



ELEKTRO MARIBOR

Annual Report 2022



ELEKTRO MARIBOR

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

2022

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I. Business Report

1 ADDRESS BY THE PRESIDENT OF THE MANAGEMENT BOARD¹

Once again, we had a very difficult year for society and for people, with challenges that we did not expect and that were not part of our thoughts and plans. The uncertain world situation, the consequences of the COVID-19 epidemic and the energy crisis, with all the measures it has brought, left a deep imprint on people and society. The operations of Elektro Maribor were strongly affected by the adoption of the Act Determining Emergency Measures to Mitigate the Consequences of the Impact of High Energy Commodity Prices (hereinafter referred to as the Emergency Measures Act) and the rising prices of energy products, materials and services.

Despite the challenges, we successfully closed the 2022 financial year with a net profit of EUR 4 million. The result achieved is EUR 9 million, or 69%, below plan. The operating result was negatively impacted by the three-month shortfall in the Company's revenues resulting from the Emergency Measures Act. On the positive side, the result was positively affected by the completion of the sale of 51% of the shares in the subsidiary Energija plus d.o.o.

Despite unexpected events, all our employees worked hard to ensure that our customers were supplied with the best possible electricity and that the Company's business was stable. The Emergency Measures Act has severely limited the financial resources we had planned to invest in strengthening the grid, with the aim of enabling us to increase connection capacity and integrate distributed resources, as dictated by European and Slovenian commitments. At the same time, we faced, and continue to face, rising material and energy prices. The Company actively responded to this situation by taking a number of measures, notably in the areas of maintaining solvency, recruitment and procurement.

The purpose of investing in energy infrastructure is to increase the robustness, strength and sophistication of the electricity distribution infrastructure. In 2022, despite the exceptional conditions, we were able to realise EUR 29 million in capital investments. The largest investments were made in the electricity distribution network, with the aim of ensuring a smooth and high-quality supply of electricity to consumers. The shortfall in revenues and, consequently, in liquidity to finance capital investments, resulted in a 13% under-performance of planned capital investments and of the previous year. Nevertheless, we laid more than 57 km of new MV and LV cables, renewed more than 178 km of MV and LV cables and overhead lines, and built 27 new and renewed 36 transformer stations.

The trend of increasing applications for connection consent for production installations, especially for self-supply installations, continued. Compared to the previous year, we received 84% more applications for consent to connect a self-supply power plant and issued 101% more consents to connect a self-supply power plant. As a consequence, the number of grid-integrated generation sources and connection capacity are also increasing at a high growth rate. Customer connection capacity was at an all-time high of 3,315 MW, an increase of 44 MW compared to the previous year. Similarly, the connected capacity of generation sources was also the highest ever at 277 MW, an increase of 59 MW compared to the previous year. In 2022, we distributed 2,282 GWh of electricity to meet the needs of the population and the economy, a decrease of 1.4% compared to the previous year.

One of the fundamental objectives of Elektro Maribor d.d. is to take into account the social and environmental aspects of its business in order to ensure sustainable development of the Company. Therefore, we place great emphasis on transparent sustainability reporting based on the latest GRI international sustainability reporting standards. In 2022, we also obtained the accession certificate "Socially Responsible Employer", which comprehensively addresses the area of social responsibility of Elektro Maribor d.d., with a special focus on the relationship to employees.

¹ GRI 2-22.

Going forward, the focus will be on meeting energy and climate goals, in which the electricity distribution network also plays an essential role. It is important to prepare well for the future that lies ahead in the context of green transformation and digitalisation. With the commitment and responsibility of all our employees, we have managed to meet the challenges so far. I am confident that we will do just as well in the future and that we will walk boldly in the face of the challenges ahead.

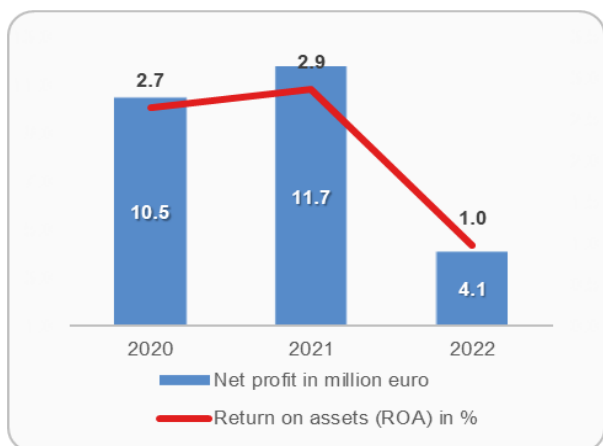
Yours faithfully,

President of the Management Board:
Jure Boček, univ. degree in el. eng.

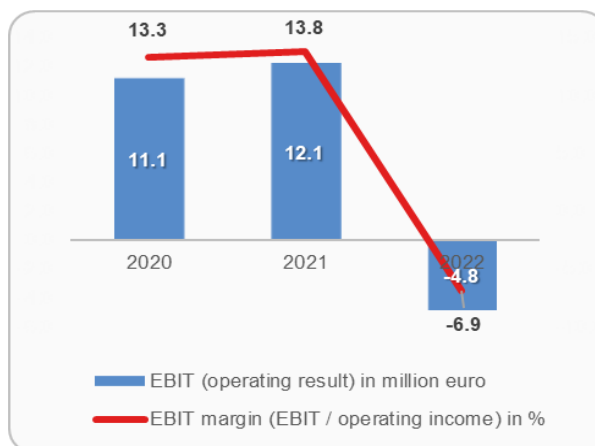
2 BUSINESS HIGHLIGHTS FOR 2022 – ELEKTRO MARIBOR D.D.

Over-performance in 2022 compared to previous years:

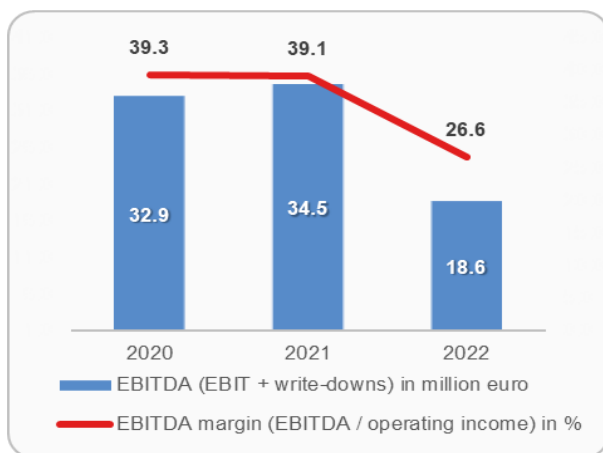
Number of users (224,450),
 Connection capacity of customers (3.315 MW),
 Metered power (25,151 MW),
 Peak (hourly) system power (467 MW).



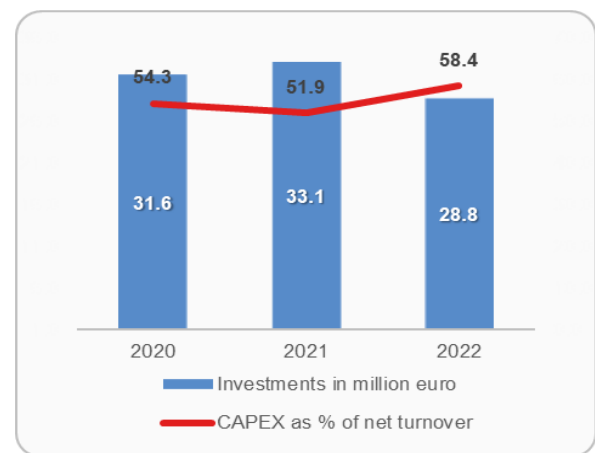
Net profit and ROA



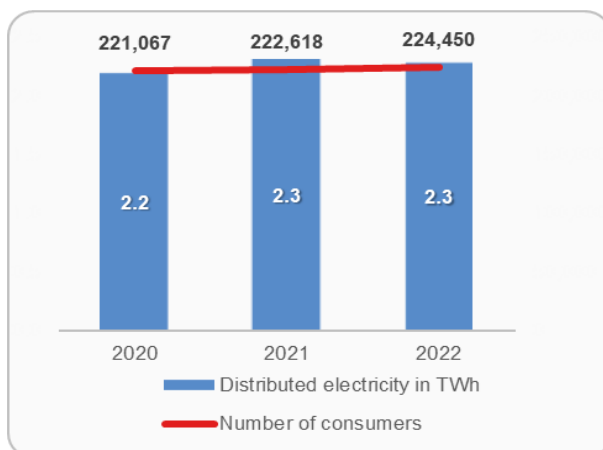
EBIT and EBIT margin



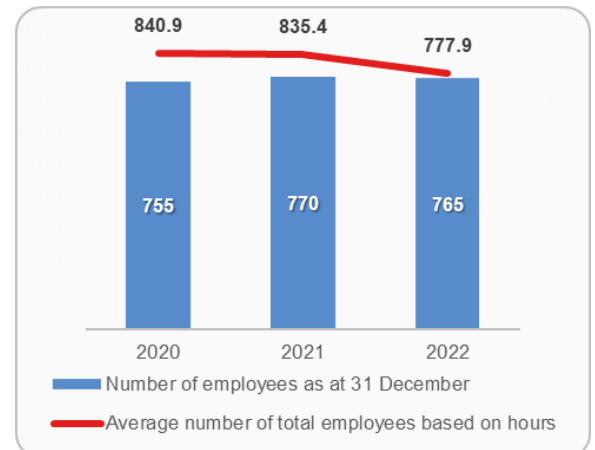
EBITDA and EBITDA margin



Investments and net turnover



Distributed electricity and number of consumers



Number of employees

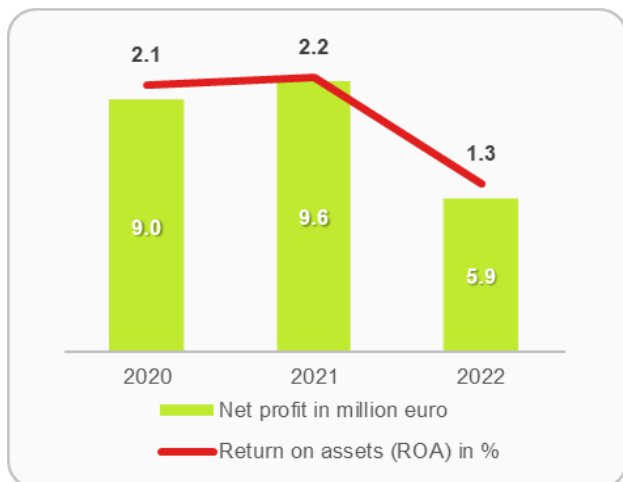
Performance indicators of Elektro Maribor d.d.

	2022	2021	2020
Financial indicators			
Net profit in euro	4,122,346	11,719,561	10,473,594
Return on assets (ROA) in %*	0.98	2.87	2.65
Return on equity (ROE) in %	1.35	3.92	3.59
EBIT (Operating profit) in euro	-4,812,087	12,131,780	11,138,216
EBIT margin (EBIT/operating income) in %	-6.88	13.76	13.33
EBITDA (EBIT + write-downs) in euro	18,641,647	34,473,190	32,855,097
EBITDA margin (EBITDA/operating income) in %*	26.64	39.11	39.33
Revenue and costs			
Total revenue in euro	79,912,718	89,588,226	84,660,387
Operating income (gross operating income) in euro	69,974,196	88,139,374	83,535,628
Net turnover in euro	49,307,919	63,841,981	58,153,824
Value added in euro ²	49,382,650	66,246,487	61,890,931
Value added per employee from hours in euro*	63,483	79,299	73,600
Total costs and expenses in euro	76,180,248	76,474,408	72,949,396
Operating costs and expenses in euro	74,786,283	76,007,595	72,397,412
Assets and liabilities			
Assets as at 31 December in euro	423,257,525	417,239,732	399,079,365
Equity as at 31 December in euro	305,456,722	303,178,613	294,792,477
Own resources as % of liabilities to own resources	72.17	72.66	73.87
Financial liabilities/EBITDA	3.26	1.62	1.51
Net financial debt in euro ³	46,005,240	47,829,599	39,345,518
Net financial debt/EBITDA*	2.47	1.39	1.20
Employees			
Number of employees as at 31 December	765	770	755
Average number of employees per month	771.83	819.58	820.83
Average number of total employees based on hours ⁴	777.89	835.40	840.91
Average wage cost per employee based on hours	2,299	2,233	1,986
Main activity indicators			
Investments in euro	28,800,899	33,134,880	31,571,377
CAPEX⁵ as % of net sales*	58.41	51.90	54.29
Distributed electricity in MWh	2,282,042	2,314,390	2,197,131
Number of users (consumers and producers)	224,450	222,618	221,067
MWh distributed per number of consumers	10.17	10.46	10.00
SAIDI (own causes)*	26.31	33.92	56.24
SAIFI (own causes)*	0.87	1.02	1.71
MAIFI*	7.88	8.11	11.58
% of distributed energy losses *	4.52	4.55	4.84
OPEX⁶ of the regulated activity on distributed energy (Euro/MWh) *	22.47	21.26	21.45
OPEX of regulated activity per no. of consumers (euro/consumer)	228.46	222.35	214.52
OPEX of regulated activity per network length (euro/km)	2,994.52	2,896.38	2,794.36

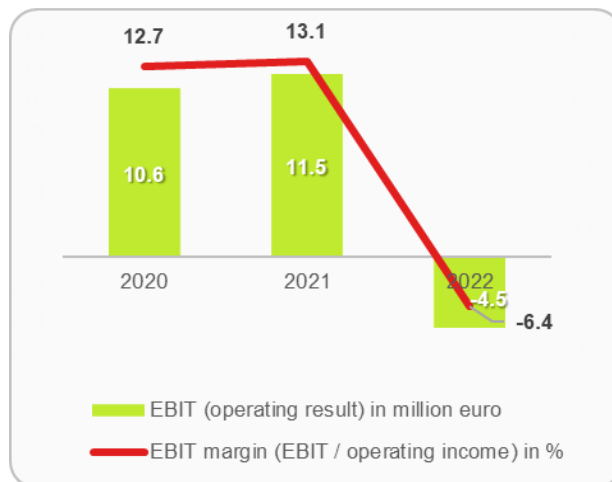
* SSH indicators

² Value added = operating revenue - cost of goods, materials and services - other operating expenses.³ Net financial debt = non-current financial liabilities + current financial liabilities - current financial investments - cash.⁴ Number of hours worked / annual quota of total hours.⁵ CAPEX = capital expenditure..⁶ OPEX = operating costs and expenses (cost of goods, materials and services, labour costs, write-downs, other operating expenses)..

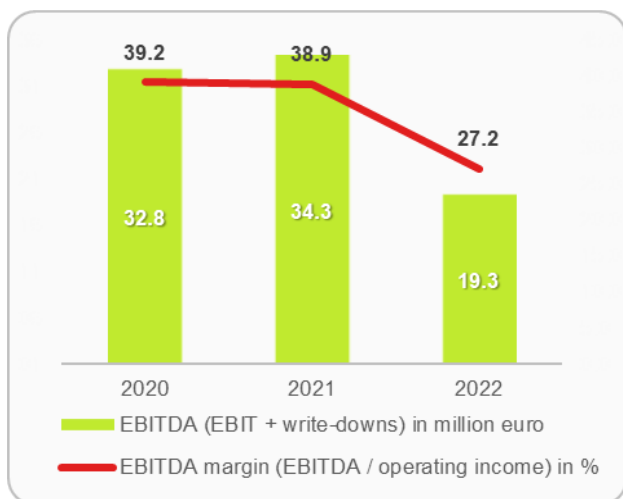
3 BUSINESS HIGHLIGHTS FOR 2022 – ELEKTRO MARIBOR GROUP



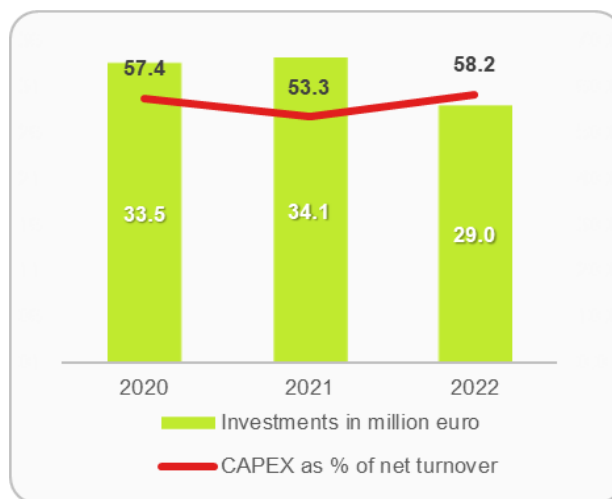
Net profit and ROA



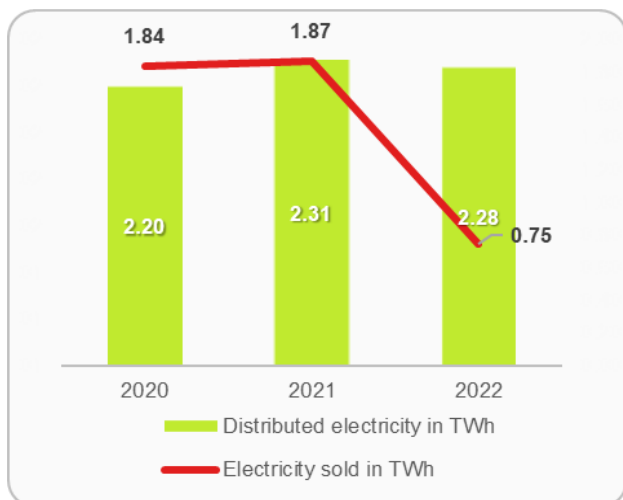
EBIT and EBIT margin



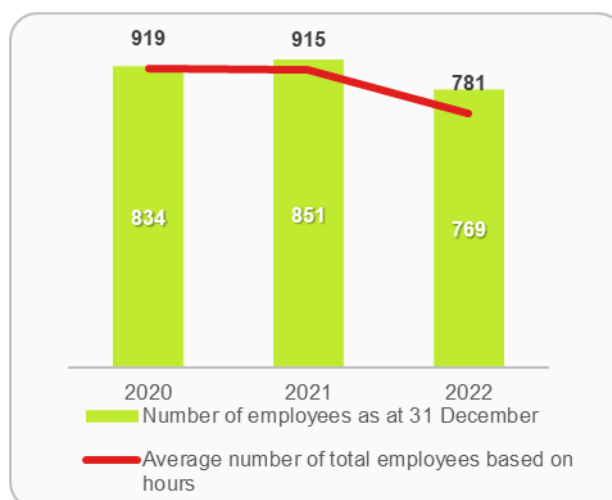
EBITDA and EBITDA margin



Investments and net turnover



Electricity distributed and sold



Number of employees

Performance indicators of the Elektro Maribor Group

	2022	2021	2020
Financial indicators			
Net profit in euro	5,859,172	9,582,373	8,976,316
Return on assets (ROA) in %	1.33	2.18	2.12
Return on equity (ROE) in %	1.89	3.14	3.00
EBIT (Operating profit) in euro	-4,537,849	11,539,490	10,628,449
EBIT margin (EBIT/operating income) in %	-6.38	13.08	12.68
EBITDA (EBIT + write-downs) in euro	19,336,808	34,301,999	32,828,830
EBITDA margin (EBITDA/operating income) in %	27.19	38.88	39.17
Operational indicators			
Total revenue in euro	98,462,733	88,427,491	84,160,442
Operating income in euro	71,116,090	88,236,181	83,805,782
Net turnover in euro	49,781,568	63,937,719	58,418,165
Value added in euro	50,310,051	66,245,746	62,072,417
Value added per employee from hours in euro	64,411	72,429	67,578
Total costs and expenses in euro	86,980,269	77,862,630	73,736,075
Operating costs and expenses in euro	75,653,939	76,696,691	73,177,333
Balance sheet indicators			
Assets as at 31 December in euro	430,183,457	448,660,677	429,040,154
Equity as at 31 December in euro	312,326,095	308,111,741	301,873,974
Own resources as % of liabilities to own resources	72.60	68.67	70.36
Financial liabilities/EBITDA	3.14	1.63	1.53
Net financial debt in euro	45,916,743	47,988,747	36,308,342
Net financial debt/EBITDA	2.37	1.40	1.11
Employees			
Number of employees as at 31 December	769	851	834
Average number of total employees based on hours	781.08	914.64	918.53
Activity			
Investments in euro	28,951,073	34,089,338	33,509,942
CAPEX as % of net sales	58.16	53.32	57.36
Distributed electricity in GWh	2,282	2,314	2,197
Number of consumers connected to the distribution network	224,450	222,618	221,067
Electricity sold in GWh	745	1,870	1,840
Electricity generated in MWh	10,760	15,191	11,794

4 REPORT BY THE SUPERVISORY BOARD

SUPERVISORY BOARD'S REPORT TO THE GENERAL MEETING ON THE VERIFICATION AND APPROVAL OF THE 2022 AUDITED ANNUAL REPORT OF ELEKTRO MARIBOR, D. D., AND ELEKTRO MARIBOR GROUP (Article 282 of the ZGD-I)

In accordance with Article 282 of the Companies Act (ZGD-1), the Supervisory Board of Elektro Maribor, d. d., submits to the General Meeting the Report on the verification and approval of the audited annual report of Elektro Maribor, d. d., and the Elektro Maribor Group for 2022. In 2022, the Supervisory Board performed its operations in accordance with applicable legal regulations and the Company's internal acts.

Composition

In 2022, the Supervisory Board of Elektro Maribor, d. d., acted until 31 January 2022 in the following composition:

- Samo Iršič,
- Tomaž Orešič,
- mag. Drago Štefe,
- Dušan Kovačič,
- Nenad Kajtezovič.

From 1 February 2022 to 30 June 2022, the Supervisory Board of Elektro Maribor, d. d., acted in the following composition:

- Samo Iršič,
- Tomaž Orešič,
- Dušan Kovačič,
- Nenad Kajtezovič.

From 1 July 2022 to 31 December 2022, the Supervisory Board of Elektro Maribor, d. d., acted in the following composition:

- Samo Iršič,
- Tomaž Orešič,
- mag. Samo Logar,
- Marija Šeme,
- Alan Ciglarič,
- Miran Arnuš.

Memberships in other bodies

Member of the Supervisory Board of Elektro Maribor, d. d., Tomaž Orešič is a member of a management and supervisory body of the unrelated company Resalta družba za upravljanje energetske storitev, d. o. o. Member of the Supervisory Board of Elektro Maribor, d. d., Samo Iršič is a member of a management and supervisory body of the unrelated company Mariborska livarna Maribor, d. d. Member of the Supervisory Board of Elektro Maribor, d. d., Samo Logar is a member of a management or supervisory body in the company Odvetniška družba Klešnik&Logar, družba za opravljanje odvetniškega poklica, o. p., d. o. o., and a member of a supervisory body in the company Istrabenz turizem, d. d., tourism and services. Member of the Supervisory Board of Elektro Maribor, d.

d., Marija Šeme is a member of a supervisory body of Kontrola zračnega prometa Slovenije, d. o. o., and Elektrooptika, poslovne storitve, d. d. Other members of the Supervisory Board are not members of management or supervisory bodies of related and unrelated companies.

Operation of the Supervisory Board

In 2022 financial year, the Supervisory Board of Elektro Maribor, d. d., operated in accordance with the fundamental function of control over the management of the Company's operations and the duty of care and diligence based on the powers granted to it by the applicable regulations and acts of the Company. The Supervisory Board oversaw the management and operations of Elektro Maribor, d. d., based on the provisions of the Companies Act, the Statute of the Elektro Maribor, d. d., and applicable legislation.

The work of the Supervisory Board was organised and took place in accordance with the provisions of the Rules of Procedure of the Supervisory Board. The Supervisory Board prepared for the discussed topics, made constructive proposals and responsible decisions based on the materials prepared by the Company's Management Board. The Company's Management Board was invited to all regular meetings of the Supervisory Board in 2022, which provided the Supervisory Board with materials as well as with additional explanation.

At nine regular meetings, three extraordinary and three correspondence meetings, the Supervisory Board considered and adopted the following important decisions:

- It appointed the Chairman of the Board of Elektro Maribor, d. d., for the new mandate period and dealt with its related (consent to work, consent to rent a car);
- It was acquainted with the draft annual business plan of the Company for 2023 and gave its consent to the 2023 Annual Business Plan of Elektro Maribor, d. d., with business projections for 2024 and 2025;
- It invited the Management Board of Elektro Maribor, d. d., to convene a general meeting with the aim of completing the membership of the Supervisory Board of Elektro Maribor, d. d., and decided on the proposal of candidates for members of the Supervisory Board of Elektro Maribor, d. d.;
- It got acquainted with the unaudited Annual Report of the Company and the Group for 2021 and checked the audited 2021 Annual Report of Elektro Maribor, d. d., and the Elektro Maribor Group and gave a positive opinion on the report of the independent auditor on the financial statements of Elektro Maribor, d. d., and on the independent auditor's report on the consolidated financial statements of Elektro Maribor for 2021; it gave consent to the proposed allocation of balance sheet profit for 2021;
- It submitted proposals for resolutions for the Company's General Meeting and proposed to the General Meeting that the General Meeting nominates BDO Revizija, d. o. o., as the authorised auditing company for 2022, 2023, 2024, 2025, and 2026;
- It got acquainted with the periodic unaudited reports on the operations of Elektro Maribor, d. d., and the Elektro Maribor Group, as well as with the priority of investments and commitments from NEPN and with the Annual asset management plan for 2022;
- It gave an opinion to the Management Board regarding the adoption of decisions at the General Meetings of subsidiary companies (appointment of the manager, procurator) and familiarised itself with the state of capital investments of Elektro Maribor, d. d., in other companies; it got acquainted with the effects of the sale of 51% of the business share in the company Energija plus, d. o. o., to the financial statements of Elektro Maribor, d. d., in 2022; it got acquainted with the purchase of a 25% business share in the company ELDOM, d. o. o.;
- It handled contracts for providing the necessary financial resources for the Company's operations (contracts on the issuance of guarantees, credit contracts, use of the limit, drawdown of the loan tranche, consent for the borrowing procedure); it also familiarised itself with the letter from the EIB, which refers to the reservation of rights in connection with the event of early repayment in accordance with the financial agreements due to the adoption of the intervention act;
- In accordance with the provisions of the indent 10 of Article 40 of the Statute of Elektro Maribor, d. d., it gave consent to the proposed changes, updates of systematisation, methodology and organisation in Elektro Maribor, d. d.;
- It gave consent to the Company's Management Board to sign Annex no. 3 and Annex no. 4 to the Agreement on the rental of electricity distribution infrastructure and the provision of services for the system operator of the distribution network; in accordance with the articles of association, it gave its consent to the sale of certain

infrastructure (unnecessary to the Company) and non-essential assets of the Company;

- In relation to the internal audit, it agreed with the Plan of internal audits in the Elektro Maribor Group for 2023 with a projection for 2024 and 2025; became familiar with the contents of the Report on internal auditing in 2021 in the Elektro Maribor Group;
- It familiarised itself with the Company's response to the changed circumstances and the decrease in regulated revenues of Elektro Maribor, d. d.; it instructed the Management Board to examine all legal options for the recovery or settlement of the debt owed to SODO, d. o. o.;
- It familiarised itself with and discussed the action plan for solving the problem in the field of issuing consents for the connection of self-sufficiency devices; the Company's activities in the elimination of risks in upgrading the ERP information system; key strategic projects; periodic reports of all authorised representatives in the Company; the issue of some major investment projects; it regularly monitored the publication of public contracts; studied all the writings received;
- It got acquainted with the information on measuring the climate in the Company for 2021 and the plan for the implementation of measures and activities, as well as certain personnel measures of the management; also, in accordance with Article 80 of the Act on the employee participation, it familiarised itself with the Annual Report of the Workers' Council to the Supervisory Board of Elektro Maribor, d. d., for 2021, with proposals for measures to improve the situation in the field of implementation of the Act on the employee participation in Elektro Maribor, d. d., and proposed the continuation of constructive dialogue on key issues;
- It appointed a permanent Staffing Committee and an external member of the Audit Committee and Staffing Committee and determined their remuneration, appointed the new chairman of the Supervisory Board and his deputy and members of the Audit Committee; completed a self-assessment for 2021; adopted the training program for members of the Supervisory Board for 2022; adopted the updated Rules of Procedure of the Audit Committee of the Supervisory Board of Elektro Maribor, d. d.

Participation in meetings

The participation of members of the Supervisory Board in meetings can be seen from the annex to the Management report.

Costs of operation of the supervisory body

Costs of operations of the Supervisory Board, the Audit Committee and the Staffing Committee

In EUR	2022
Meeting fees of the Supervisory Board	18,409
Performing the Supervisory Board's function	79,963
Meeting fees of the Audit Committee	8,721
Performing the Audit Committee's function	16,092
Meeting fees of the Staffing Committee	4,686
Performing the Staffing Committee's function	5,758
Insurance premiums	5,732
Education	1,345
Total costs	140,706

Work of the Supervisory Board committees

AUDIT COMMITTEE

In accordance with the provisions of Article 18 of the Rules of Procedure of the Supervisory Board of Elektro Maribor, d. d., the Audit Committee consists of three members.

In 2022, the Audit Committee of the Supervisory Board of Elektro Maribor, d. d., operated in the following

composition:

- Marija Šeme, MBA, president from 26 August 2022
- Barbara Nose, university economics graduate, external member since 15 September 2022
- Samo Iršič, Master of Management, member from 11 November 2021 to 7 February 2023
- Tomaž Orešič, university graduate in mechanical engineering, president from 8 September 2021 to 26 August 2022
- Branka Neffat, university law graduate, external member from 20 December 2021 to 14 September 2022

All of them, the president and the members of the Audit Committee, in the previous and current composition, are properly qualified for the field of operation of the audited entity (Elektro Maribor, d. d.). They help with the operation of the Supervisory Board, prepare high-quality and professional documents of the decisions of the Supervisory Board and ensure their implementation (Article 279 of the ZGD-1). In accordance with the provisions of the Corporate Governance Code for Joint Stock Companies, all members of the Audit Committee have provided a statement of independence, and these are published on the website of Elektro Maribor, d. d.

