. Interest income is recognized in profit or loss upon occurrence using the effective interest method. Dividend income is recognised in the profit or loss account on the date that the shareholder's or partner's right to receive payment is exercised.

  Finance expenses comprise borrowing costs and losses due to impairment of financial assets. Borrowing costs are recognised in the profit and loss account according to the effective interest rate method.

- Corporate income tax

  Corporate income tax or loss for the financial year comprises the assessed and deferred tax. Corporate income tax is disclosed in the profit or loss account and is assessed at the Group as at the end of the financial year.

  Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted as at the balance sheet date, and any adjustment to tax payables in respect of previous financial years.

  Deferred tax is disclosed taking into account temporary differences between the carrying amount and tax amount of assets and liabilities. The amount of tax is based on the expected method of refund or settlement off the carrying amount of the assets and liabilities with the application of tax rates applicable as at the reporting date. The Group forms deferred tax assets from provisions for long-service bonuses and severance pay upon retirement and from non-tax deductible value adjustments of receivables and from long-term deferred income. Deferred tax assets and liabilities are calculated only at the end of the financial year.

  The companies in the Elektro Maribor Group are committed to the individual method of determining corporate income tax.

- Basic earnings per share

  The share capital of the Group consists of the share capital of the parent company, which is divided into ordinary registered no-par value shares. Basic earnings per share are calculated by dividing the profit by the weighted average number of ordinary shares outstanding in the financial period.

- Comparative information

  Comparative information has been mostly aligned with the information presented in the current year.

Determination of fair value

The Group determined the fair values of individual groups of assets for measurement and reporting purposes in accordance with the methods described below.

The fair value is based on the market value of investment property, which is the estimated amount for which a property can be exchanged on the date of valuation and after proper marketing between a willing buyer and a willing seller in an arm’s length transaction wherein the parties had each acted knowledgeably and willingly. The Group actively monitors market developments and assesses at the end of each financial year whether or not there was objective evidence of factors that would indicate the need for impairment of investment property.

The fair value of equity and debt securities is determined based on their offered price at the end of the trading day on the reporting date and is determined at the end of the financial year.

The fair value of non-current operating receivables and other receivables is calculated as the present value of future cash flows discounted at the market interest rate at the reporting date.

Current operating receivables are not discounted due to their short-term nature, and their carrying amount is a good approximation of fair value.

Capital management

Capital adequacy is the basic purpose of capital management at the Group. In addition to capital adequacy, the objectives regarding capital management are: long-term solvency, high level of financial stability and achieving the highest possible value for the Group's stakeholders.

Cash flow statement

The cash flow statement is prepared using the direct method on the basis of records of inflows and outflows on the Group companies' transaction accounts.

Composition of the Elektro Maribor Group

In accordance with IFRS, the consolidated financial statements of the Elektro Maribor Group included the financial statements of the parent company Elektro Maribor d. d. and subsidiaries Energija plus d. o. o. and OVEN Elektro Maribor d. o. o.

Associated companies

The Group's share in the profits or losses of associated companies in 2021 amounted to EUR -555,799.

Table 80: Overview of assets, liabilities, revenues and expenses of associated companies for the I–XII 2021 period

In EUR

Company	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Expenses	Profit or loss
Moja energija d.o.o.	2,777,030	1,448,134	199,647	3,076,168	4,204,165	6,278,212	-2,074,047
Eldom d.o.o.	132,152	293,606	11,333	98,995	591,341	588,527	2,814
Informatika d.o.o.	3,661,691	6,113,752	849,554	5,382,768	9,924,085	9,281,455	574,789

Table 81: Overview of assets, liabilities, revenues and expenses of associated companies for the I–XII 2020 period

In EUR

Company	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenues	Expenses	Profit or loss
Moja energija d. o. o.	3,215,299	2,808,084	1,286,424	1,413,562	4,585,517	4,518,915	61.734
Eldom d. o. o.	134,427	355,767	11,333	166,245	620,120	606,157	13.194
Informatika d. o. o.	2,063,096	3,457,192	396,654	2,488,113	9,773,973	9,516,546	225.416

The consolidated financial statements have been prepared under the full consolidation method, which means that the following policies have been followed:

- the separate financial statements are prepared using uniform accounting policies for like transactions and business events;
- items in the separate financial statements of subsidiaries are equally formally presented;
- the separate financial statements of consolidated companies are prepared for the same period ending on the same day.

The consolidated financial statements have been prepared on the basis of the individual financial statements of the consolidated companies with appropriate consolidation adjustments, which are not subject to recording in the financial statements of the consolidated companies and on the basis of consolidation of discontinued operations of Energija plus d. o. o.

5 CONSOLIDATED FINANCIAL STATEMENTS OF THE ELEKTRO MARIBOR GROUP

Table 82: Consolidated statement of financial position

In EUR	Notes	31 December 2021	31 December 2020
Non-current assets		**376,066,574**	**369,469,566**
Intangible assets	1	3,549,285	6,062,422
Property, plant and equipment	2	369,568,680	358,832,766
Investment property	3	593,817	605,093
Financial assets	4	263,639	263,639
Investments in associated companies	5	775,908	1,428,707
Operating receivables	6	67,683	65,483
Deferred tax assets	7	1,247,562	2,211,456
Current assets		**72,594,103**	**59,570,588**
Assets (disposal groups) held for sale		44,200,447	0
Inventories	8	2,786,766	2,357,157
Trade receivables	9	16,616,458	40,148,556
Liability for corporate income tax	10	8,869	271,613
Other assets	11	679,670	2,646,326
Assets based on contracts with customers	12	395,503	219,739
Cash and cash equivalents	13	7,906,390	13,927,196
TOTAL ASSETS		**448,660,677**	**429,040,154**
Equity	**14**	**308,111,741**	**301,873,974**
Called-up capital		203,932,511	203,932,511
Capital surplus		75,384,316	75,384,316
Revenue reserves		25,804,570	17,840,209
Legal reserves		7,068,802	6,485,990
Other revenue reserves		18,735,768	11,354,219
Fair value reserve		-1,058,467	-1,067,467
Profit or loss from previous years		2,494,117	2,273,845
Profit or loss for the financial year		1,554,694	3,510,560
Non-current liabilities		**89,240,169**	**86,014,728**
Provisions	15	6,727,180	6,946,062
Deferred revenues	16	33,595,241	35,001,381
Financial liabilities	17	48,875,756	43,894,141
Operating liabilities	18	41,992	74,373
Deferred tax liabilities		0	98,771
Current liabilities		**51,308,767**	**41,151,452**
Liabilities included in disposal groups		26,293,681	0
Financial liabilities	19	7,019,381	6,341,397
Operating liabilities	20	16,733,704	33,727,493
Liability for corporate income tax	21	145,833	143,262
Other liabilities	22	1,116,168	939,300
TOTAL EQUITY AND LIABILITIES		**448,660,677**	**429,040,154**

Table 82: Consolidated profit or loss statement

In EUR	Note	I-XII 2021	I-XII 2020
Net sales revenues	23	63,937,719	58,418,165
Capitalised own products and own services	24	21,413,549	21,551,855
Other operating revenues	25	2,884,913	3,835,762
Gross Operating Profit		**88,236,181**	**83,805,782**
Cost of goods, materials and services	26	21,252,226	21,102,823
Cost of goods and materials sold		13,799,909	13,928,789
Costs of services		7,452,317	7,174,034
Labour cost	27	31,943,747	29,243,587
Amortisation and depreciation expense	28	22,474,017	21,597,968
d) other operating expenses	29	288,492	602,413
Other operating expenses	30	738,209	630,542
Operating profit or loss		**11,539,490**	**10,628,449**
Finance income	31	16,640	77,683
Finance expenses from impairment of financial assets	33	691,280	0
Finance expenses	32	378,981	451,300
Income from shares of the profit/loss of associates	33	138,481	73,376
Other revenues	34	36,189	13,503
Other expenses	34	95,678	107,442
Pre-tax operating profit or loss		**10,564,861**	**10,234,269**
Corporate income tax	35	1,446,856	1,368,338
Deferred taxes	35	-42,627	-110,385
Tax		1,404,229	1,257,953
Net profit or loss	**36**	**9,160,632**	**8,976,316**
Net profit or loss belonging to owners of the controlling company		9,160,632	8,976,316
Operating profit or loss from discontinued operations		421,741	1,717,550
Total net profit for the financial year		9,582,373	10,693,866
Basic and diluted earnings per share (EUR/share)		0.29	0.32
Basic and diluted earnings per share of discontinued operations (EUR/share)		0.27	0.27

Table 84: Consolidated statement of other comprehensive income

in EUR	I-XII 2021	I-XII 2020
Net profit or loss for the period	9,582,373	10,693,866
Items of other comprehensive income that will not be disclosed in profit or loss in the future	-54,318	-167,319
Actuarial gains/losses	-162,217	-167,319
- retained operations	-151,038	-125,073
- discontinued operations	-11,179	-42,246
Impact of deferred taxes	**107,900**	**0**
- retained operations	107,900	0
Total comprehensive income for the reporting period	**9,528,055**	**10,526,547**