During the considered period, the Audit Committee of the Supervisory Board of Elektro Maribor, d. d., held 10 regular meetings, during which it adopted 118 decisions, of which three decisions remained in implementation on 31 December 2022. Based on the Recommendations for Audit Committees of the Slovenian Directors' Association, the meetings of the Audit Committee were planned in such a way that there was time between the Audit Committee meeting and the Supervisory Board meeting to resolve all matters that were discussed at the Audit Committee meeting and that required additional monitoring of corrections so that this was reported to the Supervisory Board. Members of the Supervisory Board who are not members of the Audit Committee had access to the materials of the Audit Committee, and in addition, the president of the Audit Committee regularly reported on the operations and findings of the Audit Committee at the meetings of the Supervisory Board in the point concerning the Audit Committee.

In accordance with provisions of the ZGD-1, the Rules of Procedures of the Supervisory Board of Elektro Maribor, d. d., (April 2019 and November 2022) and the Rules of Procedures of the Audit Committee of Elektro Maribor, d. d. (June 2019 and September 2022) and in accordance with the 2017 Recommendations for audit committees of the Slovenian Directors' Association (hereinafter: the Recommendations), the Audit Committee performed tasks in the following areas during the period under review:

- Financial reporting: Review of the annual report of the Company/Group, review of the interim financial statements of the Company/Group including disclosures, review of previous projections, plans and other official notifications of the Company, presentation of the accounting policies of the Company/Group, review of important estimates and judgements used in the preparation of financial statements, review of significant and unusual business events, review of all internal financial and business reports and information prepared for the Supervisory Board of Elektro Maribor, d. d., which the Management Board of Elektro Maribor, d. d., in 2022, submitted for review to the Audit Committee before each meeting of the Supervisory Board.
- Internal controls and risk management: The Supervisory Board of Elektro Maribor, d. d., did not establish a special risk committee; therefore, the Audit Committee monitored the internal control system as well as the risk management system during the period in question. For this purpose, the Audit Committee reviewed or became familiar with the internal control system; risk management systems in the Company; and fraud protection methods of Elektro Maribor, d. d.
- Internal audit: During the period in question, the Audit Committee monitored the performance of the internal audit in the Elektro Maribor Company/Group and, within this framework, carried out the tasks specified by the ZGD-1 and the Rules of Procedure of the Audit Committee of Elektro Maribor, d. d. It reviewed the adequacy of the definition of the purpose, powers, responsibilities and tasks of the internal audit in the Fundamental Charter on Internal Audit of the Elektro Maribor Group, prior to its approval by the Supervisory Board; reviewed the annual work plan of internal auditing and individual risk-based audits and submitted it for approval or consent to the Supervisory Board; reviewed the adequacy and sufficiency of financial and personnel resources for the realisation of the work plan for 2023 and 2024 and submitted it for approval or consent to the Supervisory Board; it considered quarterly reports on the work of the internal audit and reports on the implementation of internal audit recommendations and examined the appropriateness and timeliness of responses to them; it monitored the independence of the internal audit and got acquainted with the internal audit quality improvement program for 2022 and the internal audit self-assessment for 2021.

- External audit: In regards to the implementation of an external audit in Elektro Maribor, d. d., during the period in question, the Audit Committee performed the tasks specified by the EU Regulation 537 on special requirements regarding mandatory audits of entities of public interest, the ZGD-1 and the Rules of Procedure of the Audit Committee of Elektro Maribor, d. d.; it met with the external auditor after the audit for 2021 — together with the external auditor, it reviewed the findings of their work, including all significant irregularities that appeared during the course of the audit and were eliminated during the course of the audit; it reviewed the written management presentation, the letter to the management; external auditor's report for the Audit Committee; the list of uncorrected audit differences; the auditor's report; it reviewed the effectiveness of the 2021 external audit implementation procedures and ensured the monitoring of the implementation of non-audit services; it performed an assessment of the quality of the performed audit; it reviewed and monitored the content and recommendations written in letters to the management; met with the external auditor prior to the start of the 2022 audit and reviewed and discussed the proposed audit plan; reviewed the report of the independent external auditor on the preliminary audit of the Elektro Maribor Group for 2022 with a letter to the management regarding the 2022 regular audit; it obtained a statement of the independence of the auditing company and the external audit; approved the criteria for assessing the quality of the audit of the financial statements for 2022 and monitored the quality of the auditing services through internal and external control. Under the authority of the Audit Committee, Elektro Maribor, d. d., carried out the order for the selection of an external auditor. The Audit Committee approved the criteria for the selection of the auditor and the period of concluding the contract for five years. The Audit Committee got acquainted with the results of the executed order and the received offer and confirmed the selection of the auditing company. The Audit Committee submitted to the Supervisory Board the Proposal of the auditor for appointment at the General Meeting.

Due to the changed composition in 2022, the Audit Committee will, in its current composition, conduct a self-assessment for the first time for 2023, after which it will report on the self-assessment to the Supervisory Board of Elektro Maribor, d. d.

STAFFING COMMITTEE

In the first months of 2022, the Staffing Committee, which was established on 11 November 2021 at the fifth extraordinary meeting, with the decision of the Supervisory Board No. 145/2021, worked exclusively for the purpose of appointing a new chairman of the Board.

The Staffing Committee established for the purpose of appointing a new chairman of the Management Board met in five meetings, in the following composition:

- Mr. Samo Iršič — Master of Management, president from 11 November 2021 to 21 February 2022
- prof. dr. Dušan Jovanovič — doctor of legal sciences, member from 11 November 2021 to 21 February 2022,
- Mr. Dušan Kovačič — university graduate in electrical engineering, employee representative, member from 11 November 2021 to 21 February 2022

The mandate of the Staffing Committee appointed on 11 November 2021 ended with the appointment of a new chairman of the Board on 21 February 2022.

On 1 September 2022, the Supervisory Board of Elektro Maribor, d. d., in the new composition of the Supervisory Board, at its sixth regular meeting, adopted resolution number 170/2022, with which, based on the provisions of the Rules of Procedure of the Supervisory Board, it appointed a permanent Staffing Committee of the Supervisory Board of Elektro Maribor, d. d., composed of:

- Samo Logar, master's degree in law, president from 14 September 2022
- Tomaž Orešič, university graduate in mechanical engineering, member from 14 September 2022 to 7 February 2023
- dr. Maja Fesel Kamenik, Ph.D. of Science in Psychology, M.Sc. of management, external expert, member since 14 September 2022

In accordance with the provisions of Article 18 of the Rules of Procedure of the Supervisory Board of Elektro Maribor, d. d., the Staffing Committee consists of three members. The responsibilities and obligations of the Staffing Committee are defined in the Rules of Procedure of the Supervisory Board.

The Staffing Committee of the Supervisory Board was appointed for the purpose of effective, professional, and careful review of materials and grounds for decisions that fall within the jurisdiction of the Supervisory Board, namely for support and professional assistance in the field of appointments, staffing issues, employment policy, salaries and other benefits, rewards, and cooperation with the trade union and/or works council. The Staffing Committee started its work in 2022; it met at the first regular meeting, at which it got acquainted with the current state of the personnel function in Elektro Maribor, d. d.

For the first time, the Staffing Committee will conduct a self-assessment for 2023, and then report on the self-assessment to the Supervisory Board of Elektro Maribor, d. d.

Expectations of the Slovenian Sovereign Holding

The Supervisory Board monitored the operations of Elektro Maribor, d. d., also considering the expectations of the Slovenian Sovereign Holding.

Self-performance assessment

The main guideline for the work of the Supervisory Board in 2022 was to monitor the Company's operations in accordance with the planned results based on the reports prepared by the Company's Management Board.

The Supervisory Board notes that the reports and information were prepared and produced in a timely and high-quality manner, so that the Supervisory Board can carry out its duties without interruption, in accordance with the Company's Articles of Incorporation, and applicable legislation.

Annual auditing report

Auditing of the annual report of Elektro Maribor, d. d., and the Elektro Maribor Group for 2022 was carried out by the auditing company BDO Revizija, d. o. o., which issued a positive opinion on the annual report of Elektro Maribor, d. d., and the Elektro Maribor Group on 21 June 2023.

Proposal for the distribution of balance sheet profit

The Supervisory Board agreed with the proposal to use the balance sheet profit for 2022, proposed by the Management Board of Elektro Maribor, d. d.

The Supervisory Board of Elektro Maribor, d. d., together with the Management Board, proposes to the General Meeting of the Company that the balance sheet profit determined on 31 December 2022, which amounts to EUR 3,001,077.18, will be used for distribution to the Company's shareholders in the form of dividends. The proposal will be forwarded to the shareholders' general meeting.

Verification and confirmation of the audited Annual Report of Elektro Maribor, d. d., and the Elektro Maribor Group for 2022 and the position on the audit report with proposed resolutions for 2022 financial year

The company's Management Board submitted the audited annual report, together with the auditor's report, to the Supervisory Board within the statutory deadline. The Supervisory Board considered the annual report of Elektro Maribor, d. d., and the Elektro Maribor Group for 2022 with the report of the auditing company BDO Revizija, d. o. o.

The Supervisory Board reviewed the management statement, which was prepared in accordance with the provisions of the fifth paragraph of Article 70 of the ZGD-1, and had no comments to the statement.

In accordance with the provisions of Articles 270 and 294 of the ZGD-1, the Supervisory Board ensured that the total remuneration of the Management Board is in proper proportion to the duties of the Management Board and the financial situation of the Company and in accordance with the policy of these remunerations, and it also determined that the remunerations of the members of the management and supervisory bodies are properly disclosed in the annual report.

The Supervisory Board concluded that the contents of the Company's annual report and the Group's consolidated annual report realistically reflect the Company's and the Group's performance in 2022. The Supervisory Board will also take note of the opinion of the auditing company BDO Revizija, d. o. o., in accordance with which the financial statements of Elektro Maribor, d. d., and the Elektro Maribor Group, are a fair presentation of the financial situation of the company and the Group.

The Supervisory Board adopted as follows:

- The Supervisory Board found that the annual report of Elektro Maribor, d. d., and the Elektro Maribor Group is compiled in accordance with the provisions of the Companies Act and accounting standards.
- The Supervisory Board believes that the annual report of Elektro Maribor, d. d., and the Elektro Maribor Group and the data contained in it is an authentic reflection of the Company's and the Group's operations in the previous fiscal year.
- The Supervisory Board has no comments on the final review of the Company's annual report and approves the Annual Report of Elektro Maribor, d. d., and the Elektro Maribor Group for 2022.
- The Supervisory Board gives a positive opinion on the Audit Report of the financial statements of Elektro Maribor, d. d., and consolidated financial statements of the Elektro Maribor Group for 2022, as it notes that it is compiled in accordance with the law, and it is prepared on the basis of a careful and comprehensive review of the Company's financial report and operations.
- After the final verification of the Annual Report of Elektro Maribor, d. d., and the Elektro Maribor Group for 2022, the Supervisory Board approved the Annual Report of Elektro Maribor, d. d., and the Elektro Maribor Group for 2022, at its meeting held on 4 July 2023.
- When accepting the annual report, the Supervisory Board of Elektro Maribor, d. d., expressed its view on the statement on the Company's management and compliance with the reference code, which is included in the business report of the Annual Report of Elektro Maribor, d. d., and the Elektro Maribor Group in 2022, and assessed that it reflects the actual state of management of the Company and the Group in 2022.
- The Supervisory Board proposes to the General Meeting to:
 - adopt a decision on the granting discharge to the Company's Management Board for the 2022 financial year
 - adopt a decision on granting discharge to the Company's Supervisory Board for the 2022 financial year
- The Supervisory Board adopts the Report of the Supervisory Board on the verification of the audited Annual Report of Elektro Maribor, d. d., and the Elektro Maribor Group for 2022.
- The Supervisory Board took note of the proposal for the convening of the Company's General Meeting and the proposed resolutions, and fully agrees with the agenda and the proposed resolutions.

In Maribor, 12 July 2023

Chairman of the Supervisory Board
mag. Samo Logar

5 GOVERNANCE STATEMENT⁷

In accordance with the provisions of Article 70, paragraph 5 of the Companies Act (ZGD-1), Elektro Maribor d.d. hereby submits a corporate governance statement, which forms an integral part of this financial report and is available on the Company's website www.elektro-maribor.si. The Corporate Governance Statement covers the period from 1 January 2022 to 31 December 2022.

5.1 Corporate governance codes – declaration of compliance with corporate governance codes

In 2022, the Company applied the Corporate Governance Code for Companies with State Capital Investment adopted by the Slovenian Sovereign Holding in March 2021 and in June 2022⁸ as the reference corporate governance code. In 2022, the Company deviated from the following recommendation:

- Principle 6.14.2 (Code of March 2021): ten regular meetings of the Audit Committee of the Supervisory Board of Elektro Maribor d.d. were held in 2022, as this was appropriate given the workflow and process.

The Company also follows the Corporate Governance Code for Non-Public Companies – Advanced Level, prepared by the Ministry of Economic Development and Technology of the Republic of Slovenia, the Chamber of Commerce and Industry of the Republic of Slovenia and the Association of Supervisors of Slovenia in May 2016⁹, as a reference code. In 2022, the Company deviated from the following recommendations:

- Principle 4.6.4: In accordance with the decision of the General Meeting, the Supervisory Body is composed of representatives of one gender.
- Principle 6.5: In accordance with the Articles of Association of the Company, as adopted by the General Meeting of the Company, the Management Board has one member.

The Management Board and the Supervisory Board take into account the Recommendations and Expectations of the Slovenian Sovereign Holding adopted in August 2020 and in June 2022¹⁰ in the management of the Company. In 2022, the Company deviated from the following recommendation:

- Recommendation 4.4: The Company provided information on payments made to employees in the context of the annual report.

Elektro Maribor d.d. continuously strives to improve its corporate governance practices, including proactive communication with various stakeholders. In the context of recommendation 4.4, the Company took into account the practice of some companies in the portfolio of the same operator.

⁷ GRI 2-17, 2-18.

⁸ The Corporate Governance Code for Companies with State Capital Investment is available on the website of the Slovenian Sovereign Holding www.sdh.si.

⁹ The Corporate Governance Code for Non-Public Companies is available on the website of the Slovenian Chamber of Commerce and Industry www.gzs.si.

¹⁰ The recommendations and expectations of the Slovenian Sovereign Holding are published on the website of the Slovenian Sovereign Holding (SDH d.d.) www.sdh.si.

5.2 Description of the main features of the Company's internal control and risk management systems in relation to the financial reporting process

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

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

Internal controls are monitored through management supervision, internal audit reviews, external audit of the financial statements and other independent assessments. The Risks section of this Annual Report details the risk management and control mechanisms in relation to the assessment of each type of risk. The Management Board and the Supervisory Board are of the opinion that the current system of internal controls at Elektro Maribor d.d. and the Elektro Maribor Group in 2022 ensures the effective and efficient achievement of business objectives, compliance with legal provisions and fair and transparent reporting in all material respects. The Supervisory Board and the Management Board of the Company are committed to continuous improvement of the internal control system in the Company and the Group.

The Company's Management Board is responsible for keeping proper accounting records and for establishing and ensuring the functioning of internal controls and internal accounting controls, selecting and applying accounting policies and safeguarding the Company's assets. In connection with the financial reporting process, Elektro Maribor d.d. applies the COSO¹¹ risk management model and internal control system in a meaningful way. In setting up the internal control system according to the three lines of defence principle¹², it pursues three main objectives:

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

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

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

To this end, Elektro Maribor maintains and improves:

- Transparent organisation chart of the parent company and the Group;
- clear and uniform accounting policies and their consistent application throughout the Elektro Maribor Group;

¹¹ The Committee of Sponsoring Organisations of the Treadway Commission is the author of the corporate risk management model used under the COSO model.

¹² Three lines of defence: (1) operational management or risk owners, (2) control functions, including the risk coordinator function, (3) internal audit, with the independent assurance function.

- Efficient organisation of the accounting function (functional responsibility) within individual companies and the Elektro Maribor Group;
- Reporting for the Company in accordance with Slovenian Accounting Standards and for the Elektro Maribor Group in accordance with International Financial Reporting Standards, including all disclosure requirements and explanatory notes;
- Regular internal and external audits of business processes.

5.3 Explanatory notes pursuant to Article 70(6) of ZGD-1

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

Structure of the share capital of Elektro Maribor d. d.

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

Restrictions on transfer of shares

All shares are freely transferable.

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

We publish information on direct and indirect ownership of the Company's securities in terms of the qualifying shareholding as defined by the law governing takeovers in our annual reports. As at 31 December 2022, the shareholder Republic of Slovenia held 26,628,994 shares, or 79.86%, and the shareholder Pivovarna Laško Union d.o.o. held 1,922,321 shares, or 5.76%.

Notes on the holder of securities conferring special control rights

The Company has not issued any securities that grant special control rights.

Share scheme for employees

Elektro Maribor d.d. does not have a share scheme for employees.

Explanatory notes on any restrictions on voting rights

As at 31 December 2022, the shareholder KAD d.d. was the holder of 8,598 shares of Elektro Maribor d.d., which, pursuant to the provisions of Article 48b of the Book-Entry Securities Act (ZNVP-1), do not have voting rights. As at 31 December 2022, Elektro Maribor d.d. did not hold any treasury shares as the treasury shares were withdrawn in 2019.

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

There are no such arrangements.

Company rules on the appointment and replacement of members of management or supervisory bodies and amendments to the articles of association

In appointing and replacing members of the management or supervisory bodies and in amending the articles of association, the Company complies with applicable law and the Articles of Association of the Company.

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

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

The General Meeting of Elektro Maribor d.d. did not authorise the Management Board of Elektro Maribor d.d. to repurchase its own shares in 2022.

Significant arrangements that take effect, are modified or terminated as a result of a change of control of the company resulting from a public takeover bid

There are no such arrangements.

Arrangements between Elektro Maribor d.d. and members of the management or supervisory bodies or employees providing for compensation if, as a result of an offer as defined by the law governing takeovers, they resign, are dismissed without good cause or their employment is terminated

There are no such arrangements.

5.4 Explanation of the functioning of the General Meeting of Elektro Maribor d.d. and its key competences, as well as a description of the shareholder's rights and how to exercise them

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

5.5 Explanatory notes on the composition and functioning of the management or supervisory bodies and their committees

Composition of the Management Board of Elektro Maribor d.d. in 2022

Name and surname	Function (President, Member)	Area of work in management	First-time appointment to office	End of function / term of office	Gender	Nationality	Year of birth	Education	Professional profile	Membership in supervisory bodies of non-related companies
Jože Hebar	President of the Management Board	President	21 February 2022	5 April 2023	M	SLO	1968	Univ. dipl. in el. eng.	electricity, management	YES

Composition of the Supervisory Board and Committees in 2022

Name and surname	Function (Chairman, Deputy, SB Member)	First-time appointment to office	End of function / term of office	Shareholder representative / employee representative	Attendance at SB meetings vs. total number of SB meetings (e.g. 5/7)	Gender	Nationality	Year of birth	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 vs. total number of Committee meetings (e.g. 5/7)
Samo Iršič	Chairman, Member	1 Sep 2021	7 Feb 2023	Shareholder representative	13 / 13	M	SLO	1971	Master's degree in Management	Finance, Logistics	YES	NO	NO	YES	Member	5/10; 5/5
Tomaž Orešič	Chairman, Member	12 Dec 2014	7 Feb 2023	Shareholder representative	12 / 13	M	SLO	1970	University degree in Mechanical Engineering	Management, Electricity System	YES	NO	NO	YES	Chairman/Member	5/10 and 1/1
Drago Štefe	Member	1 Sep 2021	31 Jan 2022	Shareholder representative	1 / 13	M	SLO	1937	Master's degree in Business and Organisational Sciences; Electrical Engineer	Electricity System	YES	NO	NO	NO	No	
Dušan Kovačič	Member	14 Jul 2014	30 Jun 2022	Employee representative	8 / 13	M	SLO	1965	University degree in Electrical Engineering	Electricity System	YES	NO	NO	YES	Member	5/5
Nenad Kajtezovič	Member	14 Jul 2018	30 Jun 2022	Employee representative	8 / 13	M	SLO	1971	Electrical Engineer	Electricity System	YES	NO	NO	NO	No	
mag. Samo Logar	Member; Chairman	1 Jul 2022	Current	Shareholder representative	3/13	M	SLO	1970	Master's degree in Law	Law	YES	NO	YES	YES	Chairman	1/1
Marija Šeme	Member, Deputy Chairwoman	1 Jul 2022	Current	Shareholder representative	5/13	F	SLO	1978	University degree in Economics	Economy	YES	NO	YES	YES	Chairwoman	5/10
Alan Cigliarič	Member	1 Jul 2022	Current	Employee representative	5 / 13	M	SLO	1975	University degree in Computer Science and Informatics	IT	YES	NO	NO	NO	No	
Miran Arnuš	Member	1 Jul 2022	Current	Employee representative	4 / 13	M	SLO	1981	Electrical Engineer	Electricity System	YES	NO	NO	NO	No	

Composition of external members of Committees in 2022

Name and surname	Committee	Attendance at committee meetings vs. total number of committee meetings (e.g. 5/7)	Gender	Nationality	Education	Professional profile	Membership in supervisory bodies of non-related companies
Branka Neffat	Audit	5 of 10	F	SLO	Univ. degree in Law	Law	YES
Barbara Nose	Audit	3 of 10	F	SLO	Univ. degree in Economics and Accounting Audit Specialist	Economy	YES
Dr. Maja Fesel Kamenik	HR	1 of 1	F	SLO	PhD in Psychology	HR	YES
Dušan Jovanovič	HR – temporary	5 of 5	M	SLO	Uni. degree in Law	Law	No data

5.6 Compliance and Corporate Integrity System

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

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

5.7 Diversity policy

In accordance with the Corporate Governance Code for Companies with State Capital Investment of the Slovenian Sovereign Holding and the Corporate Governance Code for Non-Public Companies, the Supervisory Board of Elektro Maribor d.d. developed and adopted on 22 December 2020 the Diversity Policy of Elektro Maribor d.d., which is published on the company's website <https://www.elektro-maribor.si/media/4872/politika-raznolikosti-druzbe.pdf>.

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

President of the Management Board
Jure Boček

Chairman of the Supervisory Board
mag. Samo Logar

6 STATEMENT OF NON-FINANCIAL PERFORMANCE ¹³

The Annual Report of Elektro Maribor d.d. and the Elektro Maribor Group for 2022 (hereinafter the "Annual Report"), in accordance with Article 70c of ZGD-1, contains disclosures of non-financial information on environmental, social and human resources matters, on respect for human rights, and on matters related to the anti-corruption and anti-bribery efforts.

Elektro Maribor d.d. discloses information on non-financial performance based on the Global Reporting Initiative (GRI) sustainability reporting standards. Information describing the Company's business model and policies in relation to these matters, as well as the main risks and key non-financial performance indicators, is provided throughout the Annual Report and can be seen in the cross-references to the individual GRI indicators. The table of contents by GRI reporting standards and contact details are shown at the end of the Annual Report. No independent external opinion is provided for sustainability reporting.

In writing the report, we have also taken into account 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 prepared by individual professional departments within Elektro Maribor d.d. The responsibility for sustainability reporting lies with the top management.

The business section of the Annual Report provides a comparison of individual realised data for a three-year period (2020-2022), while the accounting section shows data for two years (2021-2022). A comparison of some of the financial data in 2022 against the planned figures is presented in the business analysis section. The sustainability reporting does not contain any adjustments compared to the previous reporting period.

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

Key aspects of sustainability reporting

Economic impacts	Economic performance
	Indirect economic impacts
	Anti-corruption behaviour
Social impacts	Employment
	Occupational health and safety
	Education
	Diversity and equal opportunities
	Non-discrimination
Environmental impacts	Marketing and product labelling
	Energy
	Emissions to air
	Waste water and other waste

The Company published on its website the Diversity Policy of Elektro Maribor d.d., which aims to ensure good and sustainable functioning of the management and supervisory bodies. More details on the business model and the Diversity Policy are presented in the Governance Statement section ([Governance Statement](#)) and the Introduction of the Company and the Elektro Maribor Group section ([Introduction](#)).

At Elektro Maribor d.d., our risk management framework minimises the negative impact of risks on the achievement of our objectives and enhances the positive impact. We have a Risk Management Policy in place and risk managers are appointed on the basis of a risk register. More information on risks is presented in detail in the Risks section ([Risks](#)).

¹³ GRI 2-3 – 2-5, 2-14 – 2-16, 2-23 – 2-27, 3-1 – 3-3, 205-1 – 205-3, 406-1.

Environment

Our responsibility towards the natural environment is demonstrated through our day-to-day business. The Company's activities are aimed at improving the quality of life of its users, as well as strengthening the economy. We demonstrate our responsibility towards the environment primarily through the effective sustainable implementation of our mission and by supporting projects that emphasise humanitarianism, innovation, creativity and excellence.

We demonstrate our commitment to environmental protection through the ISO 14001 environmental standard. We are aware of our social responsibility in creating the conditions for a green transformation in the wider environment, which is why we offer our customers an above-average proportion of advanced metering systems installed. We also look after the grid, providing an increasing proportion of underground as well as overhead lines and integrating an above-average number of renewable energy sources in our supply area.

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

Social and human resources

Employee development and training, monitoring employee satisfaction and engagement, occupational health and safety, and workplace health promotion are just some of the main aspects of employee management.

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

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

Staff job assignments and promotions are transparent. Employees have the opportunity to express their expectations and interest in other areas of work, which the Company takes into account within the given possibilities.

The Company also follows a diversity policy in the placement of employees and strictly adheres to the prohibition of discrimination against employees as laid down by applicable law. Key non-financial indicators and more detailed content are presented in the Employees section ([Employees](#)).

Respect for human rights

The Company has the Elektro Maribor d.d. Code of Ethical Business Conduct in place (hereinafter referred to as the Code), which is published on the Company's website and is intended for or applies to all employees of the Company. Each employee is obliged to comply with the provisions of the Code and is also obliged to contribute to the elimination of perceived violations of human rights, in particular in cases of discrimination based on all personal circumstances defined in the Code.

To ensure a safe, respectful and productive working environment at the Company, we introduced a separate code of ethics and human rights protection system in 2022. The Company already had a designated Code of Ethics Officer, and in 2022 we newly appointed a Human Rights Protection Officer. With the above, Elektro Maribor d.d. will further strengthen the assurance, identification, prevention and mitigation of negative impacts on human rights and reporting on ways to reduce such impacts in its business process, with a view to respecting the prohibition of discrimination at all levels of business and interpersonal activities in pursuit of social dialogue.

Anti-corruption and anti-bribery efforts

Elektro Maribor d.d. is a signatory of the Declaration on Fair Business and the Slovenian Guidelines on Corporate Integrity, making us one of the ambassadors of corporate integrity.

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

The components of the Integrity Plan are:

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

In 2022, Elektro Maribor d.d. actively continued its fraud risk identification process. To this end, controls to prevent unethical actions and the possibility of fraud are also described. Thirty-two applications for approval to carry out complementary work, public and political activities and activities were processed in 2022. We did not receive any applications for consent to participate in management and supervisory boards.

In 2022, we dealt with 14 reports of suspected unethical behaviour, but no cases of corruption or bribery were identified.

Taxonomy disclosures

Based on the Taxonomy Regulation (EU) 2020/852 and Delegated Regulation (EU) 2021/2178, we disclose information and indicators for environmentally sustainable activities. The disclosure includes data from Elektro Maribor d.d. and the Elektro Maribor Group for 2022, which is considered the first reporting year under the Taxonomy Regulation. The calculation of the indicators and disclosures are based on a study and our understanding of the European taxonomy legislation, which will be further developed in the coming years.

The Taxonomy Regulation sets the following environmental objectives:

- mitigation of climate change,
- adaptation to climate change,
- sustainable use and protection of water and marine resources,
- transition to a circular economy,
- pollution prevention and control,
- protection and conservation of biodiversity and ecosystems.

An environmentally sustainable economic activity, according to the Taxonomy Regulation, is one that contributes significantly to one or more environmental objectives, does not significantly harm them, is carried out in compliance with minimum safeguards and meets the technical criteria of Regulation (EU) 2021/213.

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

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

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

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

Share of revenues from products and services related to economic activities aligned with the taxonomy – 2022 disclosure for Elektro Maribor d.d.

Economic activities	Tags	Value of revenue	Revenue share	Criteria for material contribution						Criteria for non-material contribution						Minimum protection measures	Taxonomy-aligned revenue share 2022	Taxonomy-aligned revenue share 2021	Category Enabling (E) or Transitional (T) activity
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
		EUR	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E/T
A. ACTIVITIES ACCEPTABLE FOR THE TAXONOMY																			
A.1 Environmentally sustainable activities (aligned with the taxonomy)																			
4.9. Transmission and distribution of electricity	(D35.13.F42.22.C33.14.E38.31)	48,405,324	98.17 %	100.0 %	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	98.17 %	/	O
Revenue from environmentally sustainable activities (aligned with the taxonomy) (A.1)		48,405,324	98.17 %	100.0 %	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	98.17 %	/	O
A.2 Activities acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
-	-	-	-																
Revenue from activities that are acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)	/	0	0.00 %														0.00 %	/	/
Total (A.1 + A.2)	/	48,405,324	98.17 %														98.17 %	/	/
B. ACTIVITIES NOT ACCEPTABLE FOR THE TAXONOMY																			
Revenue from activities not acceptable to the taxonomy (B)	/	902,595	1.83 %																
Total (A + B)	/	49,307,919	100.00 %																

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

Share of fixed asset investments in products or services related to economic activities aligned with the taxonomy - 2022 disclosure for Elektro Maribor d.d.

Economic activities	Tags	Value of fixed asset investments	Fixed asset investments share	Criteria for material contribution						Criteria for non-material contribution						Minimum protection measures	Taxonomy-aligned fixed asset investments share 2022	Taxonomy-aligned fixed asset investments share 2021	Category Enabling (E) or Transitional (T) activity
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
		EUR	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E/T
A. ACTIVITIES ACCEPTABLE FOR THE TAXONOMY																			
A.1 Environmentally sustainable activities (aligned with the taxonomy)																			
4.9. Transmission and distribution of electricity	D.35.13	23,754,443	82.48 %	100.0 %	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	82.48 %	/	O
Fixed asset investments from environmentally sustainable activities (aligned with the taxonomy) (A.1)	/	23,754,443	82.48 %	100.0 %	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	82.48 %	/	O
A.2 Activities acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
-	-	-	-																
Fixed asset investments from activities that are acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)	/	0	0.00 %														0.00 %	/	/
Total (A.1 + A.2)	/	23,754,443	82.48 %														82.48 %	/	/
B. ACTIVITIES NOT ACCEPTABLE FOR THE TAXONOMY																			
Fixed asset investments from activities not acceptable to the taxonomy (B)	/	5,046,456	17.52 %																
Total (A + B)	/	28,800,899	100.00 %																

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

Share of working capital investment in products or services related to economic activities aligned with the taxonomy – 2022 disclosure for Elektro Maribor d.d.

Economic activities	Tags	Value of working capital investment	Working capital investment share	Criteria for material contribution						Criteria for non-material contribution						Minimum protection measures	Taxonomy-aligned working capital investment share 2022	Taxonomy-aligned working capital investment share 2021	Category Enabling (E) or Transitional (T) activity
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
		EUR	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E/T
A. ACTIVITIES ACCEPTABLE FOR THE TAXONOMY																			
A.1 Environmentally sustainable activities (aligned with the taxonomy)																			
4.9. Transmission and distribution of electricity	42.22.C33.14	25,842,493	74.9%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	74.9%	-	O
Working capital investment from environmentally sustainable activities (aligned with the taxonomy) (A.1)	/	25,842,493	74.92%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	74.92%	-	O
A.2 Activities acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
-	-	-	-																
Working capital investment from activities that are acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)	/	0	0.00%														0.00%		
Total (A.1 + A.2)	/	25,842,493	74.92%														74.92%	/	/
B. ACTIVITIES NOT ACCEPTABLE FOR THE TAXONOMY																			
Working capital investment from activities not acceptable to the taxonomy (B)	/	8,651,803	25.08%																
Total (A + B)	/	34,494,296	100.00%																

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

Share of revenues from products and services related to economic activities aligned with the taxonomy – 2022 disclosure for the Elektro Maribor Group

Economic activities	Tags	Value of revenue	Revenue share	Criteria for material contribution						Criteria for non-material contribution						Minimum protection measures	Taxonomy-aligned revenue share 2022	Taxonomy-aligned revenue share 2021	Category Enabling (E) or Transitional (T) activity
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
A. ACTIVITIES ACCEPTABLE FOR THE TAXONOMY		EUR	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E/T
A.1 Environmentally sustainable activities (aligned with the taxonomy)																			
4.9. Transmission and distribution of electricity	(D35.13.F42 .22.C33.14. E38.31)	48,405,324	97.24 %	100.0 %	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	97.24 %	/	O
4.5 Generating electricity from hydropower	D35.11	556,849	1.12 %	100.0 %	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	1.12 %	/	O
Revenue from environmentally sustainable activities (aligned with the taxonomy) (A.1)		48,962,173	98.35 %	100.0 %	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	98.35 %	/	O
A.2 Activities acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
-	-	-	-																
Revenue from activities that are acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)	/	0	0.00 %														0.00 %	/	/
Total (A.1 + A.2)	/	48,962,173	98.35 %														98.35 %	/	/
B. ACTIVITIES NOT ACCEPTABLE FOR THE TAXONOMY																			
Revenue from activities not acceptable to the taxonomy (B)	/	819,395	1.65 %																
Total (A + B)	/	49,781,568	100.00 %																

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

Share of fixed asset investments in products or services related to economic activities aligned with the taxonomy – 2022 disclosure for the Elektro Maribor Group

Economic activities	Tags	Value of fixed asset investments	Fixed asset investments share	Criteria for material contribution						Criteria for non-material contribution						Minimum protection measures	Taxonomy-aligned fixed asset investments share 2022 %	Taxonomy-aligned fixed asset investments share 2021 %	Category Enabling (E) or Transitional (T) activity
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
A. ACTIVITIES ACCEPTABLE FOR THE TAXONOMY		EUR	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E/T
A.1 Environmentally sustainable activities (aligned with the taxonomy)																			
4.9. Transmission and distribution of electricity	D.35.13	23,754,443	82.05 %	100.0 %	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	82.05 %	/	O
Fixed asset investments from environmentally sustainable activities (aligned with the taxonomy) (A.1)	/	23,754,443	82.05 %	100.0 %	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	82.05 %	/	O
A.2 Activities acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
Fixed asset investments from activities that are acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)	/	0	0.00 %														0.00 %	/	/
Total (A.1 + A.2)	/	23,754,443	82.05 %														82.05 %	/	/
B. ACTIVITIES NOT ACCEPTABLE FOR THE TAXONOMY																			
Fixed asset investments from activities not acceptable to the taxonomy (B)	/	5,196,630	17.95 %																
Total (A + B)	/	28,951,073	100.00 %																

In the calculation of the proportion of CAPEX acceptable for the taxonomy that is environmentally sustainable, we took into account in the numerator the value of investments resulting from the performance of the main activity of Elektro Maribor d.d. The denominator takes into account all capital investments of the Elektro Maribor Group.

Share of working capital investment in products or services related to economic activities aligned with the taxonomy – 2022 disclosure for the Elektro Maribor Group

Economic activities	Tags	Value of working capital investment	Working capital investment share	Criteria for material contribution						Criteria for non-material contribution						Minimum protection measures	Taxonomy-aligned working capital investment share 2022	Taxonomy-aligned working capital investment share 2021	Category Enabling (E) or Transitional (T) activity
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
				%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO				
A. ACTIVITIES ACCEPTABLE FOR THE TAXONOMY																			
A.1 Environmentally sustainable activities (aligned with the taxonomy)																			
4.9. Transmission and distribution of electricity	(D35.13.F42, 22.C33.14, E38.31)	25,842,493	74.0%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	74.9%	-	O
4.5 Generating electricity from hydropower	D35.11	867,656	2.48%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	2.48%	-	O
Working capital investment from environmentally sustainable activities (aligned with the taxonomy) (A.1)	/	26,710,149	76.44%	100.0%	/	/	/	/	/	YES	YES	/	YES	YES	YES	YES	76.44%	-	O
A.2 Activities acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
-	-	-	-																
Working capital investment from activities that are acceptable for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)	/	0	0.00%														0.00%		
Total (A.1 + A.2)	/	26,710,149	76.44%														76.44%	/	/
B. ACTIVITIES NOT ACCEPTABLE FOR THE TAXONOMY																			
Working capital investment from activities not acceptable to the taxonomy (B)	/	8,230,879	23.56%																
Total (A + B)	/	34,941,028	100.00%																

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

President of the Management Board:

Jure Boček, univ. degree in el. eng.

7 IMPORTANT EVENTS

7.1 Important events in 2022

JANUARY

Covid-19 epidemic

The volume of covid-19 infections continued to increase in the first quarter of 2022. As a consequence, the Company experienced increased absenteeism due to sick leave and risky contacts during this period. The Company adopted and implemented a number of measures to limit the spread of infection and the impact of illness, such as an increased and targeted programme of testing for Covid-19 infection, the wearing of protective masks, disinfection and, in particular, working from home where possible and necessary.

The function of the Compliance Officer

In accordance with the Corporate Governance Code for Companies with State Capital Investment, Elektro Maribor d.d. appointed a Compliance and Integrity Officer.

Annual State Capital Investment Management Plan for 2022

Elektro Maribor d.d. received from the Slovenian Sovereign Holding the Annual State Capital Investment Management Plan for 2022 and the Criteria for Measuring the Performance of Companies with State Capital Investment, which do not take into account the impact of the adopted Act Determining Emergency Measures to Mitigate the Consequences of the Impact of High Energy Commodity Prices on the Company's operations.

FEBRUARY

Appointment of the President of the Management Board of Elektro Maribor d.d.

On 21 February 2022, Jože Hebar was appointed President of the Management Board of Elektro Maribor d.d. for a four-year term of office.

Act Determining Emergency Measures to Mitigate the Consequences of the Impact of High Energy Commodity Prices *(ZUOPVCE)*

In February 2022, the National Assembly of the Republic of Slovenia adopted the Act Determining Emergency Measures to Mitigate the Consequences of the Impact of High Energy Commodity Prices (the Emergency Measures Act), which resulted in a loss of revenue for Elektro Maribor d.d. due to the reduction of tariff rates for billing power and assumed working energy for all consumer groups to zero.

In March 2022, two petitions and one request for a review of the constitutionality of Article 4 of the Act Determining Emergency Measures to Mitigate the Consequences of the Impact of High Energy Commodity Prices were submitted to the Constitutional Court of the Republic of Slovenia. In April 2022, the Constitutional Court of the Republic of Slovenia ruled on all the cases and rejected them.

MARCH

FURS special status

In 2022, we applied for a renewal of the special status for a further three-year period and received a decision from FURS to extend the special status for the promotion of voluntary compliance until 26 July 2025.

APRIL

Annex No 3 to the SODO d.o.o. contract

In April 2022, Annex No 3 to the SODO d.o.o. contract was signed, which relates to the regulatory framework for 2022. Annex No 3 sets out the contractual values for the rental of electricity infrastructure and the provision of services to SODO d.o.o., as well as the timetable for 2022.

MAY

Increase of shareholding in ELDOM d.o.o.

Elektro Maribor d.d. increased its shareholding in ELDOM d.o.o. from 25% to 50%. The other half of ELDOM d.o.o. is owned by ELES d.o.o..

JUNE

Sale of a majority shareholding in Energija plus d.o.o. *(Sale of E+)*

On 1 June 2022, the management boards of Elektro Maribor d.d. and Holding Slovenske elektrarne d.o.o. (HSE d.o.o.) concluded an Agreement on the transfer of the shareholding in Energija plus d.o.o. HSE d.o.o. became the majority, i.e. 51%, owner of Energija plus d.o.o., which will now be a part of the HSE Group.

General Meeting of the Company

On 30 June 2022, the shareholders of Elektro Maribor d.d. met at the 28th Ordinary General Meeting of the Company, where 87.75% of the share capital was represented.

The General Meeting of Shareholders took note of the audited annual report and the consolidated annual report of the Company for 2021, together with the auditor's opinion and the written report of the Supervisory Board on the verification and approval of the audited annual report and the audited consolidated annual report of the Company for 2021, as well as the remuneration of the members of the Management Board and the Supervisory Board for the performance of their duties in the Company in 2021.

A proposal was adopted to use the balance-sheet profit of EUR 3.7 million by using a portion of EUR 2 million for the payment of dividends and leaving the balance of EUR 1.7 million unallocated *(Balance-sheet profit 2021)*

The General Meeting granted a discharge to the Management Board and the Supervisory Board for the financial year 2021. BDO Revizija d. o. o. was appointed as the authorised audit firm for the financial years 2022 to 2026.

The General Meeting elected two new members of the Supervisory Board, shareholder representatives Marija Šeme, MBA, and mag. Samo Logar. The General Meeting took note that the term of office of two Supervisory Board members representing the employees will expire in July 2022.

JULY

Honey Plants Project

The aim of the beekeeping section, which was established within the Elektro Maribor Sports Association, is to plant and sow honey plants on the grounds of our facilities. Beekeepers at the Maribor BU and its surroundings sowed buckwheat in the 110 kV switching station of the distribution transformer station RTP Tezno, which flowers and matures at the most favourable time, when bees replenish their food supply for the winter. Buckwheat honey is the best food for overwintering bees.

AAA Platinum Certificate of Excellence in Creditworthiness

Bisnode Slovenia has once again awarded Elektro Maribor d.d. with the AAA Platinum Certificate of Excellence in Creditworthiness, which represents an above-average rating among companies that have been awarded the Gold AAA Certificate of Excellence in Creditworthiness for three consecutive years. It is based on the Company's financial statements and other dynamic indicators and predicts an above-average safe and successful business performance over the next twelve months. The certificate is recognised and recognised in Europe and is proudly displayed on the Company's website as a confirmation of the Company's good and reliable performance.

AUGUST

New organisational structure of Elektro Maribor d.d.

In August 2022, the new organisational structure of Elektro Maribor d.d. came into force. We prepared it with the aim of aligning work processes and jobs with the development of the energy sector and the activities it entails.

Lawsuit by a small shareholder

At the end of August 2022, Elektro Maribor d.d. received a lawsuit from a small shareholder challenging the General Meeting resolution adopted at the 28th Ordinary General Meeting of the Company on the use of the balance sheet profit for the year 2021. Elektro Maribor d.d. submitted a defence to the said lawsuit.

SEPTEMBER

New Act on the Methodology for Setting the Regulatory Framework for Electricity Operators *(RO Act)*

The Energy Agency adopted a new Act on the Methodology for Setting the Regulatory Framework for Electricity Operators, which sets out the methodology for the 2023-2028 regulatory framework (hereafter referred to as the Network Act). Two regulatory periods are set. The first one covers the period from 1 January 2023 to 31 December 2023 (RO 2023) and the second one covers the period from 1 January 2024 to 31 December 2028 (RO 2024-2028).

Constitutional complaint by EDP and SODO against the Emergency Measures Act

At its meeting on 20 September 2022, the Constitutional Court, in the procedure for examining the petition of the companies SODO d.o.o., Elektro Primorska d.d., Elektro Gorenjska d.d., Elektro Ljubljana d.d., Elektro Celje d.d., and Elektro Maribor d.d., decided to reject 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 of the Impact of High Energy Commodity Prices.

"Socially Responsible Employer" certificate

Elektro Maribor d.d. has been awarded the "Socially Responsible Employer" accession certificate. *(SRE)*

NOVEMBER

New Act on the Methodology for Determining the Network Charges for the Electricity System Operators

The Energy Agency adopted a new Act on the Methodology for Determining the Network Charges for the Electricity System Operators, which establishes a new methodology for determining the network charges for electricity *(Network Charges Act)*.

Human Rights Commissioner

Elektro Maribor d.d. strives to respect and protect internationally recognised human rights. We are a business entity established under Slovenian law and we operate in Slovenia, therefore we are obliged to respect and protect human rights. To this end, we appointed a Human Rights Commissioner at Elektro Maribor d.d.

DECEMBER

Annex No 4 to the SODO d.o.o. contract

On the basis of the measure referred to in Article 4 of the Emergency Measures Act, Elektro Maribor d.d. signed with SODO d.o.o. Annex 4 to the SODO d.o.o. contract, which relates to a reduction of the planned value of the monthly rentals charged for the electricity infrastructure for the duration of the measure.

Elektro Maribor Strategic Conference

We organised a strategic conference of Elektro Maribor with the slogan "POVEZANI" (connected), where we analysed the current situation and position of the Company and prepared the starting points for a new strategy of Elektro Maribor, which is urgently needed if the Company is to fulfil its role in the green transition and in building a modern energy sector in Slovenia.

7.2 Significant events after the end of the financial year

General Meeting of the Company

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

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

The General Meeting noted that the members of the Supervisory Board of the Company, Samo Iršič and Tomaž Orešič, had submitted their resignations and elected Jure Boček and Ciril Puck as new members of the Supervisory Board of the Company representing the interests of the shareholders.

Extreme weather conditions

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

Early termination of the term of office of the President of the Management Board

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

8 PRESENTATION OF ELEKTRO MARIBOR D.D. AND THE ELEKTRO MARIBOR GROUP ¹⁴

8.1 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 the five electricity distribution companies in the Republic of Slovenia.

Elektro Maribor d.d. is a provider of essential energy services in the electricity sub-sector, namely electricity distribution services.

ID information of Elektro Maribor d.d. as at 31 December 2022

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
Registration number:	5231698
Tax number:	46419853
Share capital:	EUR 203,932,512
Entry in the court register of legal entities:	District court in Maribor, entry no 1/00847/00
Code of main activity:	D 35.130 Electricity distribution
Number of employees as at 31 Dec 2022:	765
Supply area:	North-eastern Slovenia
Company size according to ZGD-1:	Large company
President of the Management Board:	Jože Hebar
Call centre toll-free 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

Elektro Maribor d.d. is a member and one of the founders of the Economic Interest Association (EIA) of Electricity Distribution. The fundamental objectives of the GIZ Association are to facilitate, coordinate and promote the activity of electricity distribution, to improve the results of this activity without generating profits for

¹⁴ GRI 2-1, 2-6, 2-9 – 2-13, 2-28, 405-1.

the association, and to facilitate and coordinate other activities or interests, bearing in mind that this activity must not infringe the rules of mutual competition.

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

- As a distribution operator, to ensure a high-quality and reliable supply of electricity to all consumers in the Company's territory in an environmentally friendly and safe manner;
- Operate, maintain and develop an efficient electricity distribution system in a sustainable manner;
- Ensure a technologically advanced distribution system and the long-term capacity of the system to meet the reasonable electricity distribution needs of the economy and the population;
- Take into account the social and environmental aspects of the business with a view to ensuring the sustainable development of the Company;
- Enhance the value of the Company and meet the expectations of shareholders and other stakeholders;
- Create a working environment in which employees have the opportunity to develop and exercise their skills.

8.1.1 Activities of Elektro Maribor d.d.

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

In addition to its main (regulated) activity, Elektro Maribor d.d. carries out other activities necessary for its existence and the performance of its regulated activity. Among other things, Elektro Maribor d.d. is a leading provider of complex electrical installation work in this area. Demand for our services is driven by investments in the economy and infrastructure works in all fields.



Logo of Elektro Maribor d.d.

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

8.1.2 Organisational structure of Elektro Maribor d.d. as at 31 December 2022

Management Board

Jože Hebar, President of the Management Board

Distribution

Silvo Ropoša, Area Director

Andrej Roškar, Assistant Area Director

Arpad Gaal, Assistant Area Director

Mitja Prešern, Assistant Area Director

Directors of regional units

Damjan Majnik Berghaus – Regional Unit Maribor with its surrounding area

Uroš Kolarič – Regional Unit Murska Sobota

Mladen Žmavcar – Regional Unit Ptuj

Božidar Govedič – Regional Unit Slovenska Bistrica

Andrej Leskovar – Regional Unit Gornja Radgona

Services

Andrej Dolšak, Area Director

Directors of service units:

Damir Čatić – Service Unit Maribor

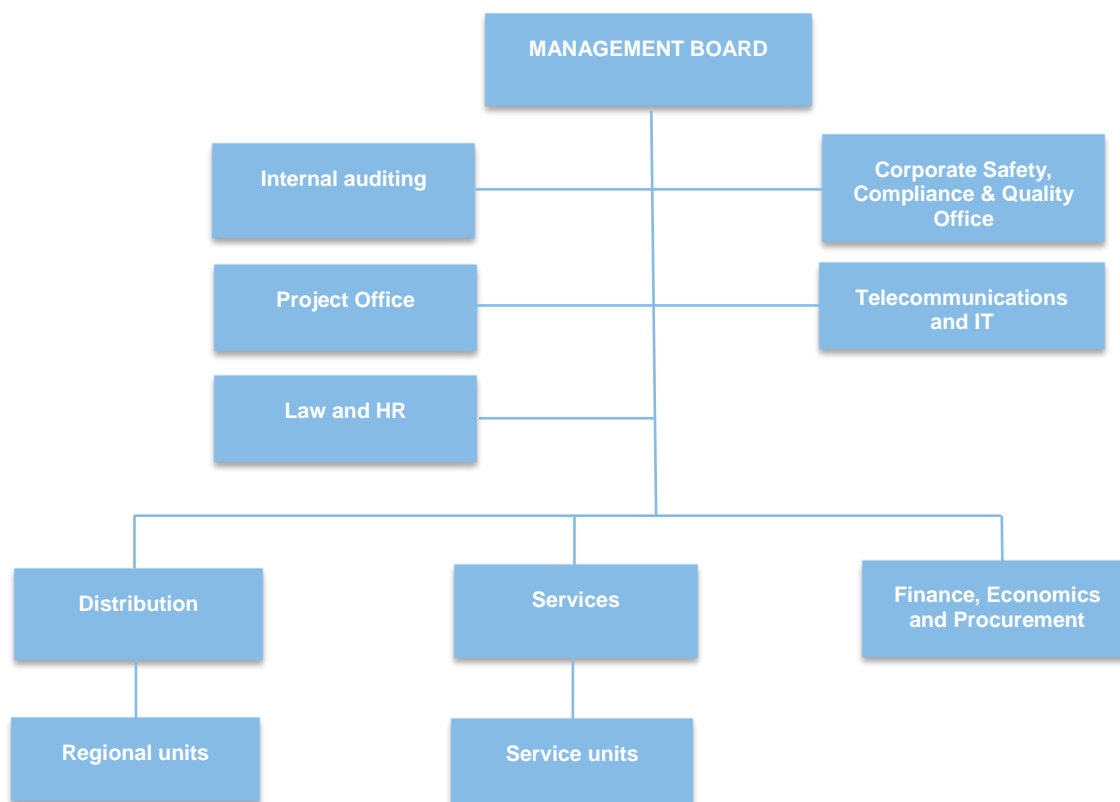
Miran Đuran – Service Unit Ljutomer

Finance, Economics and Procurement

mag. Andreja Zelenič Marinič, Area Director

Projects Director

mag. Peter Kaube, Projects Director



Organisational structure of Elektro Maribor d.d. as at 31 December 2022

8.1.3 Management and administration of Elektro Maribor d.d.

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

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

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

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

8.1.4 Ownership structure and shares

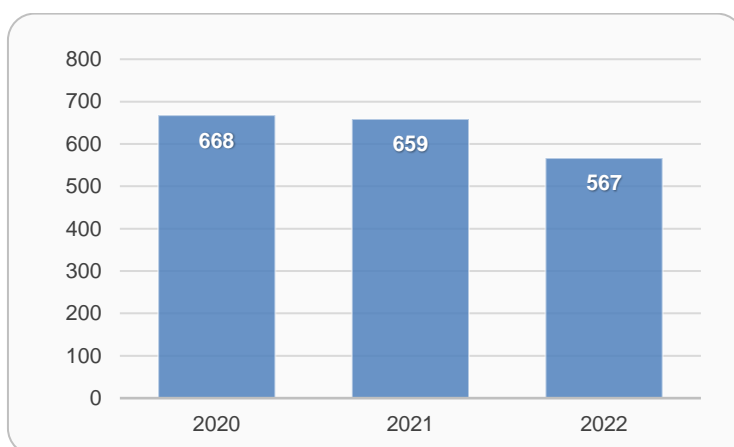
Elektro Maribor d.d. is organised as a public limited company with a share capital of EUR 203,932,512 divided into 33,345,302 ordinary registered bulk shares EMAG. Each share has an equal share and a corresponding amount in the share capital.

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

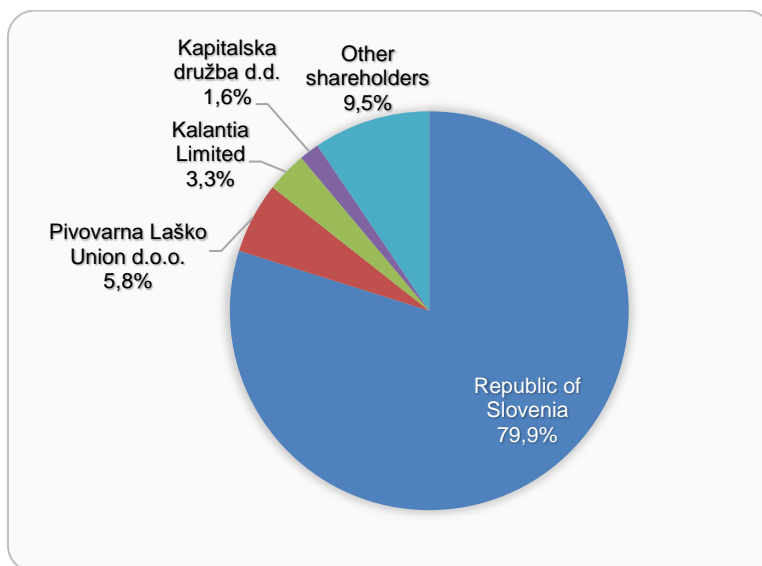
Elektro Maribor d.d. shares reached a high of EUR 3.20 per share in January 2022 and a low of EUR 2.48 per share in November 2022. The average value of the EMAG share on the SI ENTER market in 2022 was EUR 2.90, 3% higher than in 2021.

In 2022, 13 trades were executed on the SI ENTER market for a total volume of 9,889 EMAG shares.

At the end of 2022, the share register of Elektro Maribor d.d. contained 567 shareholders, which is 92 shareholders or 14% less than at the end of 2021. There were no changes in the shareholder structure of Elektro Maribor d.d. in 2022. The Republic of Slovenia remains the largest shareholder.



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



Shareholder structure of Elektro Maribor d.d. as at 31 December 2022

The largest shareholders of Elektro Maribor d.d. as at 31 December 2022

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

8.1.5 Existence of branches (Art. 70 of ZGD-1)

Elektro Maribor d.d. has no branches.

8.2 Elektro Maribor Group¹⁵

Until 31 May 2022, the Elektro Maribor Group consisted of the parent company Elektro Maribor d.d. and two subsidiaries:

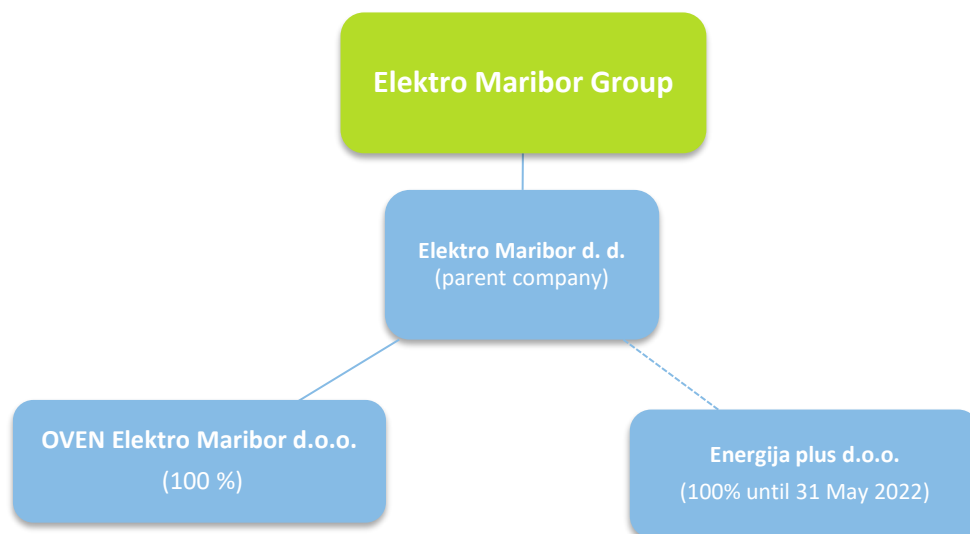
- Energija plus d.o.o., which was 100% owned by the parent company until 31 May 2022;
- OVEN Elektro Maribor d. o. o., which is 100% owned by the parent company.

The management of Holding Slovenske elektrarne d.o.o. (HSE) and Elektro Maribor d.d. signed an agreement on the sale or purchase of a 51% ownership stake in Energija plus d.o.o. on June 2021. The purchase was approved by the Public Agency for the Protection of Competition of the Republic of Slovenia on 18 May 2022. On this basis, the Agreement on the Sale and Transfer of the Shareholding of Energija plus d.o.o. was signed on 1 June 2022. With the signing of the Agreement on the Sale and Transfer of the Shareholding of Energija plus d.o.o. on 1 June 2022, HSE d.o.o. became the majority 51% owner of Energija plus d.o.o., which was previously part of the Elektro Maribor Group.

The signing of the Agreement on the Sale and Transfer of the Shareholding of Energija plus d.o.o. resulted in changes to the Group's information and consolidated financial statements. In 2022, Energija plus d.o.o. is

¹⁵ GRI 2-2.

included in the consolidation until the cut-off date of 31 May 2022. From that date onwards, Elektro Maribor d.d. holds the investment in Energija plus d.o.o. as an associate.



Organisational structure of the Elektro Maribor Group

8.3 Associated company Energija plus d.o.o.

ID information of Energija plus d.o.o. as at 31 December 2022

Company name:	Elektro Maribor Energija plus, podjetje za trženje energije in storitev, d.o.o.
Short company name:	Energija plus d.o.o.
Registered office	Vetrinjska ulica 2, 2000 Maribor
Registration number	3991008000
Tax number:	SI88157598
Share capital:	EUR 8,000,000
Entry in the court register of legal entities:	District Court in Maribor, Srg 2011/23297 20. 6. 2011, Srg 2011/36929 1. 12. 2011
Code of main activity:	D 35.140 Electricity trading
Number of employees as at 31 May 2022:	73
Company size according to ZGD-1:	Large company
Founder:	Elektro Maribor d. d.
Managing Director:	mag. Alan Perc
Call centre toll-free number:	080 21 15
General email address	info@energijaplus.si
Website:	www.energijaplus.si

Company activity

Energija plus d.o.o.'s main activities are the purchase and sale of energy products (electricity, natural gas), the production and sale of thermal energy and the financing of energy savings through energy contracting and public-private partnerships. Energija plus d.o.o. offers its services and goods on the Slovenian market in all segments to large business systems as well as to households.