Table 85: Consolidated cash flow statement

In EUR	Note	I-XII 2021	I-XII 2020
Cash flows from operating activities			
Cash receipts from operating activities	**38**	**335,296,563**	**330,399,343**
Receipts from the sales of products and services		332,298,872	326,782,218
Other receipts from operating activities		2,997,691	3,617,125
Cash disbursements from operating activities	**39**	**-328,658,997**	**-314,725,668**
Disbursements for the acquisition of materials and services		-276,350,991	-263,616,652
Disbursements from salaries and employees' participation in profit		-34,450,477	-34,005,019
Disbursements for all types of taxes		-15,259,274	-15,004,760
Other disbursements for operating activities		-2,598,255	-2,099,237
Positive cash flow from operating activities		**6,637,566**	**15,673,675**
Cash flows from investing activities			
Cash receipts from investing activities	**40**	**154,162**	**2,298,067**
Receipts from interest received and shares of the profit of others		127	236
Receipts from profit shares in others		100,000	6,461
Receipts from the disposal of property, plant and equipment		54,035	2,291,370
Cash disbursements from investing activities	**41**	**-12,128,065**	**-14,819,852**
Disbursements for the acquisition of intangible assets		-1,535,729	-2,051,116
Disbursements for the acquisition of property, plant and equipment		-10,592,336	-12,768,736
Negative cash flow from investing activities		**-11,973,903**	**-12,521,785**
Cash flows from financing activities			
Receipts from financing activities	**42**	**12,620,000**	**11,300,000**
Receipts from the increase in non-current financial liabilities		12,000,000	11,000,000
Receipts from the increase in current financial liabilities		620,000	300,000
Disbursements from financing activities	**43**	**-10,304,559**	**-12,048,990**
Disbursements for interest paid on financing activities		-358,882	-402,900
Disbursements for repayment of non-current financial liabilities		-6,345,393	-6,477,744
Disbursements for repayment of current financial liabilities		-310,000	-300,000
Disbursements for the payment of dividends and other shares in profit		-3,290,284	-4,868,346
Negative cash flow from financing activities		**2,315,441**	**-748,990**
Closing balance of cash and cash equivalents		**7,906,390**	**10,449,395**
Cash from discontinued operations		**-2,999,910**	**-3,477,801**
Net cash flow for the period	44	-3,020,896	2,402,900
Opening balance of cash and cash equivalents		**13,927,196**	**11,524,296**

Table 86: Consolidated statement of changes in equity 2021

In EUR

	Item	Called-up capital	Capital surplus	Revenue reserves		Fair value reserve	Retained earnings	Net profit or loss for the financial year of retained operations	Net profit or loss for the financial year of discontinued operations	Total
		Share capital		Legal reserves	Other revenue reserves		Retained net profit	Net profit	Net profit	
		I/1	II	III/1	III/5	IV	V/1	VI/1	VI/1	
A.1.	**Balance as at the end of the previous period**									**0**
A.2	**Opening balance of the reporting period**	**203,932,511**	**75,384,316**	**6,485,989**	**11,354,220**	**-1,067,467**	**2,273,845**	**1,793,009**	**1,717,550**	**301,873,974**
B.1	**Changes in equity – transactions with owners**	**0**	**0**	**0**	**0**	**0**	**-3,290,287**	**0**		**-3,290,287**
g.	Dividend distribution						-3,290,287			**-3,290,287**
B.2	**Total comprehensive income for the reporting period**	**0**	**0**	**0**	**0**	**-54,318**	**0**	**9,160,632**	**421,741**	**9,528,055**
a.	Input of the net operating profit or loss for the financial year							9,160,632	421,741	**9,582,373**
e.	Other components of comprehensive income					-54,318				**-54,318**
B.3	**Changes in equity**	**0**	**0**	**582,812**	**7,381,549**	**63,318**	**3,510,559**	**-9,820,688**	**-1,717,550**	**0**
a.	Allocation of the remaining part of net profit of the comparable reporting period among other equity components						3,510,559	-1,793,009	-1,717,550	**0**
b.	Allocation of the remaining part of the net profit for the compared reporting period pursuant to the decision by the management and supervisory bodies			582,812	7,381,549		63,318	-8,027,679		**0**
e.	Other changes in equity					63,318	-63,318			**0**
C.	**Closing balance for the reporting period**	**203,932,511**	**75,384,316**	**7,068,801**	**18,735,769**	**-1,058,467**	**2,494,117**	**1,132,953**	**421,741**	**308,111,742**

Table 87 Consolidated statement of changes in equity 2020

In EUR

	Item	Called-up capital	Capital surplus	Revenue reserves		Fair value reserve	Retained earnings	Net profit or loss for the financial year	Net profit or loss for the financial year of discontinued operations	Total
		Share capital		Legal reserves	Other revenue reserves		Retained net profit	Net profit	Net profit	
		I/1	II	III/1	III/5	IV	V/1	VI/1	VI/1	
A.1.	**Balance as at the end of the previous period**	**139,147,479**	**75,384,316**	**5,966,574**	**69,560,653**	**-985,441**	**2,890,290**	**4,251,901**		**296,215,772**
A.2	**Opening balance of the reporting period**	**139,147,479**	**75,384,316**	**5,966,574**	**69,560,653**	**-985,441**	**2,890,290**	**4,251,901**		**296,215,772**
B.1	**Changes in equity – transactions with owners**	**0**	**0**	**0**	**0**	**0**	**-4,868,346**	**0**		**-4,868,346**
g.	Dividend distribution						-4,868,346			**-4,868,346**
B.2	**Total comprehensive income for the reporting period**	**0**	**0**	**0**	**0**	**-167,319**	**0**	**8,976,316**	**1,717,550**	**10,526,547**
a.	Input of the net operating profit or loss for the financial year						0	8,976,316	1,717,550	**8,976,316**
e.	Other components of comprehensive income					-167,319				**-167,319**
B.3	**Changes in equity**	**64,785,032**	**0**	**519,415**	**-58,206,433**	**85,293**	**4,251,901**	**-11,435,208**		**0**
a.	Allocation of the remaining part of net profit of the comparable reporting period among other equity components						4,251,901	-4,251,901		**0**
b.	Allocation of the remaining part of the net profit for the compared reporting period pursuant to the decision by the management and supervisory bodies			519,415	6,578,599		85,293	-7,183,307		**0**
e.	Other changes in equity	64,785,032			-64,785,032	85,293	-85,293			**0**
C.	**Closing balance for the reporting period**	**203,932,511**	**75,384,316**	**6,485,989**	**11,354,220**	**-1,067,467**	**2,273,845**	**1,793,009**	**1,717,550**	**301,873,974**

6 NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENT ITEMS

6.1 Notes on the items of the consolidated statement of financial position

The consolidated statement of financial position is the basic financial statement that presents a true and fair view of the Group's assets and liabilities as at 31 December 2021.

Items in the statement of financial position are stated at the carrying amount as the difference between the cost and the deducted value adjustment. In compiling the consolidated statement of financial position, we took into account the principle of individual valuation of assets and liabilities.

There were no adjustments of significant errors in any item of the statement of financial position.

Intangible assets

Note 1

The Group’s Intangible assets comprise property rights from the use of licenses and application software. The intangible assets also include easement rights for the use of land under the routes of the company's distribution network, which are presented in the balance sheet under the item Land and buildings in accordance with the provisions of Article 65 of the Companies Act (ZGD-1).

Intangible assets are not pledged for the repayment of debts and the Group does not have assets acquired through government grant.

Table 88: Changes in intangible assets in 2021

In EUR	Intangible assets	Investments underway	Total
Cost			
Balance as at 1 January 2021	17,482,148	0	17,482,148
Transfer to disposal group	4,145,942	0	4,145,942
- New purchases	1,038,248	-1,038,248	0
Eliminations	1,996,577	0	1,996,577
Transfers	0	0	0
Balance as at 31 December 2021	16,337,493	-1,038,248	15,299,245
Value adjustment			
Balance as at 1 January 2021	11,419,727	0	11,419,727
Transfer to disposal group	2,460,452	0	2,460,452
Eliminations	1,996,577	0	1,996,577
Transfers	0	0	0
Amortisation expense	1,865,896	0	1,865,896
Balance as at 31 December 2021	12,788,208	0	12,788,208
Carrying amount			
Balance as at 1 January 2021	6,062,421	0	6,062,421
Transfer to disposal group	1,685,490	0	1,685,490
Balance as at 31 December 2021	3,549,285	0	3,549,285

Table 89: Changes in intangible assets in 2020

In EUR	Intangible assets	Investments underway	Total
Cost			
Balance as at 1 January 2020	15,999,371	0	15,999,371
Increases	1,431,008	1,388,998	2,820,006
- New purchases	1,466,008	-1,388,998	77,011
Eliminations	16,769	0	16,769
Balance as at 31 December 2020	17,482,148	-1,388,998	16,093,151
Write-offs			
Balance as at 1 January 2020	9,421,358	0	9,421,358
Adjustments	1,731	0	1,731
Eliminations	16,769	0	16,769
Amortisation expense	1,983,331	0	1,983,331
Balance as at 31 December 2020	11,419,727	0	11,419,727
Carrying amount			
Balance as at 1 January 2020	6,578,013	0	6,578,013
Balance as at 31 December 2020	6,062,422	0	6,062,422

Major acquisitions relate to the acquisition of licences for the introduction of the new MS Dynamics AX ERP system at the parent company and the modernisation and upgrade of IIS.

At the end of the financial year, the Group discloses a non-current operating liability for the acquisition of intangible assets in the amount of EUR 491,660 (EUR 32,381 in 2020).

As at 31 December 2021, intangible assets worth EUR 1,420,012 at the current value were reclassified to the group for disposal.