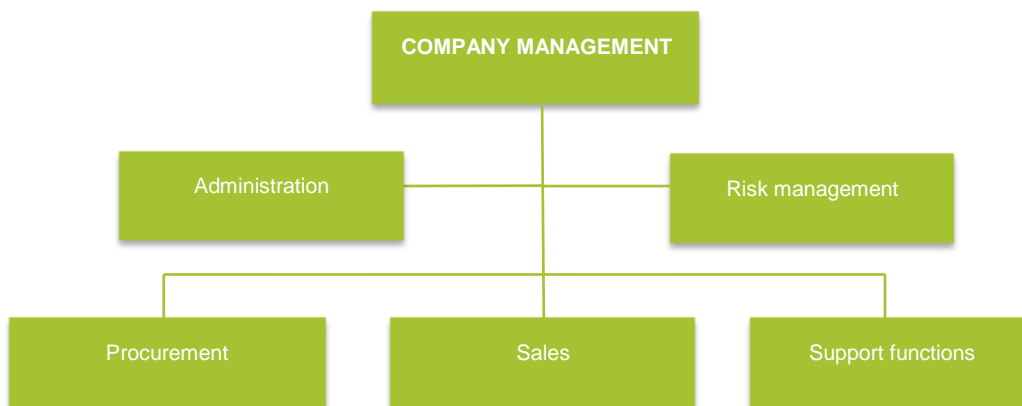
Logo of Energija plus d.o.o.

Energija plus d.o.o. offers customers a comprehensive energy supply under the Energija plus brand. The following product lines are used to market individual energy products:



Product lines of Energija plus d.o.o.

Organisational structure



Organisational structure of Energija plus d.o.o. as at 31 December 2022

Management and administration

Energija plus d.o.o. has a two-tier management system. The Company's governing bodies are the Managing Director, the Supervisory Board and the General Meeting of Shareholders.

The Company's management is a single-member body - the Managing Director, appointed by the General Meeting for a term of four years in accordance with the Memorandum of Association.

In accordance with the Memorandum of Association, the Supervisory Board is composed of three (3) members, of which one member is appointed by each shareholder independently, and one member is a representative of the Company's employees appointed in accordance with the law governing the participation of employees in the company's management. The term of office of the members of the Supervisory Board is five years, with the possibility of reappointment.

Composition of the management of Energija plus d.o.o. in 2022

Name and surname	Function (President, Member)	Area of work in the management	First-time appointment to office	End of function / term of office	Gender	Nationality	Year of birth	Education	Professional profile	Membership in supervisory bodies of non-related companies
Alan Perc	Managing Director	Management and representation of the company	14 June 2022		Male	Slovenian	1968	University degree in Mechanical Engineering, MBA	Manager, energy systems	No
Bojan Horvat	Managing Director	Management and representation of the company	15 June 2011	14 June 2022	Male	Slovenian	1957	University degree in Electrical Engineering	Management, power system	No

Composition of the Supervisory Board and Committees in 2022

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 vs. total number of SB meetings (e.g. 5/7)	Gender	Nationality	Year of birth	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 vs. total number of committee meetings (e.g. 5/7)
Andreja Žinkovič	Deputy Chairman of the SB	21 May 2021; 16 Jun 2022	31 May 2022; 16 Jun 2027	Shareholder rep.	9/9	Female	Slovenian	1974	University degree in Economics	Finance, Accounting	YES	NO	NO	YES / Audit Committee	Chair of the AC	8/8
Saša Prelič	Chairman of the SB (1 Jan 2022 – 15 Jun 2022)	21 May 2021	15 Jun 2022	Shareholder rep.	3/9	Male	Slovenian	1967	University degree in Law, Doctor of Juridical Sciences	Management, Law	YES	NO	N/A	YES / Audit Committee	Deputy Chair of the AC until 15 Jun 2022	4/8
Boštjan Majč	Member	13 Dec 2021	13 Dec 2025	Employee rep.	9/9	Male	Slovenian	1978	University degree in Electrical Engineering	IT, Power systems	YES	NO	NO	NO	/	/
Marko Bahor	Chairman of the SB (8 Jul 2022 – 25 Nov 2022)	15 Jun 2022	25 Nov 2022	Shareholder rep.	5/9	Male	Slovenian	1971	No data	No data	YES	NO	N/A	YES / Audit Committee	Deputy Chair of the AC until 25 Nov 2022	3/8
Jana Pogačnik	Chairman of the SB (from 22 Dec 2022)	25 Nov 2022	25 Nov 2027	Shareholder rep.	1/9	Female	Slovenian	1978	Master's degree in Economics	Management, Finance, Controlling	YES	NO	YES	YES / Audit Committee	Deputy Chair of the AC	1/8

Composition of external members in Committees in 2022

Name and surname	Committee	Attendance at committee meetings vs. total number of committee meetings (e.g. 5/7)	Gender	Nationality	Education	Year of birth	Professional profile	Membership in supervisory bodies of non-related companies
Daniel Zdošek	Audit Committee	8/8	Male	Slovenian	University degree in Economics, Master's degree in Economics and Business Studies, PhD in Economics and Business Studies	1981	Finance, Accounting	NO

Operational framework

The company offers a full range of services, from the sale of electricity, natural gas, merchandise, modern energy solutions based on energy efficiency and renewable energy sources, and e-mobility. The focus remains on consumers and their needs, as the market evolves and their role changes to that of active consumers, and on the employees, who are committed to achieving the company's goals and development.

Company operations

Energija plus d.o.o.'s performance is presented in more detail in the Energija plus Annual Report 2022, which is published on the company's website (<http://www.energijaplus.si>).

8.4 Subsidiary OVEN Elektro Maribor d.o.o.

ID information of OVEN Elektro Maribor d.o.o. as at 31 December 2022

Company name:	OVEN Elektro Maribor d.o.o.
Registered office:	Vetrinjska ulica 2, p. p. 1553, 2001 Maribor
Registration number:	1708503
Tax number:	SI22034412
Share capital:	EUR 38,792
Entry in the court register of legal entities:	District Court in Maribor, entry no 1/11291/00
Code of main activity:	D 35.111 Hydroelectric power generation
No of employees as at 31 December 2022:	4
Company size according to ZGD-1:	Small company
Founder :	Elektro Maribor d. d.
Director:	Aleš Kumperščak
Holder of procuration:	Franc Vindiš
Telephone :	+368 2/22 00 782
Website :	www.oven-em.si

Company activity

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

The company's main activities are:

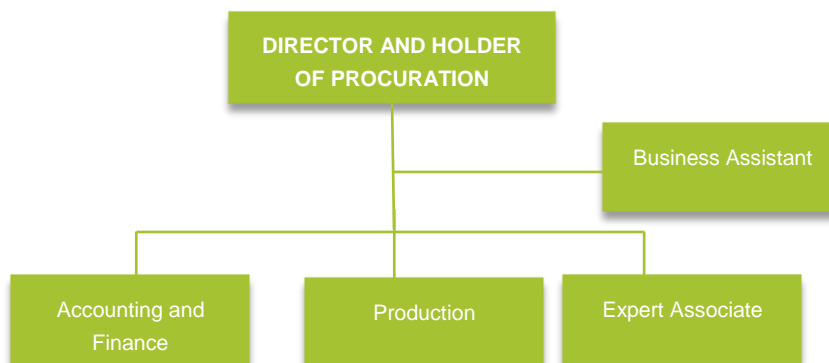
- Electricity generation in small hydroelectric power plants,
- Electricity production in photovoltaic power plants,
- Maintenance of hydroelectric and photovoltaic power plants.



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. as the sole shareholder and founder. The company has no subsidiaries.

Organisational structure



Organisational structure of OVEN Elektro Maribor d.o.o. as at 31 December 2022

Management and administration

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

Composition of the management of OVEN Elektro Maribor d.o.o. in 2022

Name and Surname	Function (President, Member)	Area of work in the management	First-time appointment to office	End of function / term of office	Gender	Nationality	Year of birth	Education	Professional profile	Membership in supervisory bodies of non-related companies
Neven Lisica	Company Director	Manages and represents the company	22 Nov 2019	3. 5. 2022	Male	Slovenian	1981	University degree in Economics	Management	No
Aleš Kumperščak	Company Director	Manages and represents the company	3 May 2022	-	Male	Slovenian	1968	University professor of Mathematics and Physics	Management	No
Franc Vindiš	Holder of Procuration	Representative	15 Dec 2021	-	Male	Slovenian	1973	University degree in Law	Law	No

Company operations

The performance of OVEN Elektro Maribor d.o.o. is presented in more detail in OVEN's Annual Report 2022, which is published on the company's website (<https://www.oven-em.si>).

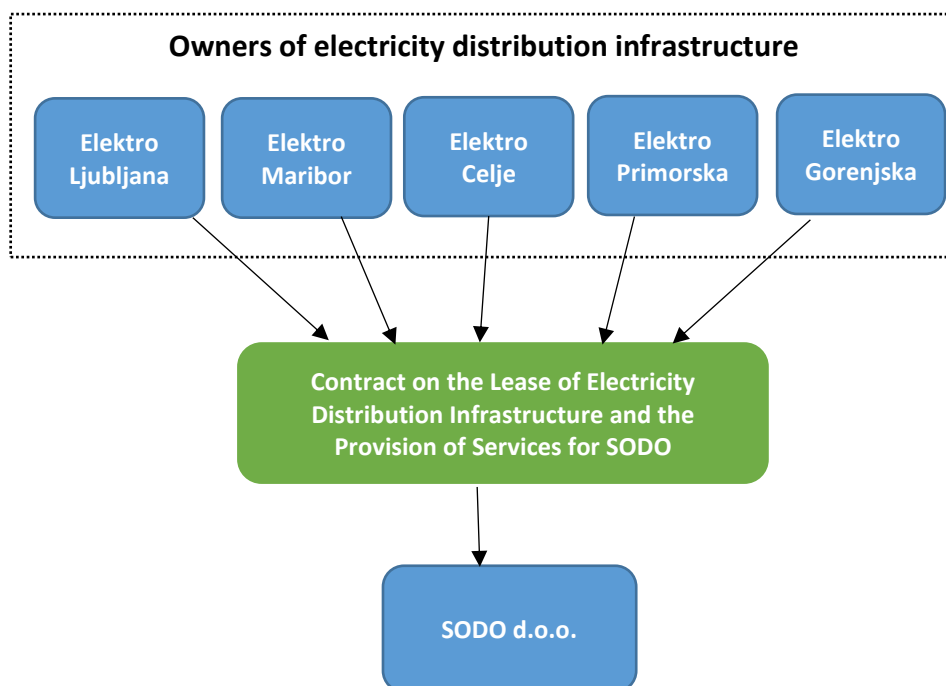
9 BUSINESS ENVIRONMENT

Regulated activity operators

Under the Electricity Supply Act (ZOEE), five electricity distribution companies and SODO d.o.o. carry out regulated electricity distribution activities in the Republic of Slovenia.

Electricity distribution companies (EDCs) own the electricity infrastructure. SODO d.o.o., which holds a concession to perform the public utility service of distribution operator activities, has concluded a Contract on the Lease of Electricity Distribution Infrastructure and the Provision of Services for the System Operator of the Electricity Distribution Network (hereinafter referred to as the SODO Contract) with the EDCs. Prior to the conclusion of the Contract, SODO d.o.o. must obtain a positive opinion from the Energy Agency and the Ministry responsible for energy.

On the basis of this contract, SODO d.o.o. pays EDCs for the rental of the electricity distribution infrastructure (EDI rent) and for the services provided for the performance of the activities of an electricity distribution operator (services for SODO). The value of the EDI rent and of the services provided for SODO may not be higher than the value set by the Energy Agency in its decision for the Regulatory Framework.



Regulator

The regulator of the Slovenian energy market is the Energy Agency, which, among other tasks, regulates network activities, including economic regulation of all electricity system operators, as well as the network itself, in terms of giving consent to general acts. Regulation was carried out in 2022 according to the methodology prescribed by the Energy Agency in the amendments and additions to the Act on the Methodology for Determining the Regulatory Framework and Network Charges for the Electricity Distribution System (Official Journal No 145/2021). The value framework for the regulatory year 2022, which contains a quantification of eligible costs, network charges, other operating revenues, surpluses and deficits of network charges from previous years, was set by the Energy Agency in a Decision.

In 2022, the Energy Agency separated the methodology for determining the regulatory framework from the methodology for calculating the network charge by two separate acts:

- The Act on the Methodology for Determining the Regulatory Framework for Electricity Operators (hereafter referred to as the new Network Act) was published in the Official Journal of the Republic of Slovenia No 123/2022, which sets out the methodology for the regulatory framework 2023-2028. Two regulatory periods are set. The first one covers the period from 1 January 2023 to 31 December 2023 (RO 2023), and the second one covers the period from 1 January 2024 to 31 December 2028 (RO 2024-2028). Article 131 of the New Network Act also sets out the calculation of the reduced recognised rate of return for 2022 for the purpose of taking into account Article 4 of the Emergency Measures Act ([ZUOPVCE](#)).
- The new Act on the Methodology for Charging the Network Fee to Electricity Operators was published in the Official Journal of the Republic of Slovenia No 146/2022, which sets out the new methodology for charging the network fee for the electricity transmission and distribution system. As a result, a new tariff system with billing based on 15-minute values, according to five time blocks and an "agreed power" system, and with billing for excess power, will enter into force as of 1 January 2024.

Statutory change that has a significant impact on the Company's operations in 2022

In 2022, Elektro Maribor d.d. found itself in an unforeseen challenging situation related to the statutory reduction of tariff rates for billing power and assumed work energy for all consumer groups to zero. On 22 February 2022, the National Assembly of the Republic of Slovenia adopted the Act Determining Emergency Measures to Mitigate the Consequences of the Impact of High Energy Commodity Prices (ZUOPVCE), which entered into force on 5 March 2022. Article 4 of the Emergency Measures Act provides for the tariff rates for the distribution and transmission operator for the billing power and the assumed work energy for all consumer groups to be reduced to zero. The identified shortfall in the network charge for 2022 resulting from the measure exempting final consumers from all consumer groups from the payment of the network charge for the distribution and transmission system shall be covered by the Energy Agency amending the general act establishing the methodology for determining eligible costs and reducing the recognised rate of return on the assets of the distribution and transmission operator in the process of determining the deviations from the regulatory framework for 2022. The Energy Agency amended the above in a new network act ([Act 2023 RO](#)). This measure, which was provided for by the Emergency Measures Act, was applicable from 1 February 2022 to 30 April 2022.

As a result of this act, SODO d.o.o. received less revenue and inflows from the distribution network charge, which it uses to cover the costs of renting electricity infrastructure and providing services to electricity distribution companies. As a consequence, this act had an impact on the reduction of the regulated revenues of electricity distribution companies, i.e. the recognised rate of return on assets was reduced from 5.15% to 0.31% in 2022, resulting in EUR 16 million lower regulated revenues for Elektro Maribor d.d. and consequently lower cash inflows ([Impact](#)).

Economic and geopolitical changes

In 2022, economic sanctions were imposed against Russia due to the war in Ukraine, as a result of which Elektro Maribor d.d. faced the problem of changed circumstances on the global and domestic market, which caused higher costs of materials, raw materials and services for suppliers, which resulted in suppliers requesting changes to existing contracts or an increase in contract prices in 2022.

The year 2022 was also marked by the energy crisis and high price volatility. The war in Ukraine has greatly increased energy risks, with prices of all energy products (electricity, natural gas, etc.) rising. Complications with the supply of Russian gas and the start of the war in Ukraine have pushed prices on the spot and futures markets to record highs.

Economic growth in the Republic of Slovenia slowed down between 2022 and 2020. Higher inflation and a sharp rise in interest rates had a negative impact on investment and consumption. Below we summarise the key indicators of economic growth and the evolution of the European Interbank Offered Rate (EURIBOR).

Economic trends in Slovenia (UMAR)¹⁶

Real growth rates in %	2023 forecast	2022	2021	2020	2019
Gross domestic product (GDP)	1.8	5.4	8.2	-4.3	3.5
Employment	1.0	2.4	1.3	-0.7	2.5
Gross wages per employee	1.1	-5.5	4.1	5.9	2.7
Private consumption	1.2	8.9	9.5	-6.9	5.3
State consumption	1.2	0.9	5.8	4.1	1.8
Inflation (end of year)	5.1	10.3	4.9	-1.1	1.8
Investments in fixed assets	2.8	7.8	13.7	-7.9	5.1

Movements in the European Interbank Offered Rate EURIBOR¹⁷

EURIBOR on last day of the year	2022	2021	2020	2019
12-month	3.291	-0.501	-0.499	-0.249
6-month	2.693	-0.546	-0.526	-0.324
3-month	2.132	-0.572	-0.545	-0.383
monthly	1.884	-0.583	-0.554	-0.438

10 DEVELOPMENT STRATEGY

10.1 Expected development

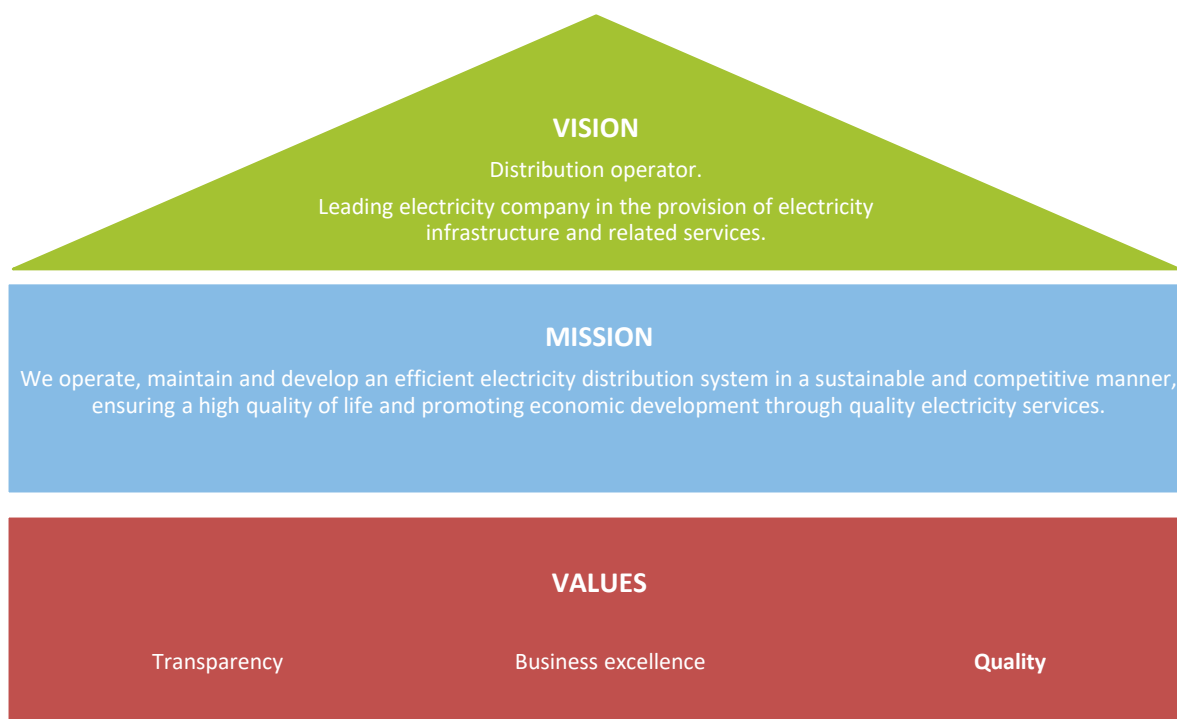
The expected development of the Company is defined in the following documents: the Strategy of Elektro Maribor d.d. (January 2016), the Strategy for the Technical and Technological Development of the Distribution Power System of Elektro Maribor d.d. (May 2016), the Annual Business Plan of Elektro Maribor d.d. for 2023 with the projection of operations for 2024 and 2025 (October 2022), and the Development Plan of the Distribution Network of Elektro Maribor d.d. for the period from 2023 to 2032 (February 2023).

Company strategy

The Company has a mission, vision and values defined in its Company strategy. In our business operations, we follow the set strategy, which will be adjusted in the light of the new facts of the strategic documents at the national level, in particular the Energy Concept of Slovenia, and on the basis of the adopted acts and relevant regulations.

¹⁶ UMAR, Spring Economic Outlook 2023.

¹⁷ Euribor 2022 (euribor-rates.eu)



Vision, mission and values

Annual Business Plan 2023

The Annual Business Plan of Elektro Maribor d.d. for the year 2023 with business projections for the years 2024 and 2025 (hereinafter referred to as the Annual Business Plan 2023) was adopted on 13 October 2022 by the Management Board of Elektro Maribor d.d. with the prior consent of the Supervisory Board of Elektro Maribor d.d.

The ABP 2023 was prepared in line with the Company's fundamental statutory objectives and the strategy of Elektro Maribor d.d. To the extent possible, we took into account the guidelines and expectations of the SSH with regard to increased cost-efficiency and the ambition of the business plan. We also included sustainability targets in the ABP 2023 based on the international reporting framework of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. From a sustainable development perspective, we are also working to protect the environment, create sustainable, inclusive and resilient economic growth, and strengthen social inclusion through interconnectedness and interdependence.

Long-term network development plan

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

The development plan of the distribution network of Elektro Maribor d.d. is designed to meet the targets set out in the NEPN document related to the connection of new consumers (heat pumps and electric vehicle charging stations) and additional dispersed generation sources, mainly solar power plants, by the end of 2032.

Over a ten-year period, investment of €951 million is foreseen on the distribution network of Elektro Maribor d.d. The realisation of the investments depends to a large extent on securing sources of financing, and thus also on the realisation of the objectives set out in the NEPN document related to the electrification of heating and mobility and the connection of additional dispersed generation sources, which are a prerequisite for achieving a 27% share of RES in the final use of all energy by the end of 2032.

10.2 Strategic projects

Sustainable development infrastructure

The electricity distribution system is a fundamental infrastructure for sustainable development and the backbone of the energy transition. Without strong, robust and advanced electricity distribution networks, the green transition, which puts the electrification of mobility and heating, the active role of consumers and producers, renewable energy and energy efficiency at the centre of the agenda, cannot be realised.

- **Network robustness**
In the face of increasingly intense and frequent extreme weather conditions, the Company is working to increase the resilience of the network through targeted construction of underground MV and LV lines and overhead insulated MV and LV lines; reliability-oriented maintenance, including maintenance of line corridors, rehabilitation of MV and LV line abutments and cable diagnostics.
- **Network quality**
With increasing consumer demand and the increasing network integration of new generation resources, installed and peak power is increasing. In line with the needs of our consumers and the requirements of the standards for quality and reliability of electricity supply, we are therefore systematically increasing the capacity of our networks with new or reconstructed lines and installations.
- **Network forwardness and recognition**
The construction of an advanced metering system is ongoing, including: system meters at system users, control meters in TSS, data collectors in TSS; communication infrastructure enabling data transmission from system meters to metering centres; metering centres; and a unified information system. The project consists of three components:
 - a) Introducing advanced metering.
 - b) Metering centres.
 - c) Remote-controlled separation points (DVLM).
- **Digitisation of electricity distribution**
Digitalisation is an important prerequisite for the active role of the consumer and for the take-up of advanced services. That is why we have already started a project to introduce an Advanced Distribution Management System (ADMS) with integrated functionalities.
- **Telecommunications and IT**
We plan to develop a TK infrastructure for the purpose of flexibilisation of production and consumption or for the active role of consumers and, of course, for the smooth management of the distribution network elements. The aim is to establish fibre-optic connections to installations/facilities, while locations where, for technical/financial reasons, it will not be reasonable/possible to build fibre-optic connections will be connected to a pLTE network, a private IP radio network, or to a public 4G-LTE or 5G network. We are also increasing information security.

Advanced Metering Implementation (AMI)

The construction of the advanced metering system is of great importance for Elektro Maribor d.d., as well as for the users of the electricity distribution network and the wider social environment. The investment benefits

not only all market participants, but also all network users who are connected to the advanced metering system. This investment has encouraged system users, as well as other key players in the electricity market, to adapt more actively to market conditions.

The project is co-funded by the European Union from the Cohesion Fund and the Republic of Slovenia. The purpose of the operation is to:

- Purchase and install smart electricity meters and associated communication equipment (communication modules and data collectors);
- Purchase software and hardware for the data processing of the advanced metering system;
- Educational content and marketing activities.



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

To provide easy access to metering and other data, the free Moj Elektro web app (www.mojelektro.si) and mobile app are available. The mobile app is available via Google Play (Android) and App Store (iOS).



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

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

Central Electricity Portal of Slovenia (CEEPS)

While the Moj Elektro portal is aimed at consumers, the CEEPS portal is aimed at other electricity market participants. In doing so, we aim to optimise the exchange of data between market participants, exploit the opportunities offered by the already achieved level of digitalisation, and maintain our strategic role as an initiator and provider of comprehensive, technologically advanced B2B data exchange solutions with other stakeholders in the Slovenian organised electricity market.

Upgrade of the business support IT solution (ERP)

In 2022, we continued with the upgrade project of the ERP system, as the existing version will expire in 2023. The existing version of Microsoft AX will therefore be upgraded to the newer version Microsoft D365FO.

Four distribution companies have signed up to the project to upgrade their business support IT solution. After the signing of the contract, the project organisation was set up. Test environments were set up, demonstration workshops were held to present all the processes whose development had been completed by then. In the last quarter of 2022, work also started on the integrations between D365FO and other related systems. The migration to the newer version of IT support is foreseen for May 2023.

11 INTERNAL AUDIT AND RISK MANAGEMENT

The Company and the Elektro Maribor Group have established internal audit and risk management functions:

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

11.1 Internal audit

The internal audit function has been operating as an independent function in Elektro Maribor d.d. since 2013 and in Elektro Maribor Group since 2014. The basis for its operation is the Elektro Maribor Group Internal Audit Charter, which is approved by the Management Board and the Supervisory Board of Elektro Maribor. In its work, it is committed to adhering to the International Professional Practices Framework for Internal Auditing.

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

In accordance with the annual internal audit plan, nine regular audits (two in collaboration with an external independent expert), one unannounced audit and one extraordinary consultancy engagement were carried out in 2022. In total, 10 processes were thus audited in the Elektro Maribor Group.

The objective of the Internal Audit is to provide assurance on the risk management of the Group companies and to add value by providing advice at all levels on risk management, safeguarding assets and improving the efficiency and quality of operations. In 2022, the Internal Audit achieved all key objectives, namely:

- Ensuring the efficiency and effectiveness of internal auditing in the Elektro Maribor Group – 75 recommendations or identified opportunities for improvement were issued as part of internal audit engagements in 2022. By 31 December 2022, 16 recommendations were due for first reporting, of which 12, or 75%, were implemented within the original timeframe and four recommendations (25%) remained in progress. 59 recommendations issued in 2022 are not yet due for first reporting.
- Transfer of knowledge and good practices between internal audit practitioners – two internal audits were carried out in cooperation with an independent expert, an external internal audit practitioner.
- Quality assurance of internal auditing – throughout 2022, internal auditing followed the provisions of the Quality Assurance and Quality Improvement Programme for Internal Auditing in Elektro Maribor and a self-assessment of the quality of work was carried out in January 2023. The recipients of the report on the results of the self-assessment are the Management Board and the Audit Committee of the Supervisory Board of Elektro Maribor d.d. (the external quality audit was carried out in 2019, repeated every five years).
- Fulfilment of the conditions for the position of Head of Internal Audit at Elektro Maribor d.d. – through additional training, the Head of Internal Audit has accumulated sufficient points for the renewal of the professional title of tested internal auditor in accordance with the rules of the Slovenian Institute of Auditors (the verification was carried out on 10 October 2022, the next verification will be carried out on 10 October 2024).

In the context of the transactions carried out in 2022, the Internal Audit paid particular attention to the verification of the functioning of internal controls in the warehouse operations process at Elektro Maribor d.d., including the verification of the inventory at each local warehouse of the Company (including unannounced inspections). The audit also covered the investment management process at Elektro Maribor d.d. and the procurement process at Elektro Maribor. The following processes were also audited: the process of justification of construction machinery rental in Elektro Maribor d.d., the process of notification of users of planned interruption of electricity consumption or supply by Elektro Maribor, the process of environmental management in Elektro Maribor, the process of vehicle management in Elektro Maribor and in the subsidiary OVEN. Two audits were carried out in cooperation with an independent expert, an internal auditor, to verify the establishment and maintenance of Elektro Maribor's business continuity management system and to verify the implementation of Elektro Maribor's 2016 strategy. As an advisory internal audit engagement, testing of the adequacy of the established system of internal controls in the PRO-157 Vacancy Announcement process was performed. In addition to the above mentioned engagements, the Internal Audit monitored the implementation of the recommendations made on an ongoing basis in 2022.

11.2 Risks¹⁸

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

¹⁸ GRI 3-3.

11.2.1 Risk groups and types

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

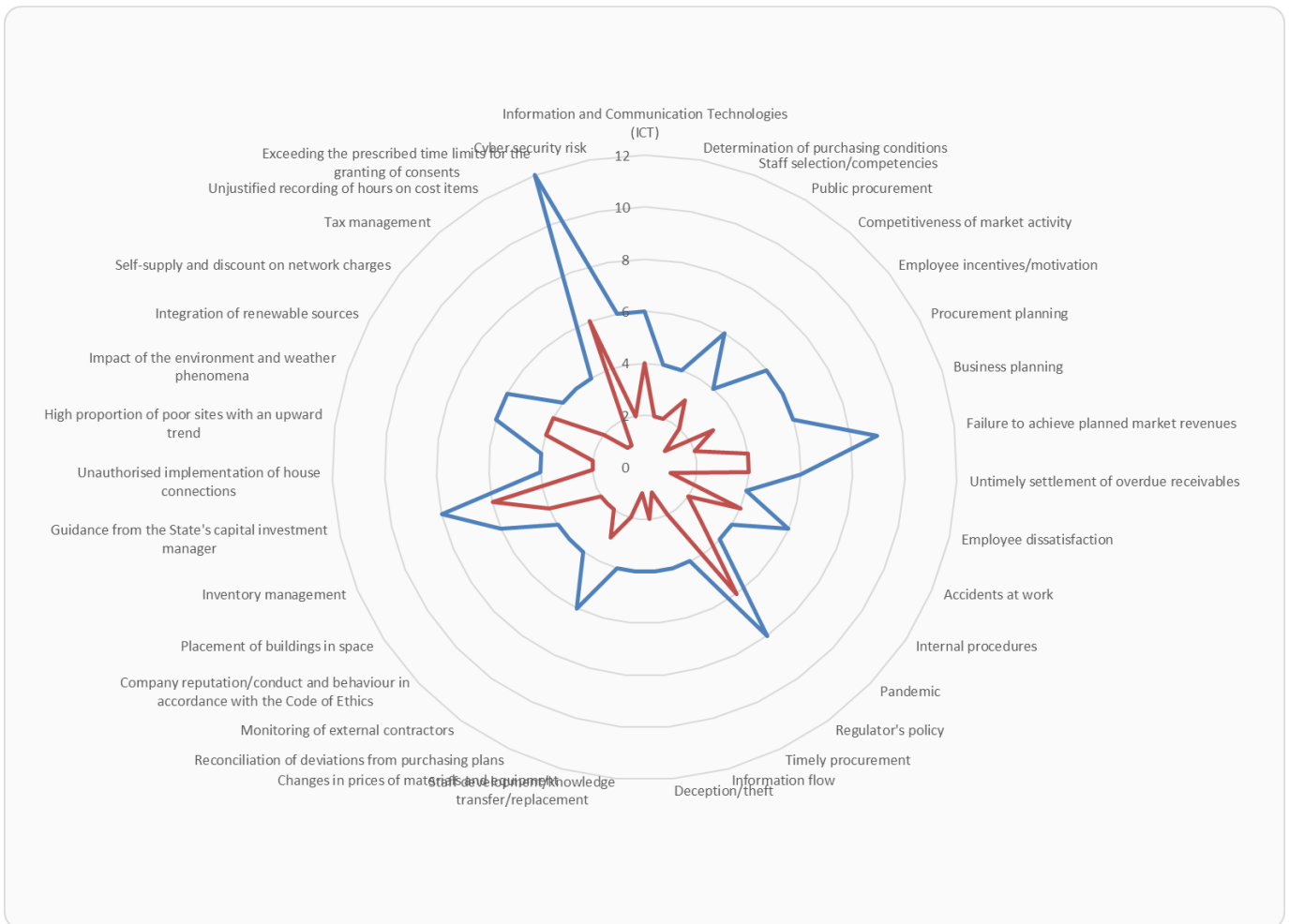
Strategic risks	Strategic risks are potential events that (adversely) affect the achievement of the Company's or Group's medium- or long-term performance objectives.
Operational risks	Operational risks are potential events that (adversely) affect the achievement of the Company's or Group's annual performance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

Identified risks

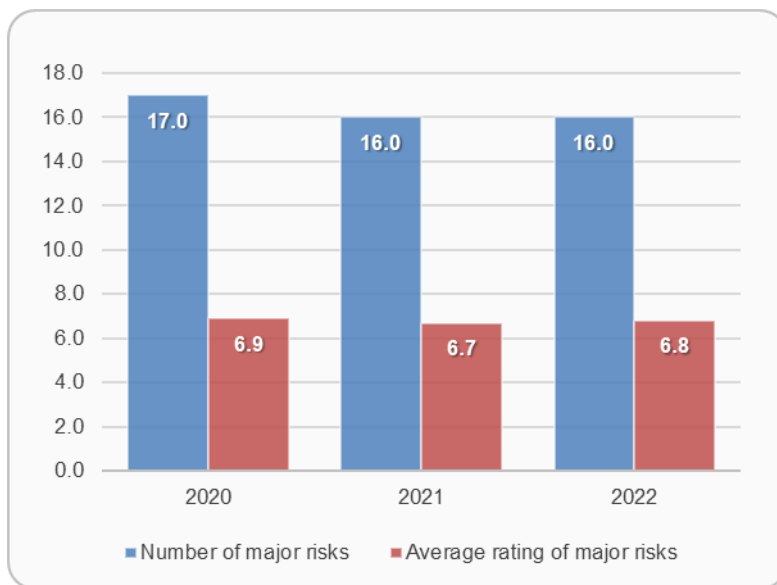
The risk register defines the identified risks in order of importance. It sets out how risks are regularly updated, assessed and prioritised, identifies responses to risks and the people responsible for implementing them, and identifies internal controls as a key response to risks. A

fraud scheme is in place to reduce the likelihood of certain risks occurring. The above is an effort to mitigate the negative impact of risks on the Company's and the Group's operations.

As can be seen from the graph below, Elektro Maribor d.d. has a maximum risk score of 12. According to the risk assessment matrix (4x4) used to assess risk, the maximum risk score is 16.



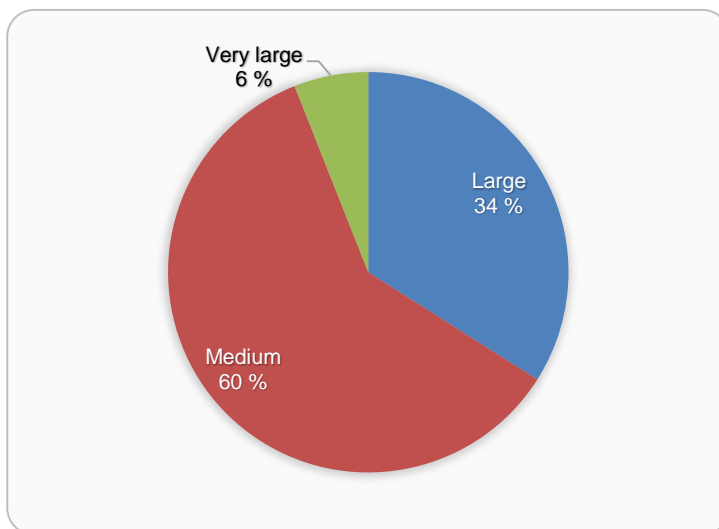
Overview of risks in the register



Number and average rating of major risks

Risks by magnitude of impact

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

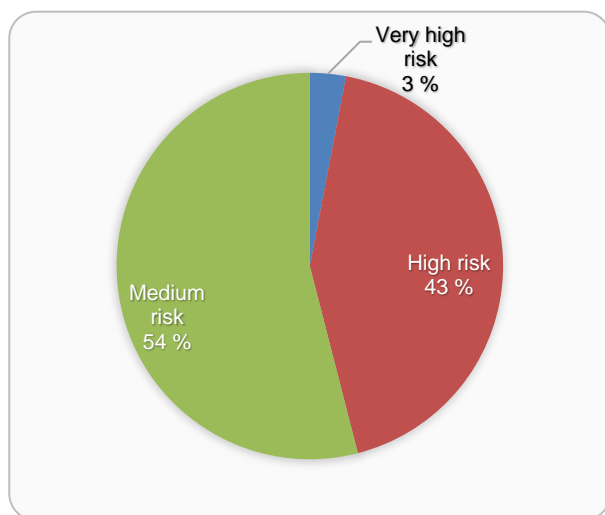


Risks by magnitude of impact in 2022

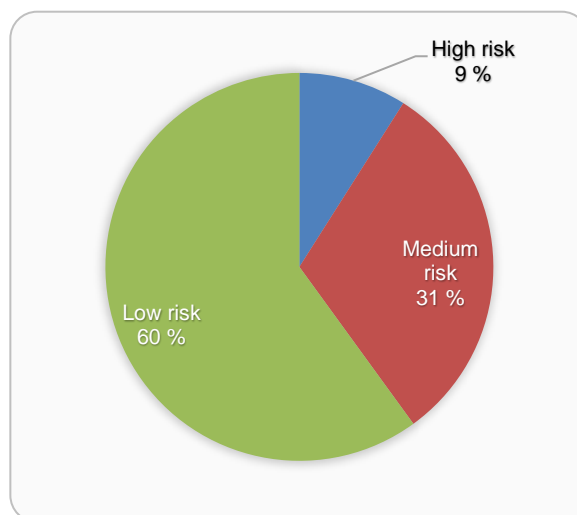
Risk mitigation

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

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



Amount of embedded risks in 2022



Amount of residual risks in 2022

Major events in 2022 from a risk perspective

The adopted Emergency Measures Act ([ZUOPVCE](#)) had a significant impact on the operations of Elektro Maribor d.d. To this end, we prepared estimates of the impact on the Company's operations in 2022 and planned capital investments and regularly informed the Company's Management Board and Supervisory Board.

Among the more important risks that we addressed in previous periods, we excluded the risk of a pandemic. With our active work in the area of occupational health and safety and the general environmental situation, we do not consider that at this point in time the Covid-19 pandemic poses a risk that could have a material impact on the Company's business. Most of the measures have been relaxed or cancelled by decree of the Government of the Republic of Slovenia, which we have transferred to our working environment in accordance with the risk assessment.

11.2.2 Management of major strategic risks

Regulator's policy and the direction of the State's capital investment manager

The policies of the regulator, the Government of the Republic of Slovenia and the State's capital investment manager may have a significant impact on the Company's operations and represent a risk that is managed by monitoring the laws, acts or decisions issued. Response reports or action plans with the necessary analyses are prepared. The Company's Management Board receives regular reports/responses from the relevant areas on documents and decisions issued that have a significant impact on the Company's business. We actively participate in the document preparation processes. We prepare opinions and comments on documents under public consultation, which are usually coordinated at the GIZ level.

Placement of buildings in space

Planning the placement of distribution facilities is a process that depends to a large extent on stakeholders such as national authorities, local communities and civil society. The success of placement also depends to a large extent on other partners and consenting parties. These usually lengthy procedures result in unrealised facilities needed to ensure a stable supply of electricity to consumers. This is why we are particularly attentive and active in this area, monitoring the placement process, communicating proactively and working with

relevant stakeholders to ensure that placement is carried out as quickly as possible and with acceptable solutions.

Integration of renewables – connection consents

The integration of renewable energy sources has been on the rise in recent years. There are a number of identified risks to manage, both in terms of the number of consents granted and the ability to integrate them into the electricity grid. The risk addresses and includes non-compliance with the requirements of the legislation in the event of untimely or delayed consents.

Market risk

In 2022, Elektro Maribor d.d. faced the problem of changed circumstances in the global market, which also resulted in a high inflation rate. It caused higher costs of materials, raw materials and services for suppliers and consequently made it more difficult to meet contractual obligations. As a consequence, suppliers have sought changes to existing contracts or increases in the contractual prices of materials and services. These were mainly higher prices for copper, aluminium, plastics, petroleum products, transformer oil and transport services. The Company managed the risk by monitoring quarterly the price trend of basic raw materials. Due to the global market conditions and correspondingly longer delivery times, a larger number of distribution transformers and meters for connecting customers to the distribution network were ordered in 2022.

Market interest rate risk is discussed in more detail in the accounting section of this report. (*Market risk – interest*)

12 ELECTRICITY DISTRIBUTION

12.1 Operation of the distribution system ¹⁹

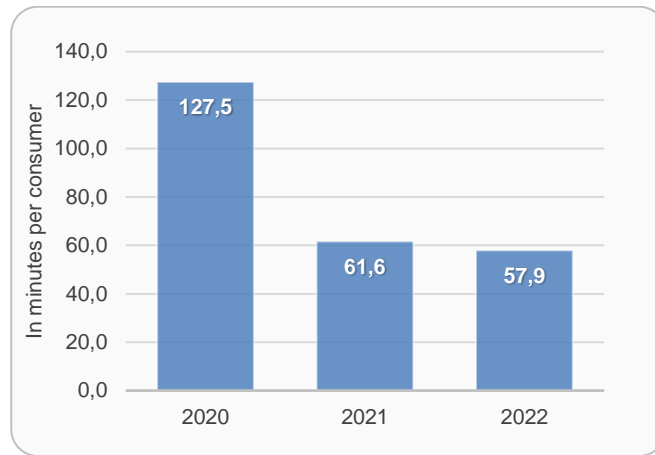
In 2022, the quality of electricity supply to consumers in the electricity supply area, as measured by the SAIDI, SAIFI and MAIFI parameters, generally improved.

The SAIDI and SAIFI parameters are two key power continuity parameters that are regulated by the Energy Agency.

SAIDI factor: This measures the average time of unplanned power outages for each consumer on the Company's distribution system; it is counted in minutes per consumer.

In 2022, the overall SAIDI indicator (composed of own causes, force majeure and external causes) for the entire Elektro Maribor supply area was 57.9 minutes/consumer, which is 6.0% lower (better) compared to the previous year.

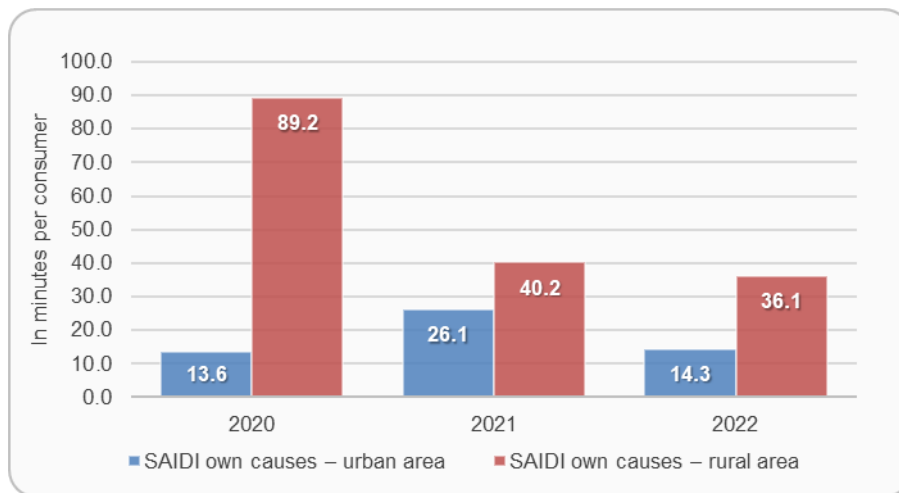
¹⁹ GRI 417-2.



SAIDI total – average time of unplanned interruptions longer than three minutes per consumer

Looking at the own-cause outages in the SAIDI factor, separately for urban and rural areas, the results in 2022 are, relative to the previous year:

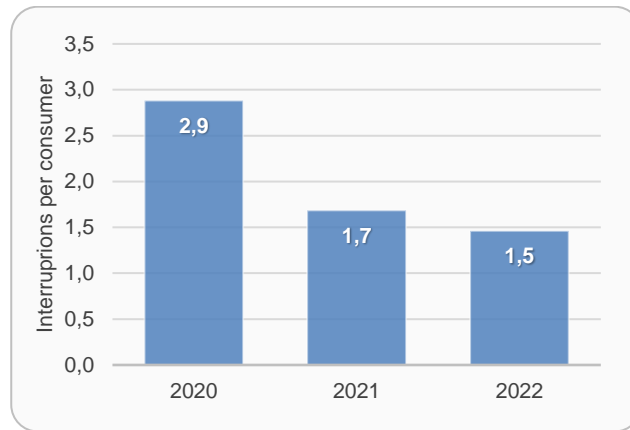
- 45.2% lower (better) for the urban network factors and
- 10.1% lower (better) for the rural network factors.



SAIDI for own causes, separately for urban and rural areas – average time of unplanned interruptions longer than three minutes per consumer

SAIFI factor: This measures the average number of unplanned power outages for each consumer on the Company's distribution system; it is counted in interruptions per consumer.

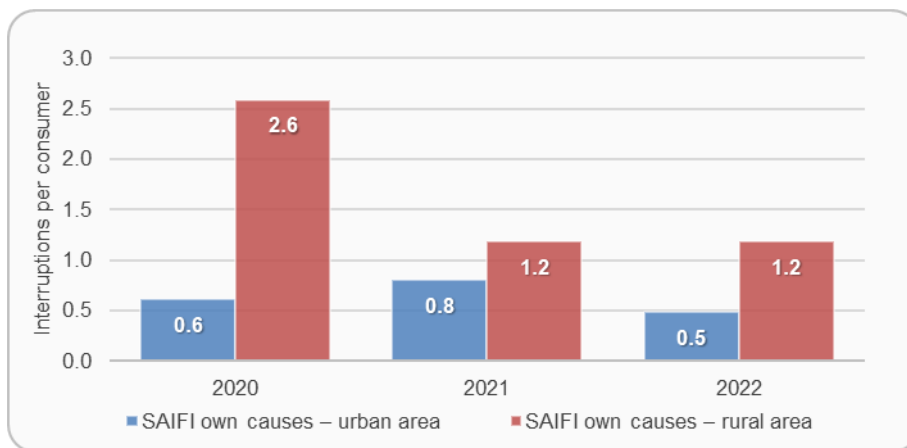
The total SAIFI (composed of own causes, force majeure and external causes) achieved in the whole supply area of Elektro Maribor in 2022 is 1.5 interruptions/consumer, which is 13.3% lower (better) than in 2021.



SAIFI total – average number of unplanned interruptions longer than three minutes per consumer

Looking at the own-cause outages in the SAIFI factor, separately for urban and rural areas, the results in 2022, compared to the previous year, are:

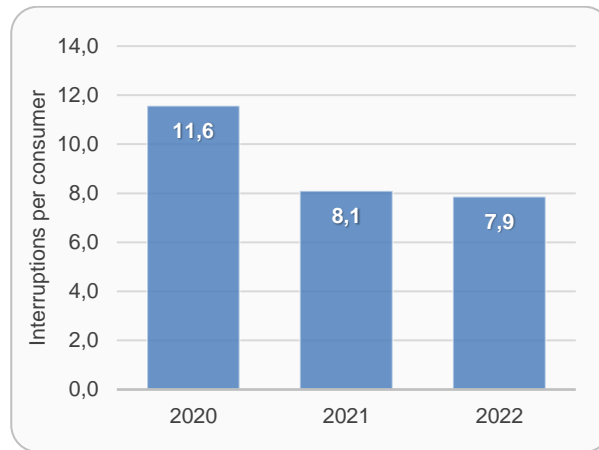
- 39.7% lower (better) for the urban network factors and
- for the rural network factors, the value is the same as the previous year.



SAIFI for own causes, separately for urban and rural areas – average number of unplanned interruptions of more than three minutes per consumer

MAIFI factor: This measures short-term outages, which are common in storms when the number of automatic reconnections increases. It is measured in the number of interruptions per consumer of less than three minutes, calculated over the whole Company area.

Comparing the MAIFI factor from 2021 and 2022, it is noticeable that the factor in 2022 improved by 2.8% to 7.9 disconnections/consumer.



MAIFI – average number of short-term interruptions per consumer of less than three minutes

12.2 Commercial quality²⁰

Commercial quality is the quality of non-technical services provided by Elektro Maribor d.d. to the users of the distribution network. It is measured by the response time for the provision of each service. The services provided to distribution network users are regulated by the Energy Agency with the following commercial quality standards:

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

In 2022, the system standards were fully implemented, with the exception of two parameters, namely "Average time required to issue a connection consent" and "Average time required to issue an LV connection contract". These two standards are underperforming due to the exceptional increase in the number of requests in 2022, especially self-supply requests.

In 2022, there were no requests for cash compensation in the area of commercial quality, and we had no complaints in the area of commercial quality.

12.3 Planning the development of the electricity distribution system and connecting consumers

The realisation of the volume of documents issued in the process of connecting consumers to the electricity distribution network and the documents issued in accordance with the construction and spatial planning legislation is shown in the Volume of documents issued table for 2022.

²⁰ GRI 417-2.

Volume of documents issued

Item	2022	2021	2020
Preparation of guidelines to spatial planning acts	102	72	56
Preparation of opinions on spatial planning acts	79	74	59
Preparation of project conditions	1,652	1,690	1,382
Issuing opinions on project solutions	2,770	2,354	2,286
Preparation of connection consents	12,781	8,033	5,608
Conclusion of connection contracts	9,951	6,592	5,342
Carrying out analyses for diffuse sources	8,797	3,422	1,838
Total	36,132	22,237	16,571

The largest increase in the number of documents issued in 2022 is in the preparation of power analyses, where the volume in 2022 is 157% higher than in 2021. For other types of documents, the largest increase is in connection consents (59%), followed by connection contracts (51%), guidelines for spatial planning acts (42%), opinions on projects (18%) and opinions on spatial planning acts (6.7%). The number of project conditions documents decreased by 2.2% in 2022 compared to the previous year.

Consents for the connection of generation sources

	2022	2021	2020
Connection consents issued	5,910	2,682	1,641
Power of connection consents issued (kW)	178,620	49,608	27,255

Consents for the connection of self-supply installations

	2022	2021	2020
Applications received for self-supply power plants	7,901	4,303	2,299
Consents issued for self-supply power plants	5,800	2,890	1,670
Rejection of self-supply power plants	2,712	116	96
Rejection rate	31.9%	3.9%	5.4%

In 2022, we issued 12,781 connection consents, of which 5,910 were for generation installations, representing 46% of all connection consents. Within the 5,910 connection consents for generation sources, 98% are for self-supply (5,800).

In 2022, the trend of increasing applications for connection consent for generation installations, especially for self-supply installations, continued. We received 7,901 applications for connection consent for a self-supply power plant, an increase of 84% compared to 2021, and issued 5,800 connection consents for a self-supply power plant, an increase of 101% compared to the previous year. To address the backlog of connection consents for self-supply plants, we took certain measures in 2022:

- Students were involved in the process of issuing connection consents, connection contracts, preparing power analyses of the possibility of connecting generation facilities, and in administrative work.
- The number of administrators preparing and issuing connection consents was increased from five to eight.
- Employees worked overtime to prepare power analyses and issue connection consents for self-supply installations and other documents.
- To speed up the preparation of the power analyses, various IT solutions were developed and implemented.
- Introduction of electronic signing of connection consents for generation installations; decisions under the ZUP Act are enveloped and sent to consumers by an external contractor after electronic signature and electronic dispatch.

12.4 Development and maintenance of the distribution system

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

- Carrying out all maintenance work prescribed by the Distribution System Maintenance Instructions issued by SODO d.o.o.
- Carrying out maintenance work in accordance with the maintenance manuals forming an integral part of the maintenance instructions.
- Troubleshooting, measurements, tests, diagnostics to ensure the quality, reliability, safety and smooth operation of the installations and the system at all voltage levels.
- Provision of qualified contractors to carry out inspections of 110 kV overhead lines and to rectify deficiencies on 110 kV overhead lines, for services that we do not carry out ourselves.
- Provision of qualified contractors to carry out tree felling under the electricity network for services we do not carry out ourselves.
- Performing thermography on the electricity distribution network to determine the condition and identify critical points to prevent the occurrence of faults during operation.
- Ensuring quality maintenance on non-energy installations.

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

- 42.6 km of MV cable lines,
- 225.2 km of LV underground lines,
- 11 transformer stations for MV/0.4 kV, MV/0.95 kV and 0.95/0.4 kV.

Compared to the previous year, we increased the length of the network of the distribution system of Elektro Maribor d.d. by 137.9 km or 0.8%, of which we increased the length of underground lines by 267.8 km or 2.9% and reduced the length of overhead lines by 129.9 km or 1.7%.

Quantities and physical extent of installations of the distribution system

	2022	2021	2020
HV and MV network (in km)			
Overhead HV lines	227.5	227.5	231.9
Overhead MV lines	2,792.5	2,814.8	2,846.8
HV cable lines	8.3	8.3	8.3
MV cable lines	1,336.8	1,294.2	1,243.1
Total HV network	235.8	235.8	240.2
Total MV network	4,129.3	4,109.0	4,089.9
LVN 1 kV + 0.4 kV + 0.2 kV (in km)			
LV overhead lines	4,699.5	4,807.1	4,939.2
LV underground lines	8,059.8	7,834.6	7,597.7
Total LV network	12,759.3	12,641.7	12,536.9
Total network (km)	17,124.4	16,986.5	16,867.0
DTS (distribution transformer stations) and TS (transformer stations) (in pcs)			
DTS 110/MV kV, DS 110 kV	20	20	20
DTS MV/MV, DS MV (with control and protection)	9	9	9
TS MV/0,4 kV, TS MV/0,95 kV, TS 0,95/0,4 kV	3,564	3,553	3,543

The table "Proportion of financial resources by maintenance group" shows the proportion of direct maintenance costs (materials and services) by maintenance group. Other maintenance represents the maintenance costs of non-infrastructure.

Proportion of financial resources by maintenance group

	2022	2021	2020
Maintenance of energy infrastructure	51 %	48 %	48 %
Other maintenance	49 %	52 %	52 %
Total	100 %	100 %	100 %

Transformer station audits are carried out on critical major transformer stations to increase the reliability and robustness of the power system. We carry out overhead line inspections on the entire overhead power network, both internally and with an external contractor. The execution of tree felling is one of the indicators of the performance of the reliability of the power system.

Physical scope of maintenance

	2022	2021	2020
Transformer station audits	750	868	949
Felling under HV, MV and LV networks	272.6	343.9	215.6

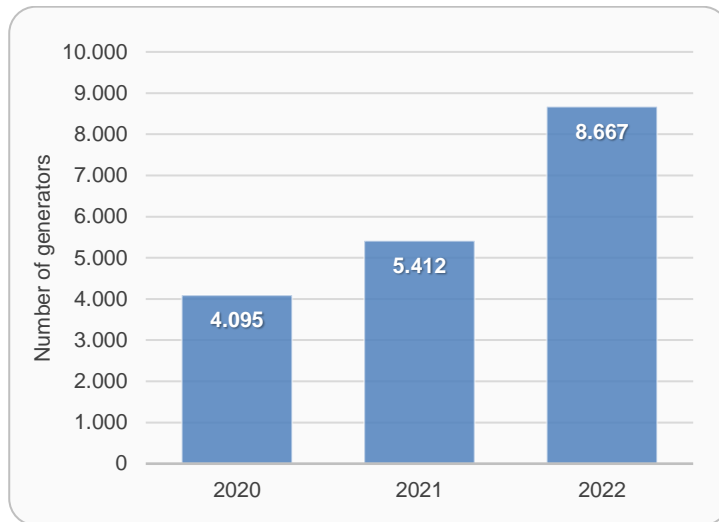
1.2.5 Access to the distribution system and billing for network use

Users

At the end of 2022, we recorded the highest number of users (consumers and generators) ever, at 224,450, an increase of 1,832 or 0.8% compared to 2021. Our mission is to provide quality service to all users of the Company's distribution system.

The number of consumers (metering points of consumption and metering points of self-supply) is at an all-time high. At the end of 2022, there were 223,039 consumers. In 2022, the number of consumers increases by 1,771 or 0.8% compared to 2021.

The number of grid-integrated generation resources is increasing at a high growth rate, which poses a significant challenge to the distribution system. At the end of 2022, the total number of generators was 8,667, of which 7,256 were self-supply (7,239 individual and 17 community) and 1,411 other generators. Compared to 2021, the total number of generators increased by 3,255.



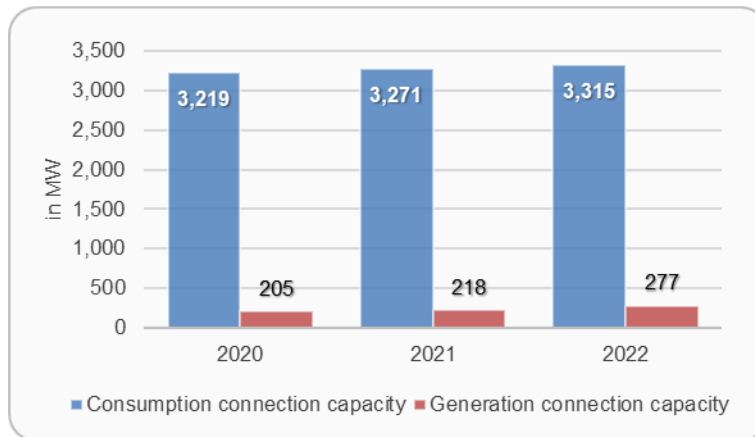
Number of generators connected to the distribution system (self-supply is also taken into account)

Connection capacity

The connection capacity of consumers was 3,315 MW, also the highest ever. The connection capacity of consumers increased by 44 MW compared to 2021 (4 MW on commercial off-take and 40 MW on residential off-take).

At the end of 2022, the connection capacity of the generating sources was at an all-time high of 277 MW, an increase of 59 MW compared to 2021.

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



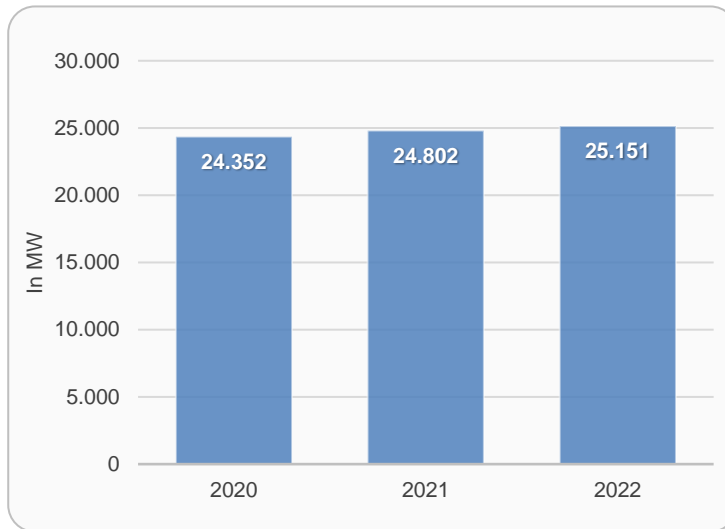
Connection capacity of consumption and generation

Accounted power

In 2022, the accounted power was 1.4% higher than in 2021.