Property, plant and equipment

Note 2

When recognising an item of property, plant and equipment, the Group applies the cost model.

In 2021, the depreciation of property, plant and equipment at the Group amounted to EUR 20,573,460 (EUR 20,294,707 in 2020).

All assets at the Group are owned by the individual companies and are not pledged as collateral for debts.

The Group still has some contractual commitments for the acquisition of property, plant and equipment, but these are concluded for successive supplies of equipment order in accordance with the time schedule. As at 31 December 2021, the Group disclosed a liability for the acquisition of property, plant and equipment in the amount of EUR 4,527,853 (EUR 2,992,838 in 2020).

Table 90: Property, plant and equipment

In EUR	31 December 2021	31 December 2020
Land and buildings	275,974,799	265,882,222
- Land	10,039,905	10,175,761
- Buildings	265,934,894	255,706,461
Production plant and machinery	88,071,673	87,103,517
Property, plant and equipment under construction and in production	5,522,208	5,847,027
Total	**369,568,680**	**358,832,766**

Table 91: Changes in property, plant and equipment in 2021

In EUR	Land and rights	Buildings		Production plant and machinery		Investments into property, plant and equipment of others	Investments underway	Total property, plant and equipment
		Buildings	Right of use buildings	Equipment	Right of use equipment			
Cost								
Balance as at 1 January 2021	10,289,560	758,539,651	807,688	206,225,538	25,279	367,726	5,847,027	982,102,469
Transfer to disposal group	128,429	1,114,080	771,715	1,333,411	25,279	367,726	46,711	3,787,351
Increase, of which:	0		0	0	0	0	33,293,940	33,293,940
- Acquisitions	0		0				33,293,940	33,293,940
- Transfer to right of use buildings	0	-237,320	237,320		0	0		0
Activations	18,959	23,793,597	211,341	9,726,965	0	0	-33,540,971	0
- Activation (new purchases)	18,959	23,793,597	211,341	9,726,965	0	0	-33,540,971	0
Disposals	2,733	7,011,945	0	5,482,234			0	12,496,912
Balance as at 31 December 2021	10,177,358	774,243,195	484,634	209,136,858	0	0	5,522,207	999,564,252
Value adjustment					0	0		
Balance as at 1 January 2021	113,800	503,697,626	180,572	119,354,670	15,966	144,391	0	623,507,023
Transfer to disposal group	0	730,654	144,600	825,552	15,966	144,391		1,861,163
Disposals	0	6,831,416	0	5,428,305				12,259,721
Depreciation expense	23,653	12,562,293	23,141	7,964,373	0	0		20,573,460
Balance as at 31 December 2021	137,453	508,733,821	59,114	121,065,185	0	0	0	629,995,573
Carrying amount								
Balance as at 1 January 2021	10,175,760	254,842,025	864,436	86,870,868	9,313	223,335	5,847,027	358,832,766
Transfer to disposal group	128,429	383,426	627,115	507,859	9,313	223,335	27,532	1,907,009
Balance as at 31 December 2021	10,039,905	265,509,374	425,520	88,071,673	0	0	5,522,207	369,568,679

Table 92: Changes in property, plant and equipment in 2020

In EUR	Land and rights	Buildings		Production plant and machinery		Investments into property, plant and equipment of others	Investments underway	Total property, plant and equipment
		Buildings	Right of use buildings	Equipment	Right of use equipment			
Cost								
Balance as at 1 January 2020	10,052,789	746,536,889	944,494	199,009,449	25,279	367,726	8,532,653	965,469,278
Increase, of which:	0		100,514	0	0	0	34,160,655	34,261,169
- Acquisitions	0		100,514				34,160,655	34,261,169
- Transfer	0	-969,773	0	0	0	0	0	0
Activations	239,169	25,166,698	0	11,397,913	0	0	-36,838,780	0
- Activation (new purchases)	239,169	25,166,698	0	11,397,913	0	0	-36,838,780	0
Disposals	2,397	12,194,164	0	4,181,824	0	0	-7,500	16,370,885
Transfers	0	0	0	0	0	0	0	0
Balance as at 31 December 2020	10,289,560	758,539,651	1,045,008	206,225,538	25,279	367,726	5,847,027	982,339,789
Write-offs								
Balance as at 1 January 2020	92,395	502,439,184	85,106	114,844,358	7,983	123,100	0	617,592,124
Disposals	0	10,932,341	0	3,337,083	0	0	0	14,269,424
Depreciation expense	21,405	12,301,168	95,466	7,847,394	7,983	21,291	0	20,294,707
Transfers	0	-110,385	0	0	0	0	0	-110,385
Balance as at 31 December 2020	113,800	503,697,626	180,572	119,354,670	15,966	144,391	0	623,507,023
Carrying amount								
Balance as at 1 January 2020	9,960,394	244,097,706	859,388	84,165,091	17,296	244,626	8,532,653	347,877,154
Balance as at 31 December 2020	10,175,760	254,842,025	864,436	86,870,868	9,313	223,335	5,847,027	358,832,766

Major purchases relate primarily to the purchase of electricity facilities and equipment at the Elektro Maribor company.

As the owner of the electricity distribution infrastructure, the parent company Elektro Maribor concluded a new Contract on the lease of electricity distribution infrastructure and provision of services for the distribution network system operator with the company SODO d.o.o., which is the sole concessionaire for performing the public utility service of a distribution network system operator in the Republic of Slovenia. In accordance with this contract, annexes are concluded for each year, stipulating the amount of the rent and services which Elektro Maribor performs for SODO, and the amount of assets for covering losses in the Elektro Maribor distribution network.

As at 31 December 2021, property, plant and equipment worth EUR 1,887,971 at the current value were reclassified to the group for disposal.

Table 93: Balance and changes in electricity distribution infrastructure in 2021

In EUR	Land and rights	Buildings	Equipment	Total intangible assets and property, plant and equipment
Cost				
Balance as at 1 January 2021	7,359,790	725,403,359	171,960,282	904,723,431
Increase, of which:	14,809	22,610,900	7,417,213	30,042,922
- Activations	14,809	22,610,900	7,417,213	30,042,922
Disposals	0	6,889,319	3,915,419	10,804,738
Transfers	0	0	0	0
Balance as at 31 December 2021	7,374,599	741,124,940	175,462,076	923,961,615
Write-offs				
Balance as at 1 January 2021	113,800	487,408,728	97,176,078	584,698,606
Decreases	0	6,715,741	3,886,067	10,601,808
Depreciation expense	23,653	11,899,106	5,917,575	17,840,334
Transfers	0	0	0	0
Balance as at 31 December 2021	137,453	492,592,093	99,207,586	591,937,132
Carrying amount				
Balance as at 1 January 2021	7,245,990	237,994,631	74,784,204	320,024,825
Balance as at 31 December 2021	7,237,146	248,532,847	76,254,490	332,024,483

Table 94: Balance and changes in electricity distribution infrastructure in 2020

In EUR	Land and rights	Buildings	Equipment	Total intangible assets and property, plant and equipment
Cost				
Balance as at 1 January 2020	7,123,018	713,622,851	167,118,551	887,864,420
Increase, of which:	239,169	23,319,423	8,500,668	32,059,260
- Activations	239,169	23,319,423	8,500,668	32,059,260
Disposals	2,397	11,538,915	3,658,937	15,200,249
Transfers	0	0	0	0
Balance as at 31 December 2020	7,359,790	725,403,359	171,960,282	904,723,431
Write-offs				
Balance as at 1 January 2020	92,395	486,216,344	94,267,952	580,576,691
Decreases	0	10,447,671	2,830,150	13,277,821
Depreciation expense	21,405	11,640,055	5,738,276	17,399,736
Transfers	0	0	0	0
Balance as at 31 December 2020	113,800	487,408,728	97,176,078	584,698,606
Carrying amount				
Balance as at 1 January 2020	7,030,624	227,406,507	72,850,599	307,287,730
Balance as at 31 December 2020	7,245,990	237,994,631	74,784,204	320,024,825

The amounts of future rents for leased fixed assets cannot be presented reliably since the price and scope of the lease change year over year in accordance with the planned regulatory framework.

The carrying amount for the leased electricity distribution infrastructure as at 31 December 2021 amounts to EUR 332,024,483.

The Group discloses the right of use assets from long-term leases of office buildings and telecommunications routes with the cost amount of EUR 484,634. As at 31 December 2021, leases in the amount of EUR 715,638 (EUR 783,777 in 2020) at the current value were eliminated within the Group.

The depreciation expense for the assets thus obtained in 2021 amounted to EUR 23,141 (EUR 95,466 in 2020).

In 2021, the Group disclosed costs of EUR 195,235 (EUR 520,615 in 2020) for short-term and low value leases.

The interest rate related to the lease was not known, so a risk-free interest rate increased by a credit risk premium of 1.1250% + 0.32% = 1.445% on 1 January 2019 was used to calculate the present value of future rents.

The Group does not sublease the so recognised assets, but uses them to carry on its activity. All liabilities from the right of use assets were settled on time, except for received invoices that fell due in 2021. Cash flow from rents in 2021 amounted to EUR 283,222 (EUR 736,573 in 2020).