Deviation of accounted power and energy in 2022 compared to 2021

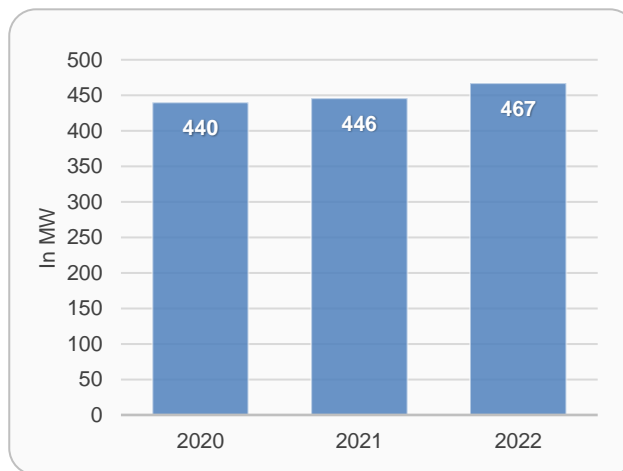
	Accounted power	Energy
Medium voltage (MV)	-0.9 %	-1.4 %
Low Voltage (LV) – commercial consumption	2.1 %	3.0 %
Households	1.5 %	-4.1 %
Total	1.4 %	-1.4 %



Total annual accounted power

Peak load

The system's peak (hourly) power in 2022 was highest in December at 467 MW, the highest ever. In 2021, it was also the highest in December at 446 MW. The system's quarter-hourly peak power was also the highest in December 2022 at 470 kW.



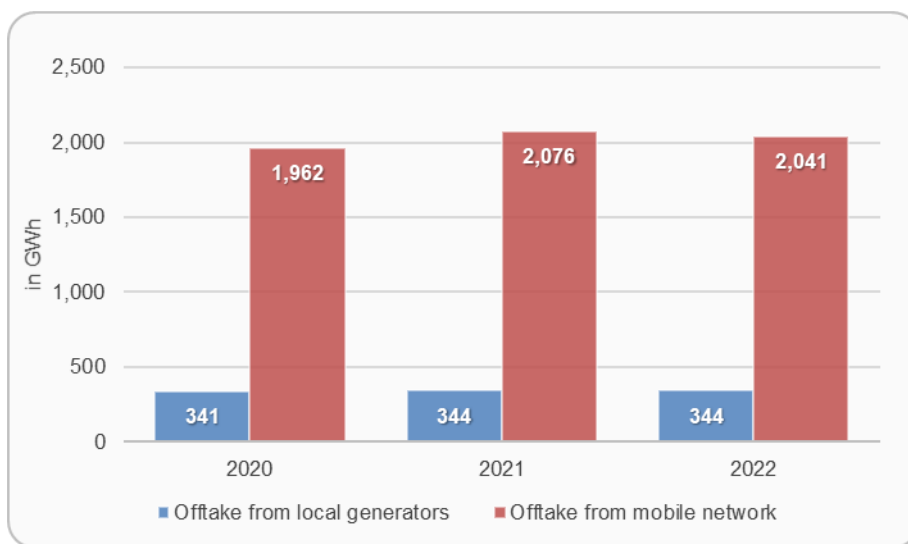
Highest peak load

Peak power information is particularly important when planning the development of an electricity distribution system, which must also be sized according to peak power. If it grows, the network needs to be reinforced. The efforts of Elektro Maribor d.d. are also directed towards increasing the network's strength. The

development of peak load is influenced mainly by climatic factors, economic activity and the increasing loads of existing and new consumers and generators.

Energy offtake

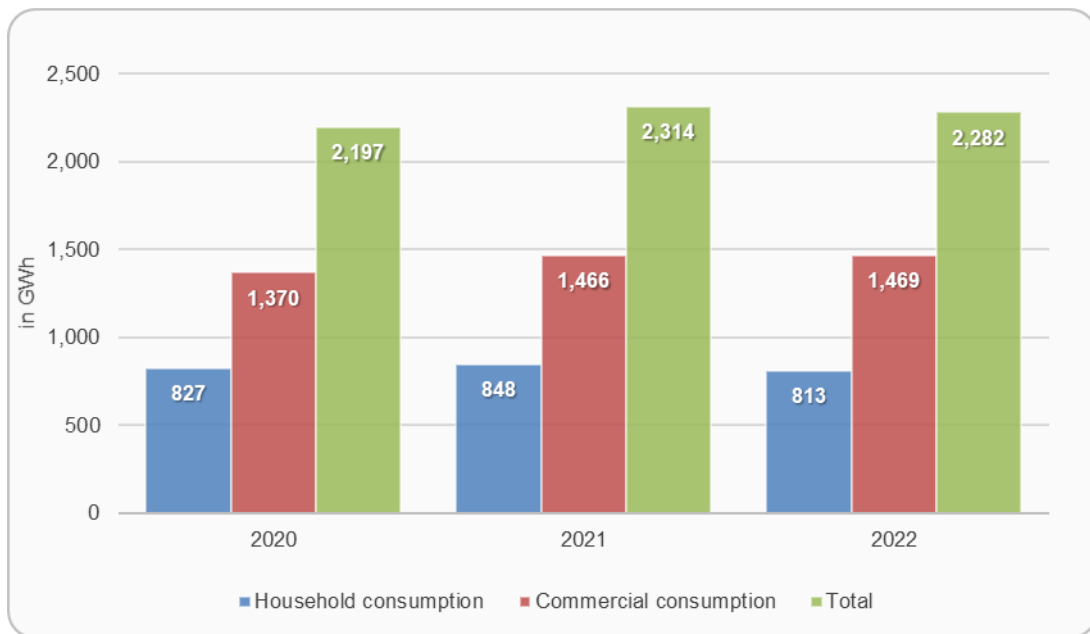
Total energy in the system, i.e. offtake from the transmission grid and generation sources, was 1.4% less than in 2021. 2,041 GWh were taken from the transmission grid, 1.7% less than in 2021. However, 344 GWh were taken from local generation sources (small hydro, solar, biomass and cogeneration), the same as in 2021. The ratio of energy taken from the transmission grid to generation sources was 86:14, the same as in 2021.



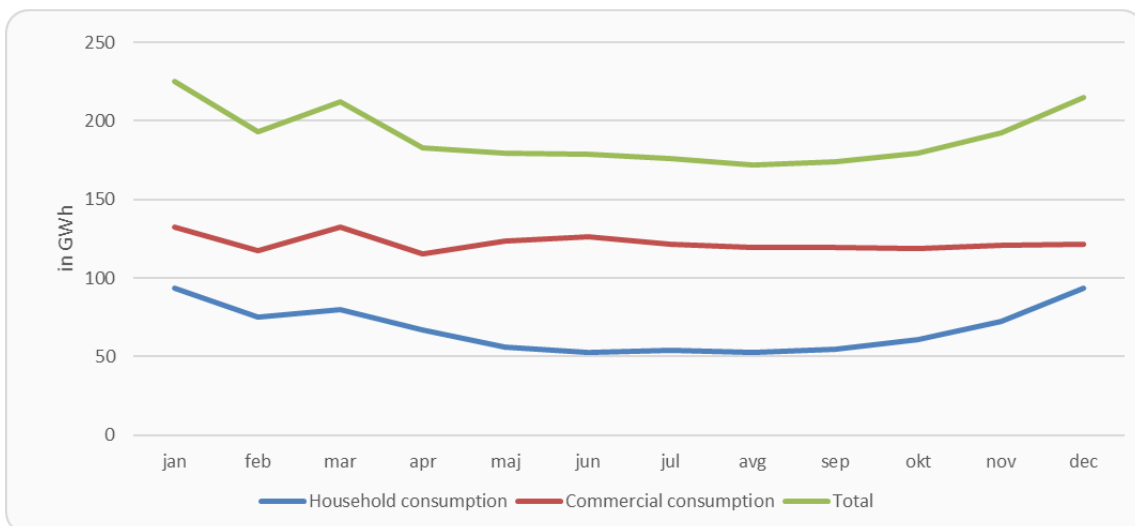
Trends in electricity offtake

Distributed energy

Distributed energy in 2022 amounted to 2,282 GWh, which is 1.4% less than in 2021. MV consumption was 1.4% lower, commercial LV consumption was 3% higher and household consumption was 4.1% lower than in 2021.

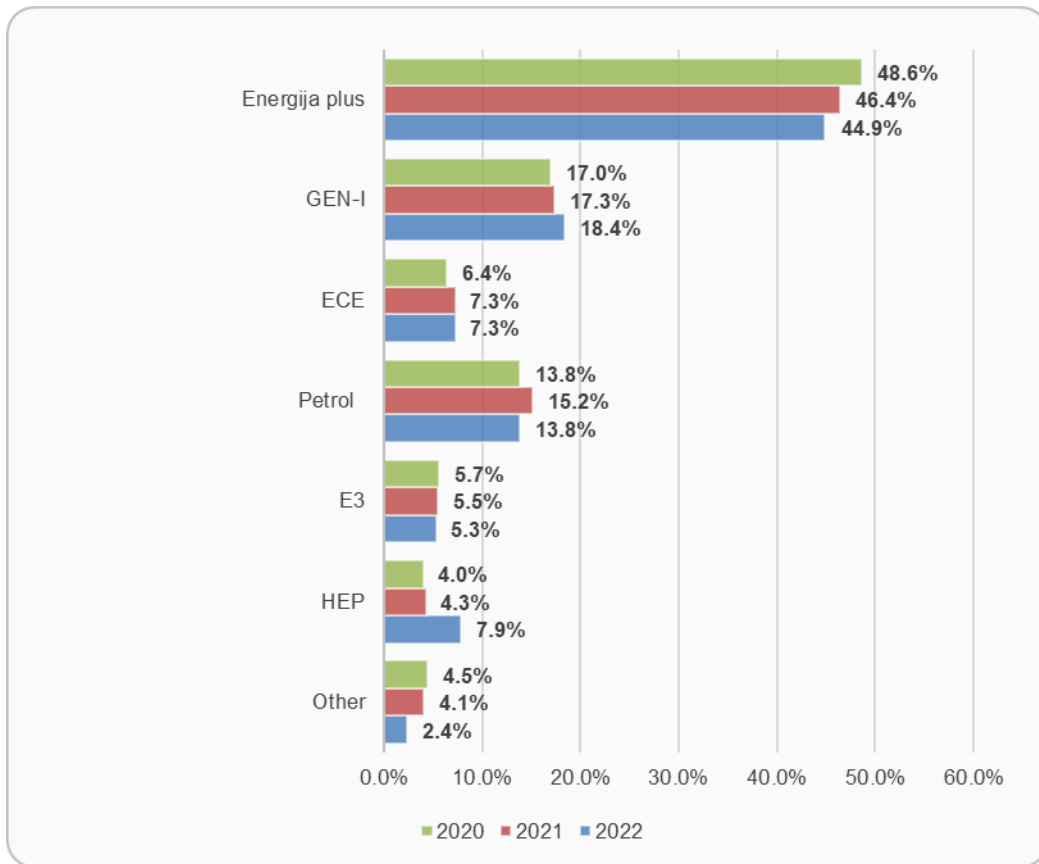


Amount of energy distributed for commercial and household consumption



Monthly dynamics of distributed electricity for commercial and household consumption

In 2022, the seven suppliers with the largest market share in the Elektro Maribor area supplied 99% of all distributed electricity.

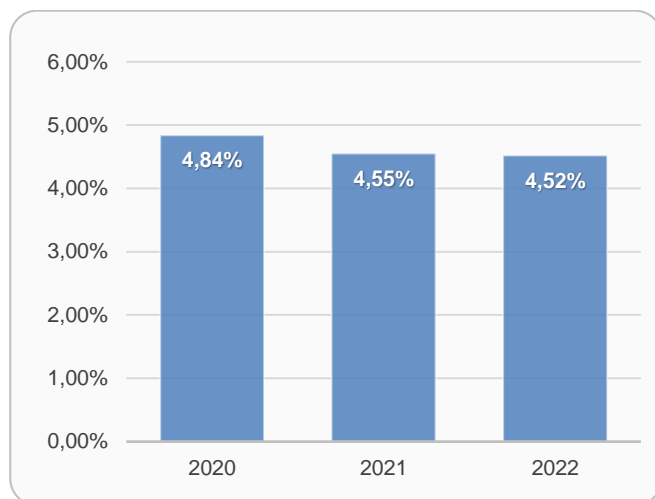


Distributed electricity of Elektro Maribor d.d. in the area of the SODO contractor, by supplier

Electricity losses

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

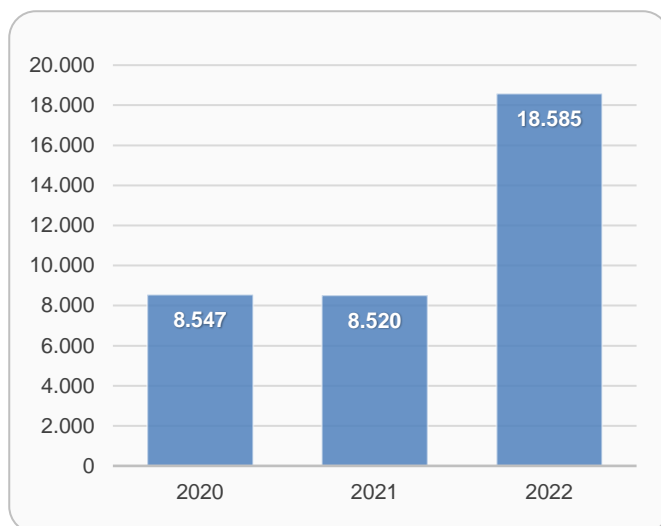
In 2022, the Energy Agency's recognised share of losses was 4.72% and a 4.52% share was achieved.



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

Changes of suppliers

Elektro Maribor d.d. switches suppliers within the legally prescribed deadlines. In 2022, 18,585 metering points (15,387 households and 3,198 business consumers) were switched, representing a total of 8.3% of all metering points and a record number of switches. The record switching dynamics in 2022 were influenced by the electricity market conditions in terms of electricity price increases and the closure of some electricity suppliers.



Trend in the number of changes of electricity supplier

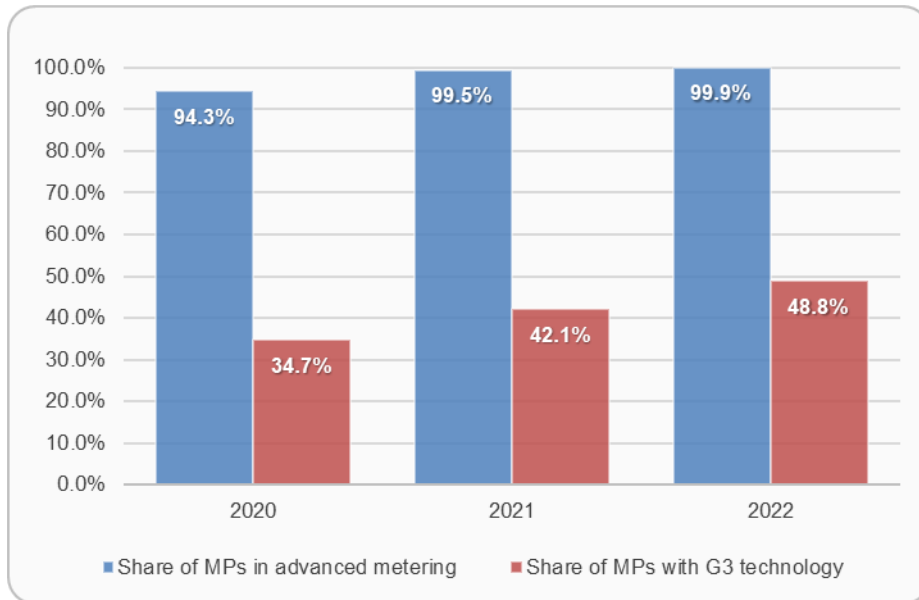
1.2.6 Electricity metering and provision of metering data

Elektro Maribor d.d. successfully completed the first investment cycle of the Advanced Metering System (AMS) for low-voltage network users without power metering.

In the distribution area of Elektro Maribor d.d., 99.93% of all metering points and 98.62% of transformer stations have already been included in the advanced metering system. The only remaining metering points are those where the advanced meters are no longer communicatively compatible with the established remote metering system, due to the transfer of the low-voltage network from one transformer station to another, and those where the introduction of interfering signals into the low-voltage network cannot be effectively and cost-

effectively eliminated, and therefore some of the installed meters will need to be replaced by meters with radio communication. We enabled all these network users to pay for the electricity consumed according to the actual monthly metered quantities, to switch from single to dual or multi-tariff metering or vice versa without the cost of metering equipment and to switch the circuit breaker back on in case of an overload (without the cost of replacing the main fuses).

In 2017, we completed the construction of an advanced measurement system with S-FSK PLC communication technology and switched to the more powerful multi-channel OFDM G3 PLC technology. The share of metering points equipped with G3 meters was 48.8% at the end of 2022.



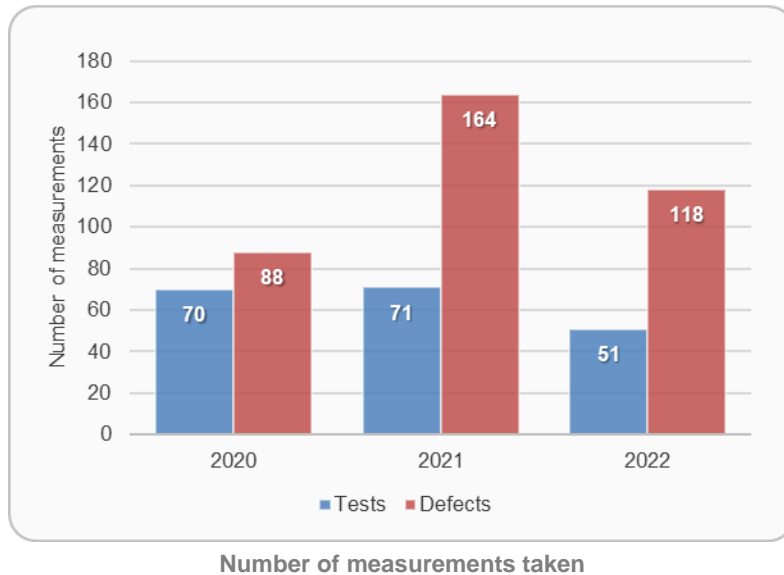
Share of metering points in advanced metering and share of meters with G3 technology

Due to the end of their useful life, 7,436 first-generation system meters were replaced by second-generation, communication-compatible meters. During this period, we installed 13,925 new advanced meters with G3 PLC communication and 2,262 new advanced meters with 2G/4G radio communication.

For the purposes of network usage billing, contributions, electricity supply and control calculations, 2,680,041 electricity meter readings were provided from the metering centre. Only 0.6% of the total required readings were provided by manual reading.

12.7 Measurements and protection

In the area of maintenance, 169 measurements were carried out in 2022, including 51 tests on MV cables and 118 fault-finding measurements on cable lines (91 LV and 27 MV cables). We also carried out seven diagnostics on MV cables. We carried out 283 audits of protection and control devices (relays) and 53 inspections for network faults and failures of individual protection and control terminals. We commissioned three new cells in distribution transformer stations and participated in the preparation of parameters for the integration of fifteen remote controlled isolation points and two transformer stations. We carried out 15 protection audits for external customers. In the area of 110 kV transmission line pole earthing, we carried out 184 measurements on three transmission lines.



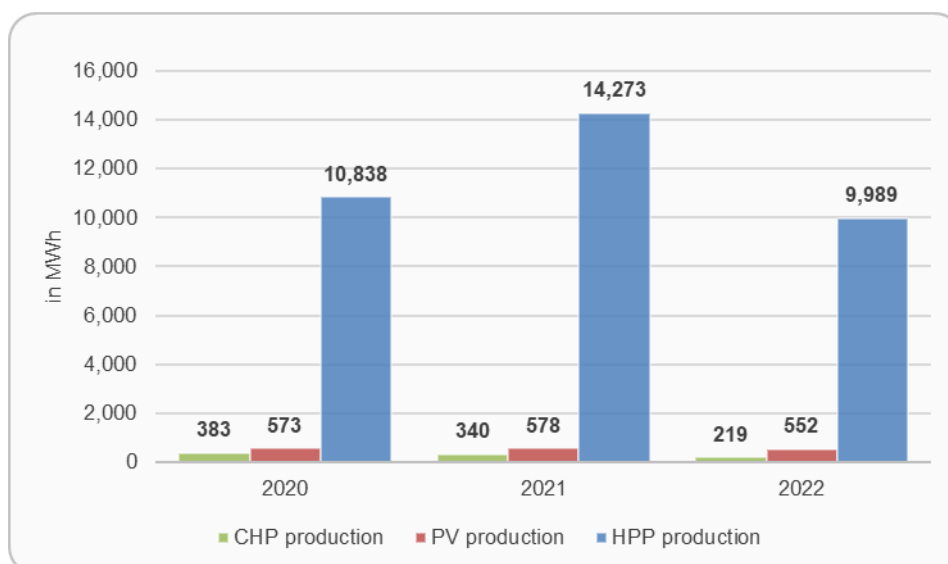
We carried out 988 voltage quality measurements, 572 fewer than in 2021. In 2022, we carried out fewer measurements than in 2021, mainly due to fewer requests. Of these, 299 measurements were in non-compliance with SIST EN50160. The proportion of non-compliant measurements is 30.3%, which is slightly lower than in 2021. In total, 137 measurements were carried out in 2022, following 76 requests, mostly in the phase of obtaining consent to connect to the network. In 2021, there were 344 such requests. We dealt with 104 voltage quality complaints.

Fifty analysers or basic electrical quantity meters were installed in 50 transformer stations. Twenty analysers were linked to the GridVis control system.

13 ENERGY PRODUCTION

In 2022, the Elektro Maribor Group generated 10,760 MWh of electricity with its own production facilities, which is 29% less than in 2021, taking into account the CHP production of Energija plus d.o.o. until the end of May 2022.

In 2022, the share of electricity generated from hydropower was 93%, the share from photovoltaics was 5% and the share from cogeneration (CHP) was 2%.



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

In 2022, hydroelectric power plants recorded the highest production in May and the lowest in March. In the summer of 2022, and especially in August, the whole of Europe was gripped by reduced rainfall and a consequent drop in flows and river levels. As a result, hydroelectric generation in August 2022 was more than half that of August 2021.

In 2022, the highest PV production was recorded in July and the lowest in December.

In 2022, the cogeneration (CHP) electricity production amounted to 219 MWh, with the CHP production of Energija plus d.o.o. taken until the end of May 2022. The CHP plant produces high-efficiency heat and electricity (CHP) using natural gas.

14 SALES OF ENERGY PRODUCTS

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

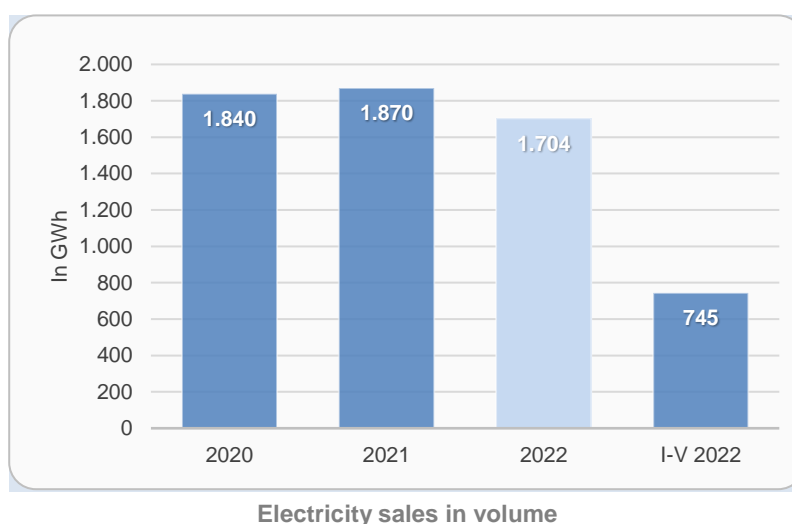
As the uncertain situation on the energy markets did not ease in the second half of 2022, the Government of the Republic of Slovenia adopted a series of regulations and laws relating to the sale of electricity, natural gas and heat in order to control energy price volatility:

- Regulation on the determination of electricity prices (Official Journal of the Republic of Slovenia, No 95/2022; 98/2022). The Regulation applies to suppliers of electricity to final consumers and for the period from 1 September 2022 to 31 August 2023 sets a maximum retail electricity price for household and small business consumers and an obligation to continue supply as well as to conclude new contracts.
- Regulation on the determination of the price of natural gas from the gas system (Official Journal of the Republic of Slovenia, No 98/2022; 138/2022; 12/2023). The Regulation sets, from 1 September 2022 to 31 August 2023, the maximum permitted retail price of natural gas from the gas system of the transmission and distribution network.
- Act on an emergency measure in the field of value added tax to mitigate the increase in energy prices (ZNUDDVE) (Official Journal of the Republic of Slovenia, No 114/2022). The Act provides for the levying and payment of value added tax on energy products (electricity, natural gas, district heating and wood) at a reduced rate of 9.5% for the period from 1 September 2022 to 31 May 2023.

- Regulation establishing the mechanism for setting the electricity price for commercial consumers (Official Journal of the Republic of Slovenia, No 147/2022; 154/2022). The Regulation establishes a mechanism for setting the maximum permitted electricity price for commercial consumers and applies until 31 December 2022.
- Regulation on the determination of the electricity price for certain legal persons governed by public law (Official Journal of the Republic of Slovenia, No 162/22). The Regulation sets, from 1 January 2023 to 31 December 2023, the maximum permitted retail electricity price for public institutions, public economic institutions, public agencies, public funds and municipalities.
- Regulation on the determination of the price of natural gas from the gas system for certain legal persons governed by public law, for providers of publicly valid education and training programmes, for providers of social welfare services, social welfare programmes and family support programmes (Official Journal of the Republic of Slovenia, No 162/2022). The Regulation sets the maximum permitted price of natural gas for certain legal persons for the period from 1 January 2023 to 31 December 2023.
- Regulation on setting the electricity price for micro, small and medium-sized enterprises (Official Journal of the Republic of Slovenia, No 167/2022; 4/2023). The Regulation sets maximum retail electricity prices for them from 1 January 2023 to 30 June 2023.

1.4.1 Electricity

Energija plus d.o.o. sold 745 GWh of electricity in the first five months of 2022 and 1,704 GWh in the whole of 2022, a decrease of 166 GWh or 9% compared to the previous year.



In the commercial consumer segment, the lower volumes sold are mainly due to the departures of some larger consumers and lower consumption by some large commercial consumers. For some consumers, the lower consumption is due to the construction of solar power plants and the underperformance of the forecasted production.

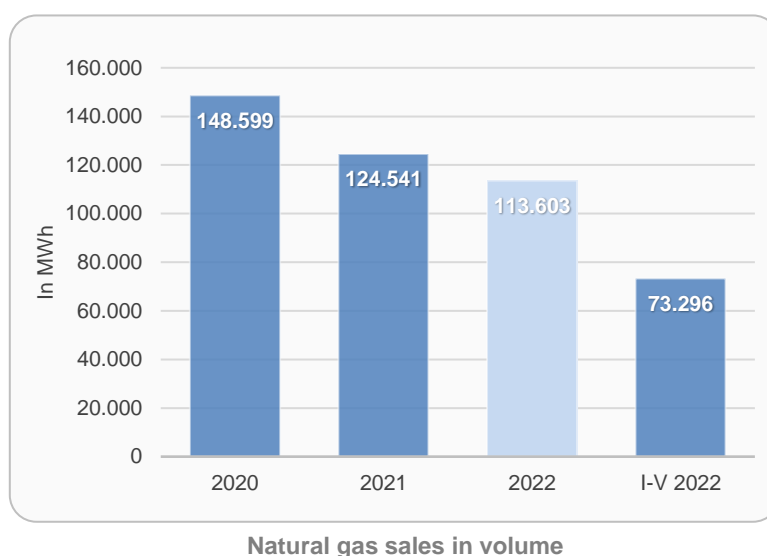
Due to the extreme increase in electricity purchase prices in 2022, Energija plus d.o.o. cancelled the special fixed-price offers for household and small business consumers and adjusted the selling price (price lists) in the first half of 2022 in line with the supply market conditions.

From 1 September, all household and small business consumers who were contractually charged a higher price than the maximum allowed price set in the Regulation on the Determination of Electricity Prices were billed for the electricity they consumed at the prescribed maximum regulated price. Large business consumers were dealt with individually and offers were made in line with the market price or the adopted regulations.

Business consumers accounted for the largest share of electricity sales in 2022 (73%), similar to the previous year.

14.2 Natural gas

In the first five months of 2022, Energija plus sold 73,296 MWh of natural gas and 113,603 MWh in the whole of 2022, a decrease of 10,938 MWh or 9% compared to the previous year.



Natural gas was in a state of "emergency", as it was not known in the second half of 2022 whether gas would even be available. Also, the Government of the Republic of Slovenia called for a switch from gas to other sources, which is why the quantitative realisation is lower than expected.