Table 95: Right of use assets in 2021

In EUR	Right of use assets	Total
Cost		
Balance as at 1 January 2021	1,045,008	1,045,008
Transfer to disposal group	771,715	771,715
Increases	*0*	0
- New purchases	0	0
- Activation	211,341	211,341
Decreases	0	0
Balance as at 31 December 2021	484,634	484,634
Value adjustment		
Balance as at 1 January 2021	180,572	180,572
Transfer to disposal group	144,600	144,600
Adjustments	0	0
Disposals	0	0
Amortisation expense	23,141	23,141
Balance as at 31 December 2021	59,114	59,114
Carrying amount		
Balance as at 1 January 2021	864,436	864,436
Transfer to disposal group	627,115	627,115
Balance as at 31 December 2021	425,520	425,520

Table 96: Right of use assets in 2020

In EUR	Right of use assets	Total
Cost		
Balance as at 1 January 2020	969,773	969,773
Increases	*100,514*	100,514
- New purchases	100,514	100,514
- Activation	0	0
Decreases	0	0
Balance as at 31 December 2020	1,070,287	1,070,287
Write-offs		
Balance as at 1 January 2020	93,089	93,089
Adjustments	0	0
Disposals	0	0
Amortisation expense	103,449	103,449
Balance as at 31 December 2020	196,538	196,538
Carrying amount		
Balance as at 1 January 2020	876,684	876,684
Balance as at 31 December 2020	873,749	873,749

Investment property

Note 3

The Group owns investments in apartments that are leased, as well as holiday facilities which are marketed. The cost method is used for assessing investment property. The applied depreciation method is the straight-line depreciation method and is calculated individually for each property. The Group estimates that market values are close to the official estimates of the Surveying and Mapping Authority of the Republic of Slovenia.

Persons in charge in each Group company actively monitor the events on the market and assess that there was no objective evidence in 2021 of facts that would point to the need for impairment of investment property. As at 31 December 2021, the Group did not obtain an estimate of the fair value of investment property prepared by a certified real estate appraiser.

Table 97: Balance and changes in investment property in 2021

In EUR	31 December 2021
Cost	
Balance as at 1 January 2021	1,423,794
Increases	13,559
Disposals	3,049
Balance as at 31 December 2021	1,434,304
Write-offs	
Balance as at 1 January 2021	818,701
Eliminations	2,302
Depreciation expense	24,087
Balance as at 31 December 2021	840,486
Carrying amount	
Balance as at 1 January 2021	605,093
Balance as at 31 December 2021	593,818

Table 98: Balance and changes in investment property in 2020

In EUR	31 December 2020
Cost	
Balance as at 1 January 2020	1,447,266
Increases	7,929
Disposals	31,401
Balance as at 31 December 2020	1,423,794
Write-offs	
Balance as at 1 January 2020	812,079
Eliminations	17,269
Depreciation expense	23,891
Balance as at 31 December 2020	818,701
Carrying amount	
Balance as at 1 January 2020	635,187
Balance as at 31 December 2020	605,093

Table 99: Investment property in 2021

In EUR	Value	Revenues	Costs
Holiday facilities	545,589	86,585	113,546
Apartments	48,229	10,867	3,947
Total	**593,818**	**97,452**	**117,493**

Table 100: Investment property in 2020

In EUR	Value	Revenues	Costs
Holiday facilities	558,881	87,529	128,239
Apartments	46,212	12,966	4,183
Total	**605,093**	**100,495**	**132,422**

Financial assets

Note 4

Financial assets are classified at fair value through other comprehensive income at the Group, except for investments in participating interests in the amount of EUR 56,594, which are stated at cost as we could not estimate the fair value.

Table 101: Non-current financial assets of the Group

In EUR	31 December 2021	31 December 2020
Non-current financial assets, excluding loans	263,639	263,639
- other non-current investments in shares and stakes	56,594	56,594
- non-current investments in an investment fund	207,045	207,045

Investments in associated companies

Note 5

In individual financial statement, the financial assets of subsidiaries, jointly controlled entities and associates are calculated at cost.

In the consolidated financial statements, the investments in Group companies are excluded while the investments in associates are disclosed according to the equity method.

Table 102: Balance and changes in investments in associates in 2021

In EUR	Balance as at 31 December 2020	Profit-sharing payments	Attribution of profits/losses	Balance as at 31 December 2021
Investment in Informatika d. o. o.	295,315		137,777	433,092
Investment in Eldom d.o.o.	25,860		704	26,564
Investment in Moja energija d.o.o.	1,107,532	-100,000	-691,280	316,252
Total	**1,428,706**	**-100,000**	**-552,799**	**775,908**

Table 103: Balance and changes in investments in associates in 2020

In EUR	Balance as at 31 December 2019	Profit-sharing payment	Attribution of profits/losses	Balance as at 31 December 2020
Investment in Informatika d. o. o.	252,270	-6,457	49,501	295,315
Investment in Eldom d. o. o.	22,562		3,298	25,860
Investment in Moja energija d. o. o.	1,086,956		20,576	1,107,532
Total	**1,361,787**	**-6,457**	**73,375**	**1,428,706**

Non-current operating receivables

Note 6

Non-current operating receivables include receivables from the collection of funds in the reserve fund of owner-occupied residential buildings.

Receivables are not pledged as collateral for liabilities at the Group.

Deferred tax assets

Note 7

In 2021, the Group recognised deferred tax assets for temporary deductible tax differences based on past and current expenses not recognised for tax purposes, i.e. on the basis of provisions set aside for long-service bonuses and severance pays upon retirement, as well as for operating expenses from receivables and long-term accrued costs and deferred revenues, none of which are recognised for tax purposes.

The tax rate used in the calculation of deferred tax assets was 19%. The same rate is also expected to be applied in the future financial years.

In 2021, the Group increased deferred tax assets in the amount of EUR 167,323 (EUR 229,523 in 2020). The balance of deferred tax assets as at 31 December 2021 amounted to EUR 1,247,562.

Deferred tax assets worth EUR 984,135 were transferred to the group for disposal.

Table 104: Changes in deferred tax assets in 2021

In EUR	Operating receivables	Provisions for post-employment and other employee benefits	Long-term deferred revenues for fixed assets acquired free of charge	Total
Balance as at 1 January 2020	**1,268,797**	**354,076**	**359,060**	**1,981,933**
Recognised in profit or loss	15,399	255,806		271,205
Recognised in other comprehensive income				0
Reversal in the P&L statement	-22,039		-19,642	-41,681
Balance as at 31 December 2020	**1,262,157**	**609,882**	**339,417**	**2,211,456**
Balance as at 1 January 2021	**1,262,157**	**609,882**	**339,417**	**2,211,456**
Recognised in profit or loss		0		0
Reversal in the P&L statement	36,502	-98,771	19,642	-42,627
Recognised in other comprehensive income		107,900		107,900
Transfer to assets held for sale	-956,038	-59,611	0	-1,015,649
Balance as at 31 December 2021	**269,617**	**658,171**	**319,775**	**1,247,563**

Table 105: Changes in deferred tax assets in 2020

In EUR	Balance as at 31 December 2019	Decreases	Increases	Balance as at 31 December 2020
Deferred tax assets				
- relating to revaluation adjustments of receivables	1,268,797	22,039	15,399	1,262,157
- relating to provisions for long-service bonuses and severance pay upon retirement	354,076	0	255,806	609,882
- from long-term accrued costs and deferred revenues	359,060	19,642	0	339,417
Total	**1,981,933**	**41,681**	**271,205**	**2,211,456**

Inventories

Note 8

Table 106: Inventories

In EUR	31 December 2021	31 December 2020
Raw material and material	2,654,949	2,248,680
Fuel and lubricants	13,791	10,504
Office supplies	9,364	7,880
Small tools and packaging inventories	108,661	71,985
Products and merchandise	0	18,107
Total	**2,786,765**	**2,357,157**

Inventories consist of inventories of material for use in own investments, material for provision of services on the market and spare parts for the maintenance of fixed assets.

The Management Board estimates that the carrying amount of inventories is at the level of the net realisable value.

On 31 December 2021, the Group disclosed inventories with no changes in the period from 1 January 2019 to 31 December 2021, in the amount of EUR 113,392, whereby these were defined as operating reserve inventory.

Table 107: Value of inventories

In EUR	31 December 2021	31 December 2020
Gross value of inventories of material	2,786,765	2,357,157
Net value of inventories of material	2,786,765	2,357,157

EUR 18,118 worth of inventories of merchandise were transferred assets in the group for disposal.

All inventories are owned by the Group and are not pledged as security for debts.

Trade receivables

Note 9

Table 108: Trade receivables

In EUR	31 December 2021	31 December 2020
Current trade receivables, of which	**16,616,458**	**40,148,556**
- receivables for sold energy products	2,449,162	34,071,452
- receivables for the lease and services under the SODO d.o.o. contract	12,533,273	4,756,421
- receivables for other charged services	1,631,964	1,273,928
- receivables for charged interest	2,059	46,754

Customers mostly settle their liabilities in due time or with minor delays. In the event of delays, customers are charged default interest in accordance with the contract.

The Group's receivables are mostly secured by bills of exchange. No receivables at the Group are pledged as collateral.

At the end of business year, the Group discloses no receivables due from the management and members of the Supervisory Board, except for the regular receivables for sold electricity.

Table 109: Value of trade accounts

In EUR	31 December 2021	31 December 2020
Gross receivables	18,066,524	48,331,137
Value adjustment	1,450,066	8,182,581
Net receivables	**16,616,458**	**40,148,556**

Corporate income tax receivables

Note 10

The Group’s corporate income tax receivables amount to EUR 8,869 (EUR 271,613 in 2020) and represent an overpayment of income tax prepayments for 2021 by Oven d. o. o.

Other assets

Note 11

Table 110: Other assets

In EUR	31 December 2021	31 December 2020
Other operating receivables	601,021	2,397,238
Current deferred expenses	45,723	173,342
VAT in received advances	41,795	75,747
Total	**688,539**	**2,646,327**

Assets based on contracts with customers

Note 12

Assets based on contracts with customers are disclosed in the amount of EUR 395,503 (EUR 219,739 in 2020) and represent mainly the amounts of uncharged rents for telecommunications equipment bases and construction services provided.

Cash and cash equivalents

Note 13

Table 111: Cash and cash equivalents

In EUR	31 December 2021	31 December 2020
Bank balances	7,906,390	1,027,196
Deposits redeemable at notice	0	12,900,000
Total	**7,906,390**	**13,927,196**

Equity

Note 14

The company's share capital totals at EUR 203,932,511 and is divided into 33,345,302 ordinary registered no-par value shares.

The Group's share capital represents the share capital of the parent company, which is divided into 33,345,302 ordinary registered no-par value shares, which is simultaneously the weighted average number of ordinary shares outstanding in the reporting period.

Capital surplus represents the fully paid-up surplus of capital.

Table 112: Equity

In EUR	31 December 2021	31 December 2020
Share capital	203,932,511	203,932,511
Capital surplus	75,384,316	75,384,316
Legal reserves	7,068,802	6,485,990
Other revenue reserves	18,735,768	11,354,219
Fair value reserves	-1,058,467	-1,067,467
Retained earnings	2,494,117	2,273,845
Net profit or loss for the financial year	1,554,694	3,510,560
Total	**308,111,741**	**301,873,974**

Fair value reserves represent actuarial loss relating to the calculation of provisions for long-service bonuses and severance pay upon retirement at Group companies.

Legal reserves and other revenue reserves are set aside from net profit or loss of the individual years since 2003.

In 2021, the Group generated net profit in the amount of EUR 9,582,373 (EUR 10,693,866 in 2020). The net earnings per share from the Group's operations amounts to EUR 0.29 (EUR 0.32 in 2020), and the net profit from the retained operations is EUR 0.27 (EUR 0.27 in 2020).

The book value of a share at the Group is EUR 9.24 (EUR 9.05 in 2020).

Provisions

Note 15

Table 113: Provisions in 2021

In EUR	Balance as at 31 December 2020	Use	Increases	Transfer to disposal group	Balance as at 31 December 2021
Provisions for long-service bonuses	1,980,881	256,466	246,110	180,570	1,789,955
Provisions for pensions	4,463,818	195,125	406,141	452,703	4,222,131
Provisions for guarantees issued	25,285	0	25,399	0	50,683
Provisions for long-term accrued costs	476,079	6,946	195,278	0	664,411
Total	**6,946,062**	**458,537**	**872,928**	**633,273**	**6,727,180**

Table 114: Provisions in 2020

In EUR	Balance as at 31 December 2019	Use	Increases	Release	Balance as at 31 December 2020
Provisions for long-service bonuses	2,043,386	241,291	178,786	0	1,980,881
Provisions for pensions	4,345,558	301,791	420,051	0	4,463,818
Provisions for guarantees issued	25,285	0	0	0	25,285
Provisions for long-term accrued costs	355,276	0	120,803	0	476,079
Total	**6,769,504**	**543,082**	**719,640**	**0**	**6,946,062**

Table 115: Sensitivity Analysis for 2021

	Discount rate		Growth of wages		Employee turnover	
Change in p.p.	0.5	-0.5	0.5	-0.5	1.0	-1.0
Impact on liabilities in EUR	-220.480	285,724	290,821	-227,967	-464,454	584,225

Table 116: Sensitivity analysis for 2020

	Discount rate		Growth of wages		Employee turnover	
Change in p.p.	0.5	-0.5	0.5	-0.5	1.0	-1.0
Impact on liabilities in EUR	-263,833	285,844	291,435	-272,021	-528,375	609,173

Provisions for guarantees issued are formed for cases when the Group grants a warranty period for the elimination of possible errors in the construction of buildings to foreign clients, whereby the period is generally five years. The Group set aside these provisions in the estimated amount of 10% of the total exposed contractual value.

The amount of provisions from legal liabilities equals EUR 476,079 (EUR 355,276 in 2020) and is the best estimate of expenditures required for their settlement. In making the best estimate, we observed the risks and uncertainties, which inevitably accompany the legal proceedings for which provisions were set aside.

The amount of provisions equals the current value of expenditures expected to be needed for the settlement of such commitments.

EUR 647,709 worth of provisions were transferred to liabilities in the group for disposal.

Deferred revenues

Note 16

Deferred revenues represent the balance of property, plant and equipment acquired free of charge and the balance of co-financed assets. The Group uses these long-term accrued costs and deferred revenues in order to cover the cost of the depreciation of said assets using the annual depreciation rate of 2.93%.

In order to set aside long-term deferred revenues to cover depreciation costs, amounts corresponding to the actual depreciation rate of an individual fixed asset have been used since from 2010.

Table 117: Changes in long-term deferred revenues in 2021

In EUR	Balance as at 31 December 2020	Decreases	Increases	Reversal	Balance as at 31 December 2021
Long-term deferred revenues from house connections acquired free of charge	19,296,096	840,139	618,996	0	19,074,953
Long-term deferred revenues from fixed assets acquired free of charge	7,605,050	306,899	186,529	0	7,484,680
Long-term deferred revenues from average connection costs	3,134,467	174,357	0	0	2,960,109
Long-term deferred revenues from co-financing	2,941,575	187,454	0	0	2,754,121
Long-term deferred revenues from EU projects	2,024,193	92,522	0	610,294	1,321,377
Total	**35,001,381**	**1,601,371**	**805,525**	**610,294**	**33,595,241**

Table 118: Changes in long-term deferred revenues in 2020

In EUR	Balance as at 31 December 2019	Decreases	Increases	Balance as at 31 December 2020
Long-term deferred revenues from house connections acquired free of charge	18,217,235	804,147	1,883,008	19,296,096
Long-term deferred revenues from fixed assets acquired free of charge	7,918,840	301,523	-12,267	7,605,050
Long-term deferred revenues from average connection costs	3,308,824	174,357	0	3,134,467
Long-term deferred revenues from co-financing	3,093,875	152,300	0	2,941,575
Long-term deferred revenues from contributions for disabled employees	0	34,441	34,441	0
Long-term deferred revenues from EU projects	1,521,259	107,360	610,294	2,024,193
Total	**34,060,033**	**1,574,129**	**2,515,477**	**35,001,381**

Financial liabilities

Note 17

Non-current financial liabilities refer mainly to received long-term loans from commercial banks.
In 2021, the Group raised a long-term loan in the amount of EUR 12,000,000 for the financing of investments.

The maturity of loans received ranges from 8 to 11 years. The interest rate is between the 1M and 6M EURIBOR, within the mark-up of 1.0 to 1.65% or a fixed interest rate within the range from 1.84% to 1.98% per annum.

The majority of the Group's loans are secured with bills of exchange and are hired for the financing of investments. The principal and interests are paid regularly and by the deadlines. Principals in the amount of EUR 19,250,000 will fall due within a period longer than 5 years.

Other non-current financial liabilities refer to liabilities for the right of use assets.

EUR 472,351 worth of financial liabilities were transferred to liabilities in the group for disposal.

Table 119: Non-current financial liabilities

In EUR	31 December 2021	31 December 2020
Non-current financial liabilities	55,895,137	50,235,538
Current part of non-current liabilities	-7,019,381	-6,341,397
Total	**48,875,756**	**43,894,141**

Operating liabilities

Note 18

The Group's non-current operating liabilities represent mainly long-term caution money received as the supplier's performance bond.

Financial liabilities

Note 19

Current financial liabilities amount to EUR 7,019,381 (EUR 6,341,397 in 2020) and represent the balance of the current part of non-current borrowings in the amount of EUR 6,637,500 (EUR 6.200.000 in 2020) falling due within one year from the balance sheet date, and the current part of liabilities for the right of use assets in the amount of EUR 71,881 (EUR 141,397 in 2020).

EUR 84,966 worth of current financial liabilities were transferred to liabilities in the group for disposal.

Operating liabilities

Note 20

Table 120: Current operating liabilities

In EUR	31 December 2021	31 December 2020
Current trade payables for fixed assets	5,019,513	3,572,171
Current trade payables for current assets	3,452,473	14,878,715
Current operating liabilities to SODO d.o.o.	3,043,189	10,069,688
Current operating liabilities to employees	3,068,497	2,892,006
Current operating liabilities to state and other institutions	1,111,080	1,146,683
Current operating liabilities from advances	1,014,217	1,006,369
Other current operating liabilities	170,568	161,862
Total	**16,879,536**	**33,727,493**

Liability for corporate income tax

Note 21

Liabilities for income tax of the Group include the calculated liabilities based on the income tax return for 2021, which have been offset against paid tax prepayments. The Group discloses EUR 145,833 (EUR 143,262 in 2020) of liabilities for corporate income tax, which fall due in April 2022.

Other liabilities

Note 22

Other liabilities represent short-term accrued expenses and short-term deferred revenues. They include receivables and liabilities, which are assumed to appear within a year and are probable, with their size assessed reliably.