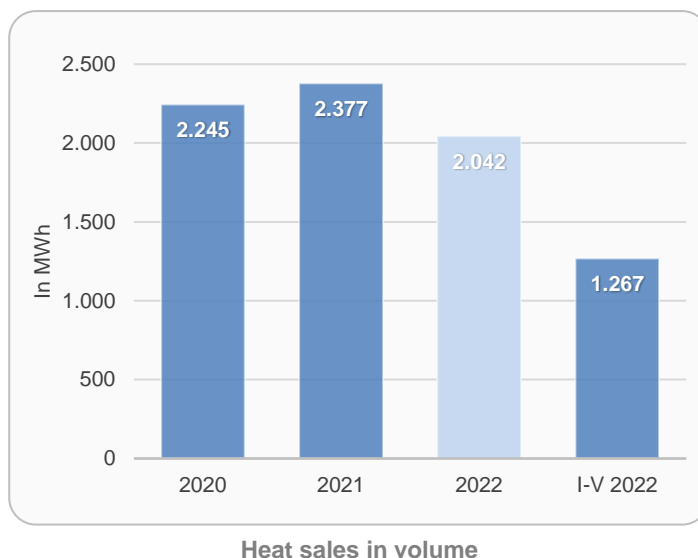
Due to the extreme increase in natural gas purchase prices, Energija plus d.o.o. cancelled special fixed-price offers for household and small business consumers and was forced to adjust the sales price in line with the supply market.

From 1 September, all household, small business and protected business consumers who were contractually charged a higher price than the maximum allowed price set out in the Regulation on the Determination of the Prices of Natural Gas from the Gas System were billed for the gas they consumed at the prescribed maximum regulated price. Pursuant to the Act on Amendments and Additions to the Act on Gas Supply (ZOP-A), Energija plus d.o.o. introduced a basic supply package for household and small business and protected business customers as of 30 September 2022, which it was obliged to offer to these groups of consumers. Larger business consumers were dealt with individually by their administrators and offers were made in line with the current market price.

Business consumers accounted for the largest share of natural gas volumes sold in 2022 (86%), similar to the previous year.

14.3 Heat

In the first five months of 2022, Energija plus d.o.o. sold 1,267 MWh of thermal energy, and in the whole of 2022 it sold 2,042 MWh, a decrease of 335 MWh or 14% compared to the previous year.

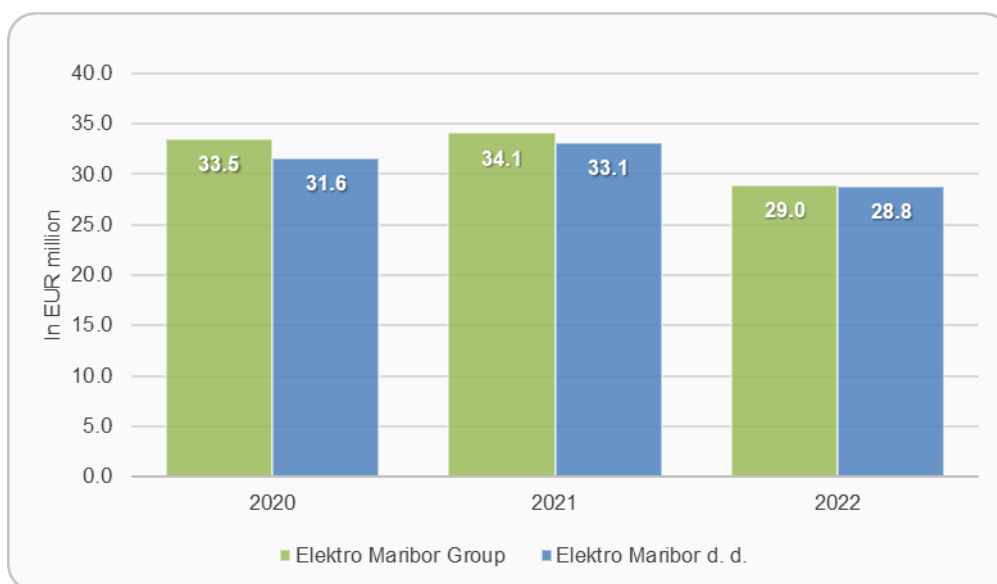


The sale of thermal energy includes the supply of heat from the Greif Brothers' boiler house in Maribor and the supply of heat to the municipal building and primary school in Zavrč.

15 INVESTMENTS²¹

In 2022, the Elektro Maribor Group made capital investments worth EUR 29 million, with capital investments in Energija plus d.o.o. being taken into account until the end of May 2022. Elektro Maribor d.d.'s capital investments amounted to EUR 28.8 million, a decrease of 13% compared to the previous year. The lower realisation of investments is due to the adoption of the ZUOPVCE act and the exceptional changes in the operating circumstances of Elektro Maribor d.d., which resulted in a shortfall of own sources of financing for capital investments.

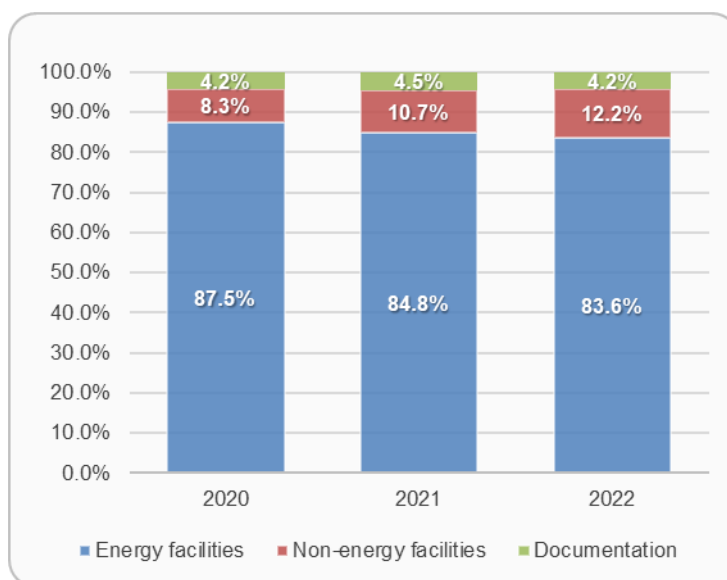
²¹ GRI 203-1.



Capital investments of the Group and Elektro Maribor d.d.

Capital investments of Elektro Maribor d.d.

	2022		2021		2020	
	Quantities	Value in EUR	Quantities	Value in EUR	Quantities	Value in EUR
Network resilience		16,661,877		18,842,188		17,649,266
– MV	74.55 km	5,624,810	149.76 km	7,926,532	136.89 km	7,060,591
– LW	161.56 km	11,037,067	226.45 km	10,915,656	223.82 km	10,588,675
Network quality		1,498,077		1,421,621		1,404,400
– HV new		79,766		51,307		70,554
– TS new	27 pcs	1,418,311	25 pcs	1,370,314	30 pcs	1,333,846
Network forwardness and recognition		2,321,175		3,764,271		3,565,429
Telecommunications		492,660		953,335		637,142
Business IT		2,288,983		1,113,461		1,178,222
Other energy investments		3,107,339		3,125,249		4,359,535
Other non-energy investments		1,225,306		2,433,994		1,457,531
Documentation		1,205,481		1,480,807		1,319,852
Total		28,800,898		33,134,925		31,571,376



Structure of capital investments of Elektro Maribor d.d.

1.5.1 Sustainable investments of Elektro Maribor d.d.

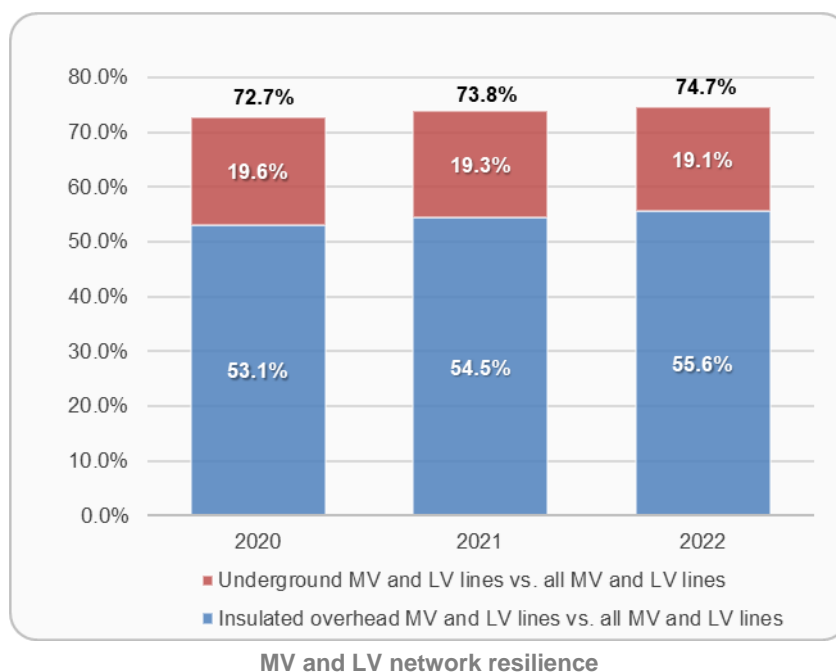
Elektro Maribor d.d. allocated EUR 24.2 million for sustainable capital investments in 2022. The company recognises sustainable investments as all investments in electricity infrastructure and investments in other assets that contribute to environmental protection. According to the EU Taxonomy Regulation, 28% of all capital investments are acceptable for the taxonomy (*Taxonomy*).

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

Network resilience

Elektro Maribor d.d. systematically increases the resilience of the medium-voltage (MV) and low-voltage (LV) network by laying underground low- and medium-voltage lines and insulating overhead low- and medium-voltage lines. In 2022, EUR 16.7 million was allocated to increasing the resilience of the network, a 12% decrease compared to the previous year, mainly due to lower capital investments as a result of the Emergency Measures Act.

In 2022, we reduced the total overhead MV and LV network by 130 km, while increasing underground MV and LV lines by 268 km. We increased the share of insulated overhead and underground MV and LV lines in total MV and LV lines, which is 74.7% (*Extent of installations*).



As part of the investments, 3,419 standpoints were replaced or rehabilitated, including 637 standpoints on the MV network and 2,782 standpoints on the LV network.

Network quality

Elektro Maribor is working to increase the network’s capacity by building MV/NV transformer stations and new 110 kV connections. In 2022, we allocated EUR 1.5 million to increase the network strength, which is 5% more than last year.

To improve voltage conditions and keep up with increased electricity demand, we built 27 new transformer stations and new 110 kV connections in 2022.

Network forwardness and recognition

In the context of network forwardness and recognition, we are investing in advanced metering, metering centres and remotely operated separation points (DVLMS). In 2022, we allocated EUR 2.3 million to network forwardness and recognition, a 38% decrease compared to the previous year.

In 2022, we installed 16 sets of remote-controlled separation points. The coverage of remote-controlled separation points is 6.35%. We installed 50 metering centres. Almost all metering points in Elektro Maribor's distribution area have been integrated into the Advanced Metering System (AMS).

Telecommunications and business IT

We are upgrading our telecommunications and IT infrastructure to meet the needs of flexible generation and off-take, or the active role of users, and of course for the smooth management of distribution network elements. In 2022, we realised investments in telecommunications and business IT of EUR 2.8 million, an increase of 35%, mainly due to higher investments in business IT.

The bulk of the capital investments we made in business IT relate to software upgrades (billing and client lifecycle (eIS), central data warehouse (CDWH), geographic information system and business process support (AX), software licences and integrations between different IT systems).

As part of our investment in telecommunications, we built 13 km of new fibre-optic network, upgraded software tools to meet the needs of communications equipment and replaced ageing firewalls. We connected remote locations with fibre optic, radio and public mobile networks.

1.5.2 Other capital investments

Energy investments

As part of our other energy investments in 2022 we:

- Reconstructed 36 TSs, where equipment obsolescence, poor voltage conditions and the construction renovation itself were addressed;
- Started a complete reconstruction of the 110/20 kV Ormož DTS facility and some minor reconstructions of other DTSs (lightning conductors, electrical installations, drainage);
- Improved the operating reserve of distribution transformers (11 pcs); and
- Supplied the necessary metering equipment.

Non-energy investments

As part of our investment in non-energy facilities, we supplied the tools needed to work safely and smoothly, and transport equipment, and we adapted working spaces.

Documentation

The main activities were the acquisition of the right to construct the corridor and the standpoints of the planned transmission lines, and the preparation of the project for obtaining the construction permit (PGD) for the planned energy facilities: the 2 x 110 kV M. Sobota-Lendava transmission line and the 2 x 110 kV Lenart-Radenci transmission line. A partial construction permit was obtained for the 2 x 110 kV Murska Sobota-Lendava facility, which is now final.

We also intensively pursued investment documentation for the implementation of medium- and low-voltage electricity facilities planned for the period 2022-2023.

1.5.3 Major facility investment in 2022

DTS 110/20 kV Ormož

In 2022, we started the complete reconstruction of the 110/20 kV Ormož DTS facility. Most of the protection and control equipment was delivered and training of in-house staff was carried out. In the second half of 2022, we started civil engineering works and prepared the foundations for the installation of the Petersen throttle. Some of the equipment for the refurbishment of the 20 kV cells and for the installation of video surveillance and access control was also taken over. The financial outturn in 2022 is EUR 1.2 million. The reconstruction is expected to be completed in 2023.

2 x 110 kV MV Murska Sobota-Mačkovci

Based on a partially final construction permit, Elektro Maribor d.d. completed the construction of the transmission line and put it into operation at the end of 2016. Subsequently, the construction permit between standposts (SP) 16 and 21 was revoked by a ruling of the Administrative Court of the Republic of Slovenia. A new construction permit was issued for this part in 2019 for the part of the route between SP 16 and SP 18 and for the part of the route between SP 20 and SP 21. In 2022, the Administrative Court of the Republic of Slovenia also revoked this construction permit by judgment. At this moment, Elektro Maribor d.d. does not have a building permit for the part of the route between SP 16 and SP 21. In these circumstances, the building inspection authority may also order the removal of this part of the transmission line or prohibit the use of the entire transmission line. In this case, the Administrative Court upheld the action brought by Elektro Maribor

d.d. and annulled the decision of the Inspectorate for the Environment and Spatial Planning and returned the case to the Inspectorate for a retrial. The Company received a request from the Inspectorate to comment on the inspection findings. We replied to this request within the deadline (25 January 2023) and pointed out the shortcomings of the request.

In 2019, an initiative for the adoption of a National Spatial Plan (NSP) for the siting of an alternative route between SP 16 and SP 21 was prepared. As part of the preparation of the NSP, an alternatives study, an environmental report and technical bases were prepared and publicly consulted from 11 October 2021 to 12 November 2021. Two public hearings were also organised during the public consultation. In early March 2022, the Ministry of the Environment and Spatial Planning and the Ministry of Infrastructure issued their positions on the comments and suggestions made during the public consultation.

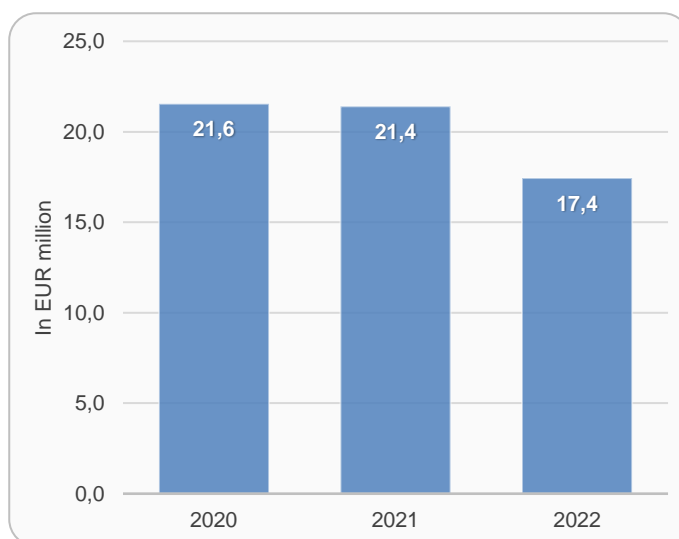
At the end of 2022, archaeological investigations were completed in the area of the planned development. Taking into account all the necessary activities, the current projection for the adoption of the NSP is in 2024. The issuance of the building permit is foreseen in 2025.

1.5.4 Own execution of investments

The Company carries out most of the construction and installation work for new electricity facilities on its own. In 2022, the value of capitalised own products and own services amounted to EUR 17.4 million, down 19% compared to the previous year, mainly due to lower total capital investments. The share of capital investments carried out in-house amounted to 72.4% of capital investments in power facilities in 2022, or 60.6% of total capital investments.

Major investments in 2022 that were carried out in-house:

- Construction of the Videm TL, the Podlekhnik TL, the Kočice TL, the Duh-Gradišče Kozjak TL;
- Partial cabling of the Ruta 2 TL;
- Reconfiguration of the LVNs TP Ruta 2, TP Žikarce 1, TP Kozjak Ceršak;
- Construction of TS Miklavška cesta Schrack, TS Zavrh 5, TS Valvasorjeva and TS Preklade Lenart;
- Works on the new 20 kV MV cable line Černelavci Veščica, TS Gančani Maučec, TS Bukovniško jezero;
- Completion of the 400 kV Pince-Cirkovce TL crossing;
- Reconstruction of the Veržej 1 and Veržej 3 LVNs, TS Apače, TS Trdkova, TS Tomaž and TS Odranci;



Income from own capital investments and internal realisations

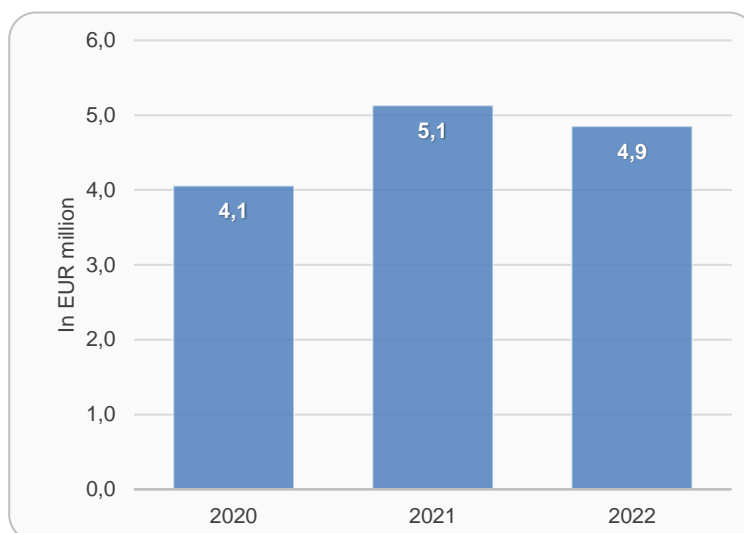
16 SERVICES ON THE MARKET

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

In 2022, we realised revenues of EUR 4.9 million from the provision of services on the market, a 5% decrease compared to the previous year. In 2022, we faced a steady increase in the prices of equipment and materials and extended delivery times from suppliers.

The most important works that we successfully carried out in part or in full in the market in 2022 are:

- Reconstruction of TS Ljubljanske mlekarne;
- Installation of new TS Zavarovalnica Sava, TS Gumarna, TS Polana Friško 2, TS Sems Ljutomer, TS Agromerkur;
- Construction of the Konus-Isokon Slovenske Konjice MV cable line;
- Construction and electrical installation works on the western bypass of Slovenska Bistrica;
- Arrangement of crossings of MV and LV lines on the construction route of the 2 × 400 kV Cirkovce-Pince transmission line;
- Construction of two transformer stations and associated MV cable ducts for an external client.



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

17 PERFORMANCE ANALYSIS ²²

In the analysis of the operating performance, we present the financial data and explanations for the current year compared to the planned data in the Annual Business Plan 2022. The deviations compared to the previous financial year are explained in more detail in the accounting section of the report. *(Company's financial report)*

²² GRI 201-1.

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

Realisation of 2022 performance targets

Short-term objectives	2022	2022 plan
Economic objectives		
Return on assets ROA in %	0.98	3.18
EBITDA margin in %	26.64	42.84
Value added per average number of employees from hours (in EUR 1,000)	63.48	80.10
Market revenues and capitalised own products and services as % of total operating revenues	32.94	30.12
Social objectives		
Distributed energy losses in %	4.52	4.70
Share of underground and isolated overhead MV and LV lines in total MV and LV lines in %	74.74	74.28
Share of insulated overhead MV and LV lines in overhead MV and LV lines in %	43.06	43.61
Share of TSs included in advanced metering system in %	98.62	95.00
Share of metering points included in the advanced metering system in %	99.93	99.50
Share of metering points with G3 meters included in AMS in %	48.80	46.10
Inclusion of metering points in the Moj Electro portal	13,523	10,000
Coverage of remotely controlled disconnection points in %	6.35	5.89
Cost of training per average number of employees per month in EUR	112.51	136.89
Number of training hours per number of employees in hours	8.00	5.88
Promotion of social responsibility (donations, sponsorships, scholarships, etc./business revenue) %	0.12	0.13
Environmental objectives		
Investments in the green transition (volume of investments/number of MPs) in EUR	128.32	147.90
Waste volume in tonnes	1,540	2,600

Compliance with SSH expectations

At the beginning of 2022, Elektro Maribor d.d. received the Annual Capital Investment Management Plan for 2022 (*LNJU SDH*) from SSH. In 2022, Elektro Maribor d.d. exceeded all targets set for strategic indicators in AIP 2022, except for the OPEX indicator in the regulated activity on distributed energy. The economic-financial indicators of the AIP 2022, except for the CAPEX indicator in net sales revenue, were not achieved by the Company in 2022 due to lower revenues as a consequence of the Emergency Measures Act (*ZUOPVCE*).

Investments

Elektro Maribor d.d.'s capital investments in 2022 were 13% lower than planned and 13% lower than the previous year, mainly due to the effects of the Emergency Measures Act.

Capital investments of Elektro Maribor d.d.

In EUR	2022	2022 plan	2021	Index	Index
	1	2	3	1 / 2	1 / 3
Energy facilities	24,081,129	28,386,062	28,106,618	85	86
– MV, TSs and LV	19,053,008	18,510,274	21,430,489	103	89
Non-energy facilities	3,514,289	3,334,606	3,547,455	105	99
Documentation	1,205,481	1,279,332	1,480,807	94	81
Capital investments	28,800,899	33,000,000	33,134,880	87	87

Impact of the Emergency Measures Act on the Company's business

The Emergency Measures Act resulted in a reduction of the recognised rate of return on the regulatory asset base from 5.15% to 0.31%, which in value terms represents a €15,996,224 reduction in net sales revenue in 2022.

Net operating result

In 2022, Elektro Maribor d.d. realised a net profit of EUR 4,122,346, which is EUR 9,327,406 or 69% lower than planned. The negative impact on the operating result was mainly due to the adoption of the Emergency Measures Act and the consequent three-month shortfall in most of the revenues from regulated activities. The financial result was positively affected by the finalisation of the sale of the 51% stake in the subsidiary Energija plus d.o.o..

Net operating result of Elektro Maribor d.d.

In EUR	2022	2022 plan	2021	Index	Index
	1	2	3	1 / 2	1 / 3
Operating result	-4,812,087	14,015,268	12,131,780	-34	-40
Financial result	8,723,032	1,371,192	1,041,513	636	838
Other operating result	-178,474	-73,560	-59,475	243	300
Taxes	389,876	-1,863,149	-1,394,256	-21	-28
Net operating result	4,122,346	13,449,751	11,719,561	31	35

Revenue

Total revenues are lower by EUR 8,483,330 in 2022 compared to the planned revenues, mainly due to lower operating revenues as a result of lower regulated revenues. Financial revenues are higher by EUR 8,012,512 in 2022, mainly as a result of the sale of the 51% shareholding in Energija plus d.o.o. The largest share of total revenues is accounted for by the regulated revenues under the SODO Contract, which account for 55% of the total revenues.

Revenues of Elektro Maribor d.d.

In EUR	2022	2022 plan	2021	Index	Index
	1	2	3	1 / 2	1 / 3
Operating revenue	69,974,196	86,661,077	88,139,374	81	79
Financial revenue	9,747,483	1,734,971	1,412,665	562	690
Other revenue	191,039	0	36,186	-	528
Total revenue	79,912,718	88,396,048	89,588,226	90	89

Costs and expenditure

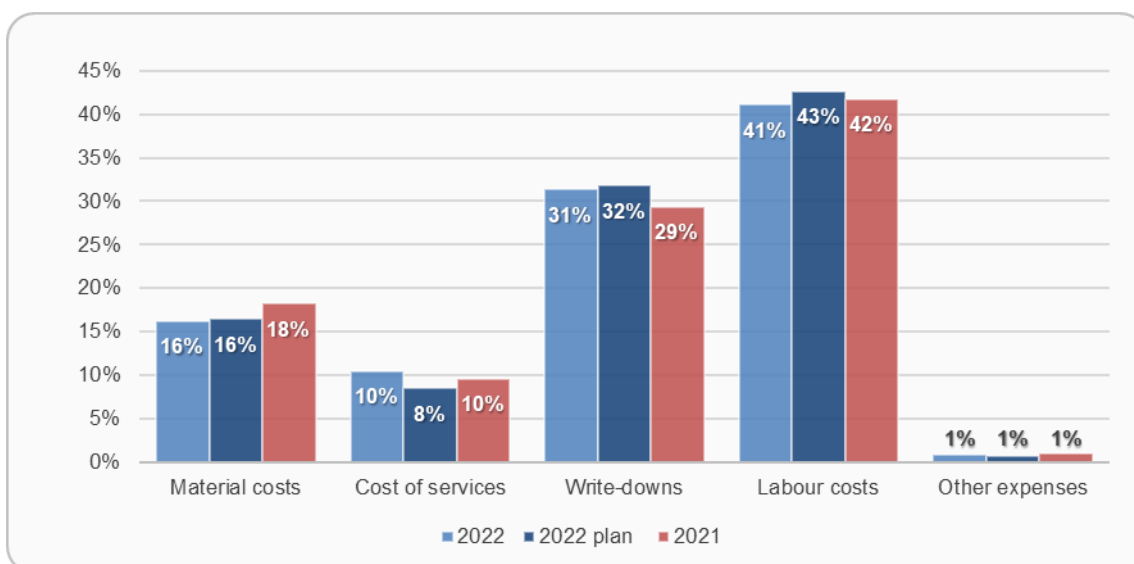
Total costs and expenditure in 2022 are higher than planned, mainly due to higher operating costs and expenditure.

Costs and expenditure of Elektro Maribor d.d.

In EUR	2022	2022 plan	2021	Index	Index
	1	2	3	1 / 2	1 / 3
Operating costs and expenditure	74,786,283	72,645,809	76,007,595	103	98
Financial expenditure	1,024,452	363,777	371,153	282	276
Other expenditure	369,513	73,560	95,661	502	386
Total costs and expenditure	76,180,248	73,083,146	76,474,408	104	100

Operating costs and expenditure (OPEX) are higher than planned by EUR 2,140,474 or 3%, mainly due to service charges and revaluation operating expenses. Financial expenditure is higher than planned by EUR 660,675 or 182%, mainly due to accrued interest on the repayment of EU Cohesion funds. Other expenditure is higher than planned mainly due to EU Cohesion.

In the structure of operating costs, the share of material and services costs increased compared to the plan and the previous year, while the share of labour costs decreased. The Company is a labour-intensive business and, as a consequence, labour costs account for the largest share of operating costs at 41%.



Structure of operating costs and expenditure of Elektro Maribor d.d.

Assets

The Company's balance sheet total as at 31 December 2022 is EUR 423,257,525, a decrease of EUR 6,625,058 or 2% compared to the planned balance due to lower non-current assets.

Balance sheet total of Elektro Maribor d.d.

In EUR	31 Dec 2022	31 Dec 2022 plan	31 Dec 2021	Index	Index
	1	2	3	1 / 2	1 / 3
Assets	423,257,525	429,882,583	417,239,732	98	101
Non-current assets	391,322,103	399,672,968	380,546,680	98	103
Current assets	31,387,560	29,991,482	36,230,859	105	87
Current active accruals	547,862	218,133	462,193	251	119
Liabilities to sources of funds	423,257,525	429,882,582	417,239,732	98	101
Equity	305,456,722	313,801,616	303,178,613	97	101
Provisions and non-current accrued liabilities	38,101,034	42,629,774	40,299,987	89	95
Non-current liabilities	53,161,952	54,780,571	49,029,711	97	108
Current liabilities	23,005,642	17,932,255	23,620,959	128	97
Current accrued liabilities	3,532,175	738,366	1,110,462	478	318

The asset structure changed slightly in 2022, with an increase in the share of non-current assets and a decrease in the share of current assets. Non-current assets represent the largest share (92.5%).

Structure of assets of Elektro Maribor d.d.

In %	31 Dec 2022	31 Dec 2022 plan	31 Dec 2021
Non-current assets	92.45	92.97	91.21
Current assets	7.42	6.98	8.68
Active accruals	0.13	0.05	0.11
Total	100.00	100.00	100.00

In 2022, we have allocated EUR 4,199,101 less for investments in fixed assets compared to the planned investments. The lower investments are due to the law adopted ([ZUOPVCE](#)).

Investments in fixed assets of Elektro Maribor d.d.

	31 Dec 2022	31 Dec 2022 plan	31 Dec 2021	Index	Index
	1	2	3	1 / 2	1 / 3
Value of assets – in EUR	376,648,338	388,680,105	369,433,135	97	102
Amount of investments in FA – in EUR	28,800,899	33,000,000	33,134,880	87	87
Investments in the value of assets – in %	7.65	8.49	8.97		

The Company's current assets as at 31 December 2022 are EUR 1,396,078 or 5% higher than planned, mainly due to higher cash balances.

Current assets of Elektro Maribor d.d.

In EUR	31 Dec 2022	31 Dec 2022 plan	31 Dec 2021	Index	Index
	1	2	3	1 / 2	1 / 3
Assets (disposal groups) held for sale	0	7,798,671	7,798,671	-	-
Inventories	4,123,074	2,300,000	2,786,766	179	148
Current trade receivables	12,459,720	15,571,378	17,766,608	80	70
Cash	14,804,766	4,321,433	7,878,815	343	188
Total	31,387,560	29,991,482	36,230,859	105	87

The Company's liabilities to sources of funds as at 31 December 2022 reflect the way in which the Company's assets are financed and did not change significantly compared to the situation at the end of 2021. The largest share of the Company's assets (72.2%) is financed by equity.