Table 121: Other liabilities

In EUR	31 December 2021	31 December 2020
Accrued costs for unused annual leave	932,164	902,327
Short-term accrued costs of deviations	180,951	1,239
Other accrued costs	3,053	35,734
Total	**1,116,168**	**939,301**

Table 122: Changes in other liabilities in 2021

In EUR	Balance as at 31 December 2020	Formation	Use	Reversal	Balance as at 31 December 2021
Accrued costs for unused annual leave	811,062	924,362	791,635	11,624	932,164
Short-term deferred revenues	0	180,951	0	0	180,951
Other accrued costs	135	2,821	-97	0	3,053
Total	**811,197**	**1,108,134**	**791,539**	**11,624**	**1,116,168**

Table 123: Changes in other liabilities in 2020

In EUR	Balance as at 31 December 2019	Formation	Use	Reversal	Balance as at 31 December 2020
Accrued costs for unused annual leave	839,689	898,662	800,266	35,758	902,327
Short-term accrued costs of deviations	143,519	1,239	143,519	0	1,239
Other accrued costs	21,005	219,951	205,222	0	35,734
Total	**1,004,213**	**1,119,852**	**1,149,007**	**35,758**	**939,300**

Contingent liabilities and other off-balance sheet records

Table 124: Guarantees, bills of exchange, contingent liabilities and other off-balance sheet assets

In EUR	31 December 2021	31 December 2020
Guarantees, bills of exchange and contingent liabilities	**18,694,035**	**76,535,229**
Securities for insurance of payments – guarantees	171,587	21,760,297
Securities for insurance of payments – bills of exchange	13,500,000	49,325,000
Bank guarantees granted	3,893,214	3,436,480
Enforcement drafts given	410,557	425,725
Contingent liabilities for damages	484,387	224,912
Small tools in use	232,997	1,339,779
Contingent liabilities for payments under leases	1,292	23,037
Other off-balance-sheet records	**4,022,321**	**4,643,308**
Average cost of connection SODO d.o.o. transfer of assets 1 July to 31 Dec 2009	2,962,428	3,120,385
Average cost of connection SODO d.o.o. transfer of fixed assets as of 1 January 2010	875,023	911,495
Assets for holiday facilities – Eldom d.o.o.	184,870	184,870
Other	0	16,002
Received enforcement drafts	0	410,557

The management estimates that the probability of receipts and expenditures from the above-mentioned receivables and liabilities is very small, which is why the Group discloses the amounts merely for information purposes. The Group does not disclose off-balance sheet contingent liabilities as defined by the ZGD-1.

Determination of fair value

Table 125: Fair value and carrying amount of assets and liabilities

In EUR	31 December 2021 Carrying amount	31 December 2021 Fair Value	31 December 2020 Carrying amount	31 December 2020 Fair Value
Financial assets at fair value through other comprehensive income	207,044	207,044	207,044	207,044
Financial assets measured at cost	56,594	56,594	56,594	56,594
Non-current operating receivables	67,683	67,683	65,483	65,483
Borrowings	55,125,000	55,125,000	49,325,000	49,325,000
Non-current operating liabilities	41,992	41,992	74,373	74,373
Total	**55,498,313**	**55,498,313**	**49,728,494**	**49,728,494**

The table includes assets and financial liabilities for which fair value is disclosed, while only financial assets measured at fair value through other comprehensive income are measured at fair value. Current operating receivables, cash and current operating liabilities are not presented as they are considered a good approximation of fair value in accordance with the IFRS.

Assets and liabilities are classified into the following levels according to their fair value: level 1 - assets at market prices, level 2 - assets whose value is determined on the basis of comparable market data and level 3 - assets and liabilities whose value cannot be obtained from market data.

Table 126: Assets and liabilities according to fair value

	31 December 2021				31 December 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	207,044			**207,044**	207,044			**207,044**
Financial assets measured at cost			56,594	**56,594**			56,594	**56,594**
Non-current operating receivables			67,683	**67,683**			65,483	**65,483**
Non-current operating liabilities			41,992	**41,992**			74,373	**74,373**
Borrowings			55,125,000	**55,125,000**			49,325,000	**49,325,000**

6.2 Notes to consolidated profit or loss statement items

Table 127: Types of revenues

In EUR	2021	2020
Operating revenues	88,236,181	83,805,783
Finance income	16,640	77,683
Other revenues	36,189	13,502
Total	**88,289,010**	**83,896,968**

Net sales revenues

Note 23

Table 128: Net sales revenues

In EUR	2021	2020
Sale of electricity and other energy products	242,526	376,719
Charged rents	32,190,709	27,707,963
- SODO d.o.o. – rent	31,751,443	27,353,439
- other	439,266	354,524
SODO d.o.o. contract services	26,248,523	26,046,446
Charged services	5,069,945	4,125,595
Sale of waste material	186,016	161,443
Total	**63,937,719**	**58,418,165**

Table 129: Observed settlements of SODO d.o.o. in the 2021 regulatory year

In EUR	Actual revenue 2021	Preliminary settlement	Final settlement	Total 2021
Rent	31,372,392	369,949	9,102	31,751,443
Services	22,665,991	4,692,726	-1,291,145	26,067,572
Total	**54,038,383**	**5,062,675**	**-1,282,043**	**57,819,015**

Table 130: Observed settlements of SODO d.o.o. in the 2020 regulatory year

In EUR	Actual revenue 2020	Preliminary settlement 2020	Final 2020	Total 2020
Rent	30,261,599	-2,908,160	0	27,353,439
Services	23,268,432	2,698,434	79,580	26,046,446
Total	**53,530,031**	**-209,726**	**79,580**	**53,399,885**

Capitalised own products and services

Note 24

Table 131: Capitalised own products and services

In EUR	2021	2020
Capitalised products	20,884,742	21,036,167
Capitalised services	528,806	515,688
Total	**21,413,549**	**21,551,855**

Capitalised own products and services include own construction of investments and revenues from in-house services (finalisation of equipment).

Other operating revenues

Note 25

Table 132: Other operating revenues

In EUR	2021	2020
Reversal of provisions and accrued costs and deferred revenue	11,990	36,029
Drawing of long-term accrued costs and deferred revenue	1,494,378	1,466,769
Funds received from government grants – Covid-19	103,669	913,526
Indemnities received from the insurance company	305,285	242,564
Profit from the sale of fixed assets	48,136	176,407
Recovered receivables from previous years	91,555	149,273
Other operating revenues	829,900	851,194
Total	**2,884,913**	**3,835,762**

Other operating revenue relates primarily to the revenue from the drawing of long-term deferred revenues in amounts for covering the cost of depreciation of property, plant and equipment acquired free of charge, and funds for the co- financing of electricity facilities, indemnities received from insurance companies for damage to the electricity system, and recovered receivables for electricity and network usage.

Table 133: Other revenues associated with business effects (government grants – Covid-19)

In EUR	I-XII 2021	I-XII 2020
Revenues based on employee contribution exemptions	0	440,841
Revenues based on employer contribution exemptions	3,537	252,628
Revenues based on compensations – sick leave benefits for up to 30 days	0	51,624
Revenues based on the crisis bonus – refunds	31,739	25,817
Revenues based on compensations – force majeure – childcare	17,806	16,015
Revenues based on compensations – Covid-19 quarantine	28,282	14,751
Revenues based on compensations – short-term sick leave and cohabitation	22,305	-1,966
Total	**103,669**	**799,710**

Cost of goods, materials and services

Note 26

Table 134: Cost of goods, materials and services

In EUR	2021	2020
Cost of material	13,799,909	13,928,789
Costs of services	7,452,317	7,174,034
Total	**21,252,226**	**21,102,823**

Costs of material mainly include the costs of material in investment and construction works at the parent company.

Costs of services include mainly the amounts of maintenance services for fixed assets, insurance premiums and IT.

An auditing contract was concluded for the auditing of the Group's financial statements and annual report for 2021 in the amount of EUR 22,327. This amount used for other auditing services amount of EUR 2,725 (same as in 2020). There were no other transactions with the selected auditor in 2021.

Labour cost

Note 27

Table 135: Labour cost

In EUR	2021	2020
Cost of wages and salaries	22,511,664	20,187,070
Cost of supplementary pension insurance for employees	1,065,428	1,010,937
Cost of employer contributions and other wage taxes	3,673,098	3,323,855
Other labour cost	4,693,557	4,721,725
Total	**31,943,747**	**29,243,587**

Salaries were paid by the companies on the basis of the provisions of the Industry and Corporate Collective Agreements and employment contracts.

Other labour costs include holiday pay, reimbursement to employees for material costs, and the amount of provisions set aside for long-service bonuses and severance pay upon retirement.

Table 136: Gross receipts of special groups of employees in 2021

In EUR	2021	2020
Members of Management Boards and the management of companies	276,083	274,996
- Boris Sovič, MSc, President of Elektro Maribor d.d.	107,559	122,974
- Jože Hebar, President of Elektro Maribor d. d.	5,121	0
- Bojan Horvat, Director of Energija plus d.o.o.	121,735	112,204
- Neven Lisica, Director of OVEN Elektro Maribor d. o. o.	49,438	52,806
Of which deferred receipts	-7,770	-12,988
Other employees under contracts not subject to the tariff section of the collective agreement	1,183,310	1,178,976
Members of the Supervisory Board of Elektro Maribor d.d. Group companies	128,371	95,944
Audit Committee	21,024	17,346
Total	**1,608,788**	**1,567,262**

Table 137: Gross receipts of special groups of employees in 2020

In EUR	2020
Members of Management Boards and the management	274,996
- Boris Sovič, MSc, President of Elektro Maribor d.d.	122,974
Of which deferred receipts	-12,988
- Bojan Horvat, Director of Energija plus d.o.o.	112,204
- Neven Lisica, Director of OVEN Elektro Maribor d. o. o.	52,806
Other employees under contracts not subject to the tariff section of the collective agreement	1,178,976
Members of the Supervisory Board of Elektro Maribor d.d. Group companies	95,944
Audit Committee	17,346
Total	**1,567,262**

Only the parent company of the Group, Elektro Maribor d.d., has a Supervisory Board, and the members' names are disclosed in Chapter II Business Report of Elektro Maribor d.d., which also discloses the names of the members of Management Boards of Group companies.

On 21 May 2021, a three-member Supervisory Board and Audit Committee were appointed at Energija plus d. o. o. based on the amendment of the ZGD-1K.

Group companies have no receivables and liabilities in respect of the members of the Management and Supervisory Boards, except for December salaries which were paid in January 2022.

The Group did not give any advances or loans to employees under contracts not subject to the tariff section of the collective agreement, the Management Board or the members of the Supervisory Board and its committees.

Amortisation and depreciation expense

Note 28

Table 13: Amortisation and depreciation expense

In EUR	2021	2020
Amortisation of intangible assets	1,865,896	1,588,931
Amortisation of intangible assets – easement rights	23,653	21,405
Depreciation of property, plant and equipment	20,560,381	19,963,741
Depreciation of investment property	24,087	23,891
Total	**22,474,017**	**21,597,967**

Write-downs and other operating expenses

Note 29

Value adjustments of receivables at the Group refer mainly to receivables where there was doubt as to their payment for the use of the network and the services rendered.

Table 139: Write-downs and other operating expenses

In EUR	2021	2020
Operating expenses from revaluation of intangible assets and property, plant and equipment	233,664	309,739
Operating expenses from receivables, of which:	54,828	266,930
- for the use of the network and sale of electricity	45,978	257,601
- for services rendered	8,850	9,329
Other operating expenses	0	25,744
Total	**288,492**	**602,413**

Other operating expenses

Note 30

Table 140: Other operating expenses

In EUR	2021	2020
Provisions for guarantees issued	25,399	120,803
Provisions for legal proceedings	195,278	328,996
Charge for the use of building land	328,416	504
Energy efficiency-related co-financing	0	175,339
Other duties and expenses	189,116	4,901
Total	**738,209**	**630,542**

Finance income

Note 31

Table 141: Finance income

In EUR	2021	2020
Finance income from loans granted	**0**	**5**
Finance income from loans granted to others	0	5
Finance income from operating receivables	**16,640**	**77,678**
Finance income from operating receivables due from others	16,640	77,678
Total	**16,640**	**77,683**

Finance expenses

Note 32

Table 142: Finance expenses

In EUR	2021	2020
Finance expenses from financial liabilities	**354,838**	**374,585**
Financial expenses from loans received from others	347,081	365,757
Finance expenses from other financial liabilities	7,757	8,828
Finance expenses from operating liabilities	**24,143**	**76,715**
Financial expenses from trade payables	184	32,501
Finance expenses from other operating liabilities	23,959	44,214
Finance expenses from impairment of financial assets	**691,280**	**0**
Total	**1,070,261**	**451,301**

Finance expenses from impairment of financial assets

Note 33

Finance expenses from the impairment of financial assets amount to EUR 691,280 and include amounts of loss at the associate Moja energija d. o. o.

Income from shares of the profit/loss of associates

Note 33

The table below presents the profits of associates in the amount of EUR 138,481.

Table 143: Participation in the profit of associated companies

In EUR	2021	2020
Participation in the profit of associated companies	138,481	73,376

Other revenue and expenses

Note 34

Table 144: Other revenue and expenses

In EUR	2021	2020
Other revenues	36,189	13,502
Other expenses	95,678	107,442

Deferred taxes

Note 35

Table 145: Deferred taxes

In EUR	2021	2020
Deferred tax for provisions for long-service bonuses and severance pay	98,771	128,310
Deferred tax from formed revaluation adjustments of receivables	-36,502	22,085
Deferred tax from long-term accrued costs and deferred revenues	-19,642	-19,642
Total	**42,627**	**130,753**

In 2021, the Group recognised deferred tax assets for temporary deductible tax differences based on past and current expenses not recognised for tax purposes, i.e. on the basis of provisions set aside for long-service bonuses and severance pay upon retirement, as well as for operating expenses from revaluation resulting from receivables and long-term accrued costs and deferred revenues, none of which are recognised for tax purposes. When calculating deferred tax assets, the tax rate of 19% was used and is expected to be used in the following financial years as well.

In 2021, such receivables increased the Group's profit or loss by EUR 42,627.

Table 146: Adjustment of levied tax calculated on the basis of reported profit before tax

	2021		2020	
	Rate	In EUR	rate	In EUR
Pre-tax profit		13,241,140		13,225,796
Income tax based on the official rate	19.00%	2,515,817	19.00%	2,512,901
Amounts having a negative impact on tax base		291,693		391,635
- amount for reducing expenses to the level of tax deductible expenses		291,693		391,635
- amount for increasing revenues to the level of tax deductible revenues		0		0
Amounts that have positive impact on tax base (+)(-)		350,850		366,539
- amount from the increase in expenses to the level of tax deductible expenses		51,384		79,374
- amount from the decrease in revenues to the level of taxable revenues		299,466		287,165
- amount from the decrease of taxed long-term provisions for long-service bonuses and severance pay				
Tax relief		-950,221		-945,126
- used reliefs having an effect on the tax liability decrease		-950,221		-945,126
Initial recognition of deferred taxes from temporary differences		-14,349		-15,895
Increase in the tax base		13,263		9,827
Other		-58,498		0
Increase/decrease in deferred tax				130,750
Tax cost	**10.93%**	**1,446,856**	**12.00%**	**1,586,803**
Increase/decrease of deferred tax		**42,627**		**130,750**
Tax in the P&L statement	**10.61%**	**1,404,229**	**11.01%**	**1,456,051**

Net profit or loss

Note 36

Table 147: Profit or loss before tax

In EUR	2021	2020
Operating profit or loss	11,539,490	10,628,449
Financial result	-915,140	-300,241
Profit or loss from other revenues and expenses	-59,489	-93,939
Total	**10,564,861**	**10,234,269**

Participations in profits paid within the Group amounting to EUR 1,296,151 and costs/revenues amounting to EUR 926,581 were eliminated. The elimination of EUR 100,000 arises from the attribution of profits in the share of Moja energija d. o. o. The attribution of profits in the amount of EUR 138,481 refers to the attribution of shares in the profit of the associated companies Informatika d. o. o. and Eldom d. o. o. and the attribution of the share in the loss of Moja energija d. o. o. in the amount of EUR 691,280.

6.3 Notes to the items of the consolidated cash flow statement

The consolidated cash flow statement was compiled according to the direct method based on turnover and bank account data of the individual Group companies.

The consolidated cash flow statement does not include intra-group receipts and disbursements.

Cash receipts from operating activities

Note 37

Receipts from operating activities in the amount of EUR 335,296,563 (EUR 330,399,343 in 2020) represent 96% of the Group's total receipts and relate mainly to receipts from the sale of energy products, rents for electricity infrastructure and services rendered.

Cash disbursements from operating activities

Note 38

Disbursements from operating activities in the amount of EUR 328,658,997 (EUR 314,725,668 in 2020) represent 94% of the Group's total disbursements and relate mainly to disbursements for the purchase of materials and services.

Cash receipts from investing activities

Note 39

Receipts from investing activities in the amount of € 154,162 (€ 2,298,067 in 2020) relate mainly to receipts from the disposal of property, plant and equipment.

Cash disbursements from investing activities

Note 40

Disbursements from investing activities in the amount of EUR 12,128,065 (EUR 314,725,668 in 2020) represent 3 % of the Group's total disbursements and relate mainly to disbursements for the purchase of property, plant and equipment.

Receipts from financing activities

Note 41

Receipts from financing activities in the amount of EUR 12,620,000 (EUR 330,399,343 in 2020) represent 4 % of the Group's total receipts and relate to the long-term loan received for the financing of construction of electricity facilities and devices in the amount of EUR 12,000,000 and a short-term bridge loan in the amount of EUR 620,000 at Oven d. o. o.

Disbursements from financing activities

Note 42

Disbursements from financing activities in the amount of EUR 10,304,559 (EUR 314,725,668 in 2020) represent 3 % of the Group's total disbursements and relate mainly to disbursements for the repayment of financial obligations, disbursements for dividend distribution and disbursement for paid interest.

Net cash flow

Note 43

Net cash flow at the Group for the period is negative, amounting to EUR 3,020,896.

Cash amounting to EUR 2,999,910 was eliminated at the Group as part of the reclassification process.

7 FINANCIAL RISKS

Financial risks are possible events that (un)favourably affect the achievement of strategic and annual goals of the Group's financing and include:

- Credit risk as the risk of loss (benefit) due to (non)fulfilment of the debtor's obligations to an individual company in the group.
- Market risk as the risk of loss (benefit) due to changes in the prices of goods, currencies or financial instruments or changes in interest rates.
- Liquidity risk as the risk of loss (benefit) due to short-term (in)solvency.
- Equity risk as the risk that an individual company in the group always has/does not have sufficient long-term sources of financing in view of the scope and types of transactions it performs and the risks to which it is exposed when performing said transactions.

Risk management, risk management procedures and controls are explained in the business part of the Report, i.e. the Risk management section.

7.1 Credit risk

In 2021, the Group actively monitored the balance of trade receivables and carried out appropriate recovery processes accordingly.

Exposure to credit risk is actively managed at the Group through ongoing monitoring and financial collateralisation of outstanding receivables, active recovery of past due and outstanding receivables and charging default interest in case of late payment.

Table 149: Breakdown of current operating receivables by maturity

In EUR	31 December 2021	Structure in %	31 December 2020	Structure in %
Non-past due receivables	15,340,092	92.3	37,429,963	93.2
Past due by up to 30 days	232,461	1.4	2,529,641	6.3
Past due by 31-60 days	49,187	0.3	98,118	0.2
Past due by 61-90 days	187,730	1.1	85,106	0.2
Past due by more than 90 days	806,988	4.9	5,728	0.0
Total	**16,616,458**	**100.0**	**40,148,556**	**100.0**

Table 149: Changes in value adjustments of receivables in 2021

In EUR	Balance as at 31 December 2020	Decreases	Increases	Balance as at 31 December 2021
Value adjustments of current operating receivables:				
- decrease in value adjustments due to payments		79,253		
- decrease of value adjustments due to write-offs		165,230		
Total	**1,644,685**	**244,483**	**49,864**	**1,450,066**

Table 150: Changes in value adjustments of receivables in 2020

In EUR	Balance as at 31 December 2019	Decreases	Increases	Balance as at 31 December 2020
Value adjustments of current operating receivables:				
- decrease in value adjustments due to payments		400,410		
- decrease of value adjustments due to write-offs		244,756		
Restatement according to IFRS		35,026	643,422	
Total	**7,781,747**	**680,192**	**1,081,027**	**8,182,581**

Credit risk is estimated to have a moderate impact on operations. The probability of an (un) desired event is between 25% and 50%. The probability of an impact on the Group's revenues or expenses ranges from EUR 10,000 to EUR 100,000.

7.2 Market risk

The carrying amount of long-term debts is equal to their fair value. The carrying amount of non-current liabilities equals their fair value. Non-current liabilities of the company are not exposed to any special exchange and credit risks. The exposure to interest rate risk represents a potentially negative change in the EURIBOR reference interest rate. Changes in interest rate are not specifically hedged with financial instruments. The Group’s exposure to interest rate risk is assessed as low considering only 14% of the assets are financed by bank loans.

Market risk is estimated to have little impact on operations. The probability of an (un) desired event is lower than 25%. The probability of an impact on the Group's revenues or expenses is up to EUR 10,000.

Cash flow sensitivity analysis is based on the sensitivity to a change in the interest rate on the hired loans. Given the volume of borrowings at a variable interest rate as at 31 December 2021 and assuming that all other variables remain unchanged, a change in the interest rate by 0.1 pp would mean higher expenditure by EUR 1,471, a change in the interest rate by 0.2% pp would mean higher expenses by EUR 2,943, and a change in the interest rate by 0.3 pp would mean higher expenses by EUR 4,414.

7.3 Liquidity risk

Liquidity risk represents the mismatch between the maturity of financial assets and the payment of liabilities, which can lead to the insolvency of the Group, which is reflected in the fact that the Group is currently unable to settle its liabilities. The Group manages its exposure to liquidity risk through weekly planning and monitoring of realised inflows and outflows and a timely approach to anticipated borrowing.

In order to finance investments, the Group obtains opinions and the necessary consents for borrowing from the competent ministries and SODO d. o. o. in a timely manner

Loans for the financing of investments are presented subject to contractual cash flows that contain the amount of the principal plus interest.

Table 151: Maturity of liabilities as at 31 December 2021

In EUR	Carrying amount as at 31 December 2021	Maturity		
		Up to 1 year	From 1 to 5 years	More than 5 years
Loans for the financing of investments	55,125,000	7,025,343	30,408,011	19,675,324
Non-current operating liabilities	41,992	0	41,992	0
Non-current lease liabilities	500,219	53,561	267,803	178,855
Current operating liabilities	16,847,225	16,847,225	0	0

Table 152: Maturity of liabilities as at 31 December 2020

In EUR	Carrying amount as at 31 December 2020	Maturity		
		Up to 1 year	From 1 to 5 years	More than 5 years
Loans for the financing of investments	49,325,000	6,200,000	24,750,000	18,375,000
Non-current operating liabilities	74,373	53,377	20,996	0
Non-current lease liabilities	769,141	100,247	417,433	251,461
Current operating liabilities	33,727,493	33,727,493	0	0

Liquidity risk is managed through the monitoring of the basic financial ratios.

Table 153: Basic liquidity risk ratios

	31 December 2021	31 December 2020
BASIC FINANCIAL RATIOS		
Acid test ratio = liquid assets / current liabilities	0.16	0.35
Quick ratio = liquid assets – current receivables / current liabilities	0.50	1.41
Current ratio = current assets / current liabilities	1.44	1.47

Liquidity risk is estimated to have little impact on operations. The probability of an (un) desired event is lower than 25%. The probability of an impact on the Group's revenues or expenses is up to EUR 10,000.

7.4 Equity risk

The main purpose of equity management is to ensure capital adequacy, financial stability, long-term solvency and the highest possible value for shareholders.

Table 154: Basic equity risk ratios

	31 December 2021	31 December 2020
BASIC FINANCING RATIOS		
Equity financing share in % = equity / liabilities	68.67	70.36
Long-term financing rate in % = equity + long-term debt + provisions + long-term accrued costs and deferred revenues / liabilities	88.56	90.41
BASIC FINANCIAL RATIOS		
Equity to operating fixed assets ratio = equity / fixed assets	0.83	0.83
BASIC PROFITABILITY RATIOS		
Net return on equity in % = net profit or loss / average equity (excluding net profit or loss for the period)	3.03	3.04

Lenders demand that the values of financial commitments stipulated in loan agreements be achieved, the consequences of non-achievement could be the reason for the premature maturity of loans. As at 31 December 2021, the Group has fulfilled all contractual provisions with respect to lenders.

In its operations, the Group took into account the expected goals and economic and financial indicators arising from the Annual State-Owned Asset Management Plan and the Recommendations and Expectations of SSH. In 2021, the Group realised a ROE of 3%.

Equity risk is estimated to have a small impact on operations. The probability of an (un) desired event is lower than 25%. The probability of an impact on the Group's revenues or expenses is up to EUR 10,000.

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LIST OF ABBREVIATIONS

PAI	Prepayments and accrued income
ADMS	Advanced Distribution Management System
AMI	Advanced metering infrastructure
GDP	Gross domestic product
CAPEX	Capital expenditure
COSO	Committee of sponsoring Organizations of teh Treadway Commission
RL	Road lighting
VAT	Value added tax
RCS	Remote-controlled switch
DV	Transmission line
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EDC	Electricity distribution companies
EFQM	European Foundation for Quality Management
EHP	Power cable with polyethylene insulation, with a semi-conductive layer around the insulation and an outer jacket from polyvinyl chloride
EIB	European Investment Bank
EMAG	Elektro Maribor, d.d. ticker
ERP	Enterprise Resource Planning
EURIBOR	Euro Interbank Offered Rate
GIS	Geographic Information System
EIG	Economic interest grouping
GRI	Global Resource Planning
GWh	Gigawatt hours
HEPP	Hydroelectric power plant
IEC	International Electrotechnical Commission
IIS	Integrated information system
ICT	Information and communication technology
ISO	International Organization for Standardization
CD	Cable duct
KDD	Centralna klirinško depotna družba d. d.
kV	Kilovolt
ABP	Annual business plan
SPVPP	Small photovoltaic power plant
SHEPP	Small hydroelectric power plant
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
MVA	Mega volt ampere
MW	Megawatt
MWh	Megawatt hours
NMS	Network Management System advanced metering system
LV	Low voltage
LVN	Low voltage network
SB	Supervisory board
RU	Regional unit

OHSAS	Occupational Health and Safety Advisory Services
OPEX	Operating expense
IFRIC	IFRS Interpretations Committee
PČR	Accrued costs and deferred income
PLC	Power Line Carrier
AC	Audit Committee
ROA	Return on Assets
ROE	Return on Equity
SS	Substation
RS	Republic of Slovenia
TSS	Transformer substation
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SCADA	Supervisory Control and Data Acquisition
SDH	Slovenian Sovereign Holding
SU	Service unit
SIST	Slovenian Institute for Standardization
MV	Medium voltage
SODO	Distribution network operator
CHE	Cogeneration of heat and electricity
SAS	Slovenian Accounting Standards
TS	Transformer station
TR	Transformer
TRR	Transaction account
BTS	Backbone transformer station
TWh	Terawatt hours
IMAD	Institute for Macroeconomic Analysis and Development of the Government of the Republic of Slovenia
HV	High voltage
MOR	Maintenance operating reserve
HSW	Health and safety at work
XHP	Power cable with cross-linked polyethylene insulation, with a semi-conductive layer around the insulation and an outer jacket of polyvinyl chloride
ZGD-1	Companies Act
ZJN-3	Public Procurement Act

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ELEKTRO MARIBOR

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