Structure of liabilities to sources of funds of Elektro Maribor d.d.

In %	31 Dec 2022	31 Dec 2022 plan	31 Dec 2021
Equity	72.17	73.00	72.66
Provisions and non-current accrued liabilities	9.00	9.92	9.66
Non-current liabilities	12.37	12.74	11.75
Current liabilities	5.63	4.17	5.66
Current accrued liabilities	0.83	0.17	0.27
Total	100.00	100.00	100.00

The Company's equity as at 31 December 2022 amounted to EUR 305,456,722 and is EUR 8,344,895 or 3% lower than planned, mainly due to the lower net operating result.

In 2022, we borrowed a planned amount of EUR 11,000,000.

Bank borrowings in Elektro Maribor d.d.

In EUR	31 Dec 2022	31 Dec 2022 plan	31 Dec 2021	Index	Index
	1	2	3	1 / 2	1 / 3
Loans (current + non-current part)	59,487,500	62,487,500	55,125,000	95	108

The balance of current liabilities is higher than planned by €5,885,887 or 33%, due to higher current trade payables.

Current liabilities of Elektro Maribor d.d.

In EUR	31 Dec 2022	31 Dec 2022 plan	31 Dec 2021	Index	Index
	1	2	3	1 / 2	1 / 3
Current trade payables	14,975,854	9,865,755	16,900,265	152	89
Current financial liabilities	8,842,288	8,066,500	6,720,694	110	132
Total	23,818,142	17,932,255	23,620,959	133	101

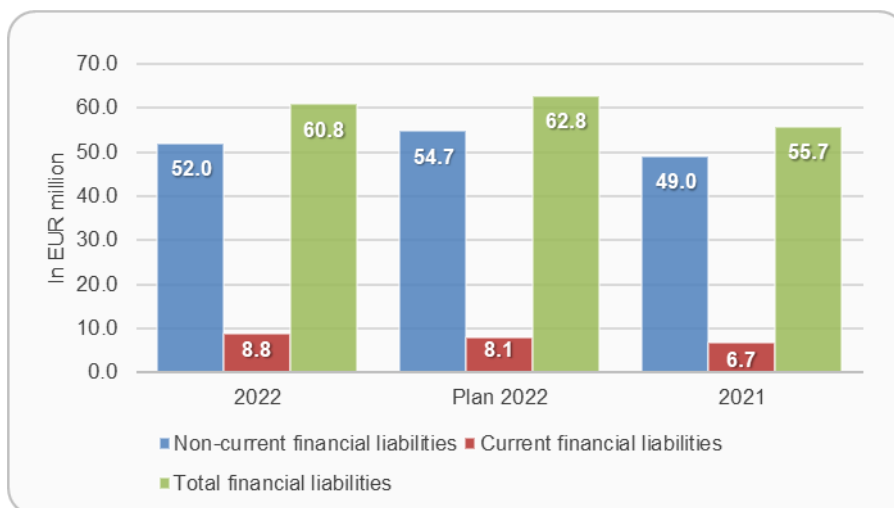
Cash result and financial performance

In 2022, Elektro Maribor d.d.'s cash result was EUR 7,507,108 higher than planned, mainly due to higher investment proceeds from the sale of a 51% stake in Energija plus d.o.o.

Financial performance of Elektro Maribor d.d.

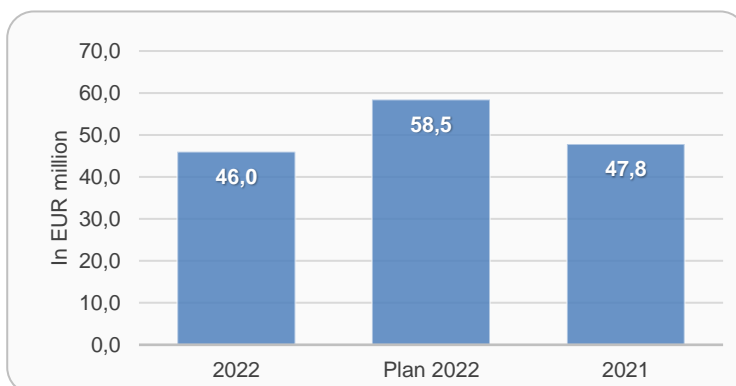
In EUR	2022	2022 plan	2021	Index	Index
	1	2	3	1 / 2	1 / 3
Operating cash flows	305,620	12,162,103	4,833,423	3	6
– Operating receipts	98,180,807	112,858,421	109,209,086	87	90
– Operating expenses	–97,875,187	–100,696,318	–104,375,663	97	94
Cash flows from investing activities	4,689,647	–12,711,292	–9,491,001	–	–
– Receipts from investing activities	17,586,308	1,889,971	1,450,186	931	1.213
– Expenses from investing activities	–12,896,662	–14,601,263	–10,941,187	88	118
Cash flows from financing	1,930,685	–31,967	2,153,263	–	90
– Financing receipts	11,900,000	11,000,000	12,900,000	108	92
– Financing expenses	–9,969,315	–11,031,967	–10,746,737	90	93
Cash result for the period	6,925,951	–581,156	–2,504,314	–	–
Closing cash balance	14,804,766	4,321,433	7,878,815	343	188
Opening cash balance	7,878,815	4,902,589	10,383,129	161	76

The Company's total financial liabilities at the end of 2022 amounted to EUR 60,810,006, 3% below the planned level.



Financial liabilities of Elektro Maribor d.d.

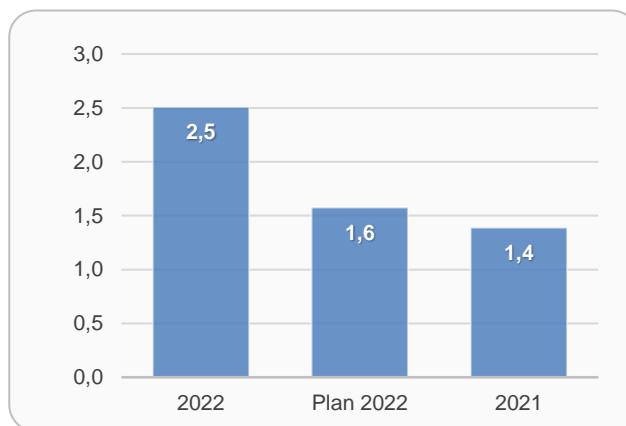
The net financial debt as at 31 December 2022 amounts to EUR 46,005,240, which is 21% lower than planned and is mainly due to the higher than planned cash balance.



Net financial debt of Elektro Maribor d.d.

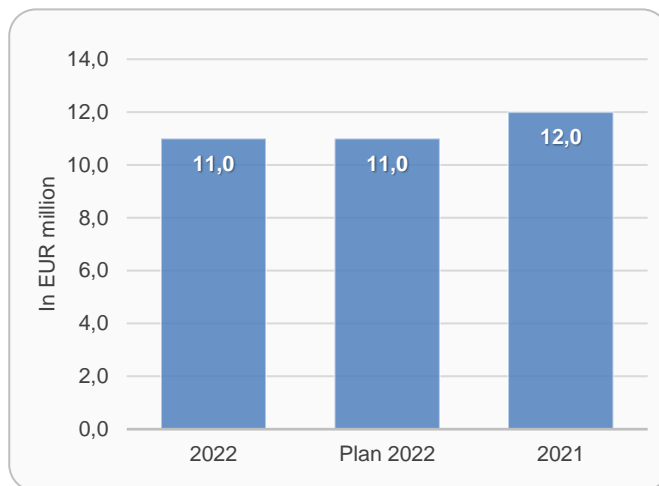
Net financial debt = financial liabilities – current financial investments – cash

The net financial debt to EBITDA ratio is 57% higher than planned in 2022, due to lower EBITDA as a result of lower revenues under the Emergency Measures Act ([ZUOPVCE](#)).



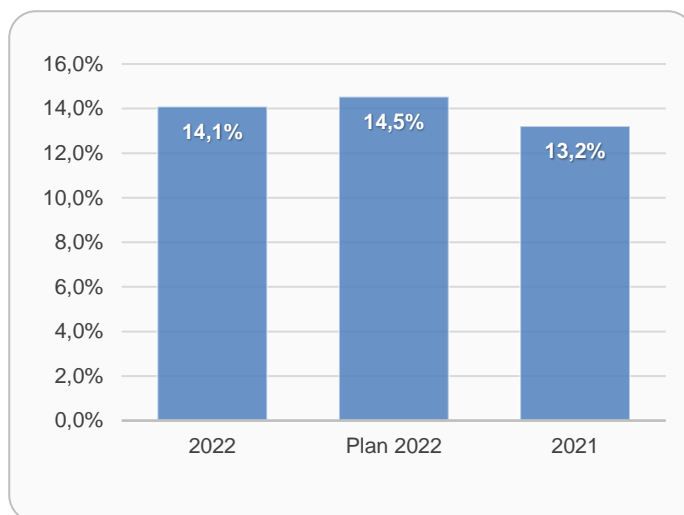
Net financial debt/EBITDA

The Company obtained a long-term loan from the European Investment Bank (EIB) in 2020 to finance investments amounting to EUR 31 million, of which we will draw down the remaining EUR 8 million in 2022.



Long-term borrowings of Elektro Maribor d.d.

The Company's gearing level in 2022 was slightly lower than planned.



Gearing level of Elektro Maribor d.d.

Gearing level = non-current and current financial liabilities to banks / assets

17.2 Analysis of business performance of the Elektro Maribor Group

Net operating result

In 2022, the Elektro Maribor Group closed the year with a net operating result of EUR 5,859,172, 58% lower than planned and 39% lower than the previous year.

Net operating result of the Elektro Maribor Group

In EUR	2022	2022 plan	2021	Index	Index
	1	2	3	1 / 2	1 / 3
Operating result	-4,537,849	14,444,713	11,539,490	-	-
Financial result	16,198,809	-128,781	-915,140	-	-
Other operating result	-178,496	-78,407	-59,489	228	300
Taxes	389,297	-1,943,328	-1,404,229	-	-
Operating profit from discontinued operations	-6,012,589	1,701,488	421,741	-	-
Net operating result	5,859,172	13,995,685	9,582,373	42	61

Revenue

Total Group revenue in 2022 amounted to EUR 98,462,733, 12% higher than planned and 11% higher than the previous year.

Revenue of the Elektro Maribor Group

In EUR	2022	2022 plan	2021	Index	Index
	1	2	3	1 / 2	1 / 3
Operating revenue	71,116,090	87,922,642	88,236,181	81	81
Financial revenue	27,155,599	244,678	155,121	-	-
Other revenue	191,044	761	36,189	-	-
Total revenue	98,462,733	88,168,081	88,427,491	112	111

Costs and expenditure

The Group's total costs and expenditure in 2022 amount to EUR 86,980,269, an increase of 18% compared to the planned costs and expenditure and 12% compared to the previous year. The increase compared to the planned costs and expenditure is mainly due to higher financial expenses from the impairment of financial investments.

Costs and expenditure of the Elektro Maribor Group

In EUR	2022	2022 plan	2021	Index	Index
	1	2	3	1 / 2	1 / 3
Operating costs and expenditure	75,653,939	73,477,929	76,696,691	103	99
Financial expenditure	10,956,790	373,459	1,070,261	-	-
Other expenditure	369,540	79,168	95,678	467	386
Total costs and expenditure	86,980,269	73,930,556	77,862,630	118	112

Assets

The Group's assets are shown in the balance sheet. The Group's balance sheet total as at 31 December 2022 is EUR 430,183,457, 8% below the planned balance and 4% below the previous year's balance.

Balance sheet total of the Elektro Maribor Group

In EUR	31 Dec 2022	31 Dec 2022 plan	31 Dec 2021	Index	Index
	1	2	3	1 / 2	1 / 3
Assets	430,183,457	469,961,546	448,660,677	92	96
Non-current assets	397,981,376	395,740,626	376,066,574	101	106
Current assets	32,202,081	74,220,920	72,594,103	43	44
Equity and liabilities	430,183,457	469,961,546	448,660,677	92	96
Equity	312,326,095	319,112,498	308,111,741	98	101
Non-current liabilities	90,455,774	97,434,826	89,240,169	93	101
Current liabilities	27,401,588	53,414,222	51,308,767	51	53

Non-current assets dominate the asset structure. In 2022, the structure of non-current assets increased compared to the plan and the previous year.

Structure of the Group's assets

In %	31 Dec 2022	31 Dec 2022 plan	31 Dec 2021
Non-current assets	92.51	84.21	83.82
Current assets	7.49	15.79	16.18
Total	100.00	100.00	100.00

The Group's liabilities to sources of funds as at 31 December 2022 reflect the way in which the Group finances the assets it holds. In 2022, the equity ratio increased and the current liabilities ratio decreased compared to the plan and the previous year.

Structure of the liabilities to sources of funds as at 31 December

In %	31 Dec 2022	31 Dec 2022 plan	31 Dec 2021
Equity	72.60	67.90	68.67
Non-current liabilities	21.03	20.73	19.89
Current liabilities	6.37	11.37	11.44
Total	100.00	100.00	100.00

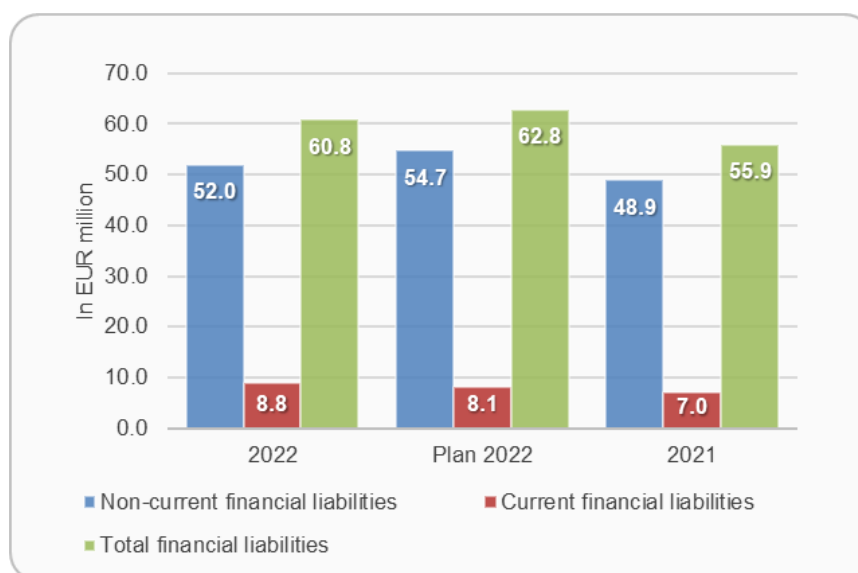
Cash result and financial performance

In 2022, we achieved a positive cash result of EUR 4,281,886, which is EUR 4,418,918 better than planned and EUR 7,302,752 better than last year.

Financial performance of the Elektro Maribor Group

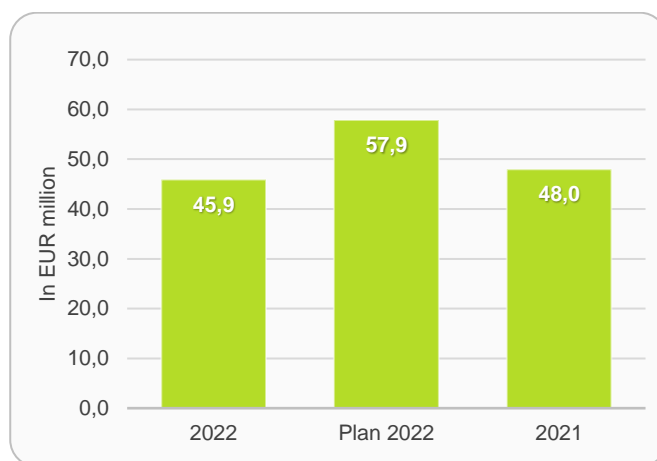
In EUR	2022	2022 plan	2021	Index	Index
	1	2	3	1 / 2	1 / 3
Operating cash flows	-11,754,596	12,940,586	6,637,566	-	-
– Operating receipts	219,390,958	114,346,401	335,296,563	192	65
– Operating expenses	-231,145,554	-101,405,815	-328,658,997	228	70
Cash flows from investing activities	4,478,670	-13,045,651	-11,973,903	-	-
– Receipts from investing activities	17,586,425	1,667,552	154,162	-	-
– Expenses from investing activities	-13,107,755	-14,713,203	-12,128,065	89	108
Cash flows from financing	11,557,812	-31,967	2,315,441	-	-
– Financing receipts	58,800,000	11,000,000	12,620,000	-	-
– Financing expenses	-47,242,188	-11,031,967	-10,304,559	-	-
Cash result for the period	4,281,886	-137,032	-3,020,896	-	-
Closing cash balance	14,893,263	4,908,877	7,906,390	303	188

The Group's total financial liabilities at the end of 2022 amounted to EUR 60,810,006, EUR 1,995,074 lower than planned and EUR 4,914,869 higher than last year.



Financial liabilities of the Elektro Maribor Group

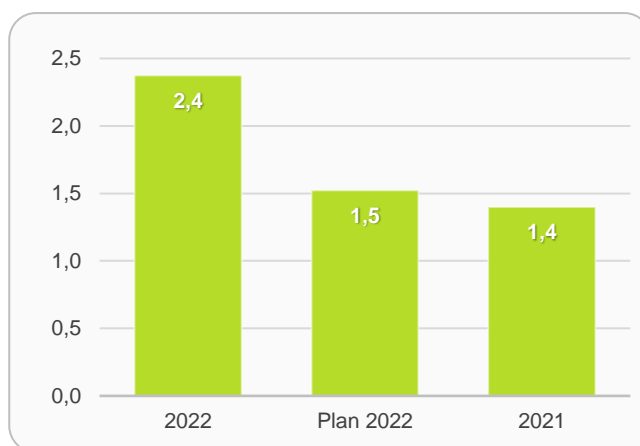
As at 31 December 2022, the net financial debt amounted to EUR 45,916,743, 21% lower than planned and 4% lower than last year.



Net financial debt of the Elektro Maribor Group

Net financial debt = financial liabilities – current financial investments – cash

Net financial debt to EBITDA is 2.4 in 2022, higher than planned and higher than last year.



Net financial debt / EBITDA of the Elektro Maribor Group

18 SUSTAINABILITY REPORTING

18.1 Stakeholders of Elektro Maribor d.d.²³

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

Elektro Maribor d.d. operates in a social and natural environment, which means that in all our operations we act in a socially responsible manner, we follow the set business objectives, we take into account sustainable development goals, we improve the quality of work and life of our employees, the local communities in which we are present and society at large, and at the same time we take into account the interests of our shareholders.

²³ GRI 2-29.

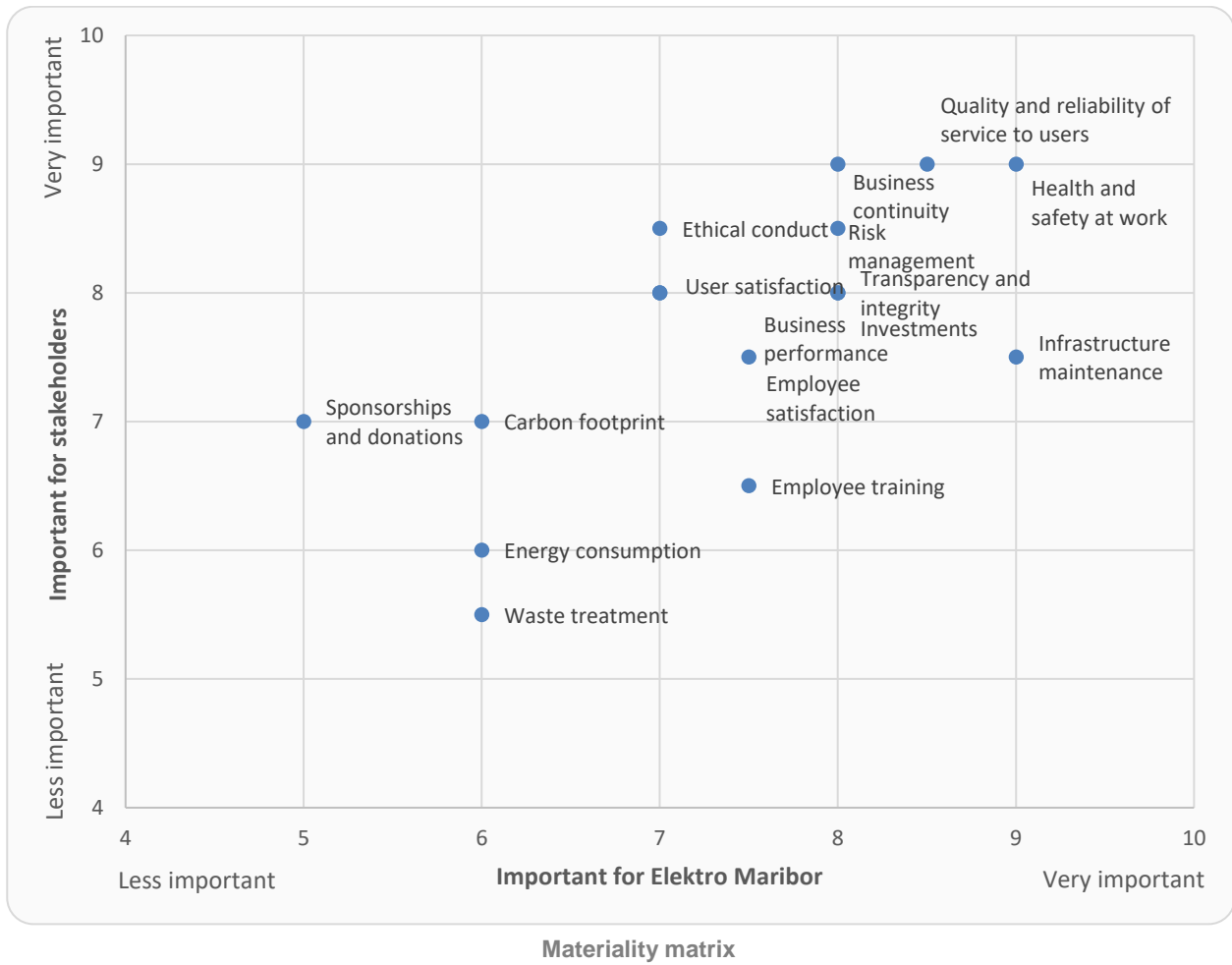
We work with stakeholders who are important because of the activities we carry out in the social and natural environment, because of where we are located and operate in the local environment, because of ownership and legislation, and because of our plans for the direction of development of the Company,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



Key stakeholders of Elektro Maribor

Materiality matrix

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



Stakeholder involvement

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

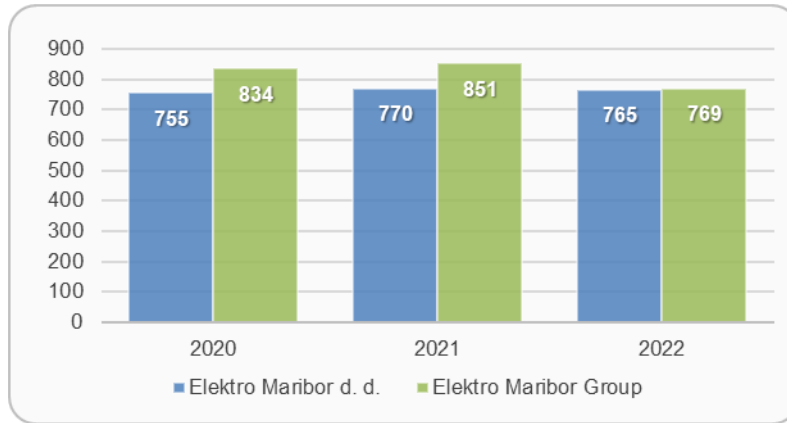
Stakeholder involvement

Stakeholders	Form of involvement
Users	Personal contacts
	Electronic and conventional mail
	Call centre
	Online and mobile app
	Website
	Surveys
Employees	Participation in governance (works council, trade union, supervisory board)
	Working meetings
	Discussions with management
	Personal contacts
	Emails and telephone conversations
	Intranet site
	Staff meetings
	Measuring organisational climate
Internal newspaper eInfotok and Infotok	
Shareholders	General Meeting
	Shareholder information in accordance with the Governance Policy
Subsidiaries/affiliates	General Meeting of the Company
	Reporting to shareholders
Business partners	Calls for tenders and offers
	Working meetings
	Negotiations
	Emails and telephone conversations
Distribution companies	Participation in GIZ (typification, joint purchasing, exchange of good practices, strategic electricity distribution conference)
Concessionaire	Reporting to SODO d.o.o.
Regulator	Reporting to the Energy Agency
State authorities	Reporting to the ministry responsible for energy
	Reporting to the competent institutions
Local communities	Participation in the preparation and evaluation of the development plan
	Joint projects with local communities
	Direct contacts
	Emails and telephone conversations
Media	Press conferences
	Website (press releases)
	Press enquiries

18.2 Employees

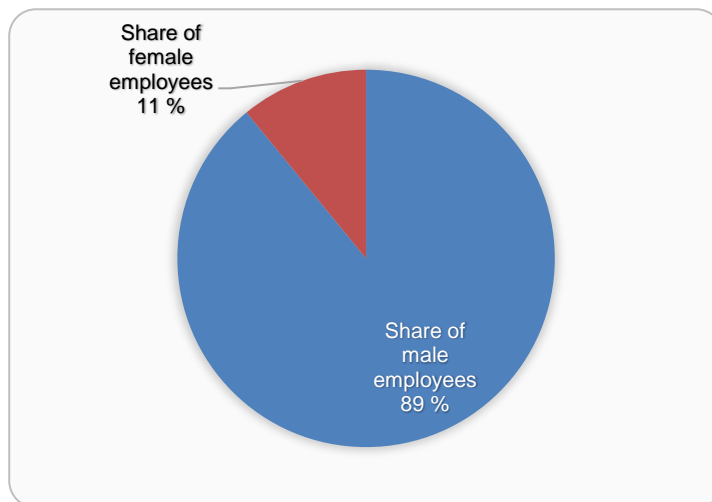
Employee movements and structure²⁴

At the end of 2022, the number of employees in the Elektro Maribor Group was 769, a decrease of 82 employees compared to the previous year, as the Group no longer employs employees of Energija plus d.o.o. Of all the employees in the Group, the largest share, 99%, is accounted for by employees of Elektro Maribor d.d.



Staff at year-end

At the end of 2022, men accounted for the largest share of employees in the Company and the Elektro Maribor Group, at 89%. At the end of 2022, 685 men and 84 women were employed in the Group, and 682 men and 83 women were employed in Elektro Maribor d.d.



Share of employees by gender in Elektro Maribor in 2022

²⁴ GRI 2-7, 2-30, 401-1, 405-1.

Number of employees by duration and type of employment

	2022 Elektro Maribor Group	2022 Elektro Maribor d.d.	2021 Elektro Maribor Group	2021 Elektro Maribor d.d.	2020 Elektro Maribor Group	2020 Elektro Maribor d.d.
Permanent employment	747	744	830	751	810	733
Fixed-term employment	22	21	21	19	24	22
Full-time employment	753	750	761	756	823	745
Part-time employment	16	15	15	14	11	10

In 2022, the number of new employees and departures is significantly reduced, as Elektro Maribor d.d. did not recruit periodically in 2022 due to lower investments.

Employee movements

	2022 Elektro Maribor Group	2022 Elektro Maribor d.d.	2021 Elektro Maribor Group	2021 Elektro Maribor d.d.	2020 Elektro Maribor Group	2020 Elektro Maribor d.d.
Number of new employees	33	30	132	125	136	132
– Male	29	27	126	122	129	126
– Female	4	3	6	3	7	6
– Age up to 30 years	10	10	50	48	59	58
– Age 31-50	20	18	62	58	56	54
– Age 51 and over	3	2	19	19	21	20
Number of departures	38	35	114	110	134	132
– Male	34	32	111	108	128	128
– Female	4	3	3	2	6	4
– Age up to 30 years	3	3	32	32	43	43
– Age 31-50	10	8	43	41	48	46
– Age 51 and over	25	24	38	37	43	43

The average age of employees in the Group increased by 8.5 years, while in Elektro Maribor d.d. it increased by 0.1 years. The average length of service in the Group increased by 2.5 years, while in Elektro Maribor d.d. it decreased by 0.1 years.

Average age and length of service

	2022 Elektro Maribor Group	2022 Elektro Maribor d.d.	2021 Elektro Maribor Group	2021 Elektro Maribor d.d.	2020 Elektro Maribor Group	2020 Elektro Maribor d.d.
Age up to 30 years	94	94	99	95	93	89
Age 31-50	402	400	452	398	449	397
Age 51 and over	273	271	300	277	292	269
Average age of employees (in years)	47.4	45.6	38.9	45.5	46.1	44.9
Average length of service of employees (in years)	25.3	23.6	22.8	23.7	23.9	23.2

The share of employees covered by collective agreements at the end of 2022 was 98.6% in the Elektro Maribor Group and 98.7% in Elektro Maribor d.d., which is at the same level as in previous years.

In 2022, the number of employees with a recognised disability in the Company and the Elektro Maribor Group was 53, which is at the same level as in previous years.

Employee training²⁵

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

In 2022, the Distribution Academy was active in training and strengthening internal knowledge and competences of its employees. We organised more than 23 events. We organised professional trainings and courses in work processes, remote control, solar connection and engineering knowledge. Soft skills were a particular area of training, where employees were trained in communication, user relations and leadership skills. We also involved colleagues as lecturers.

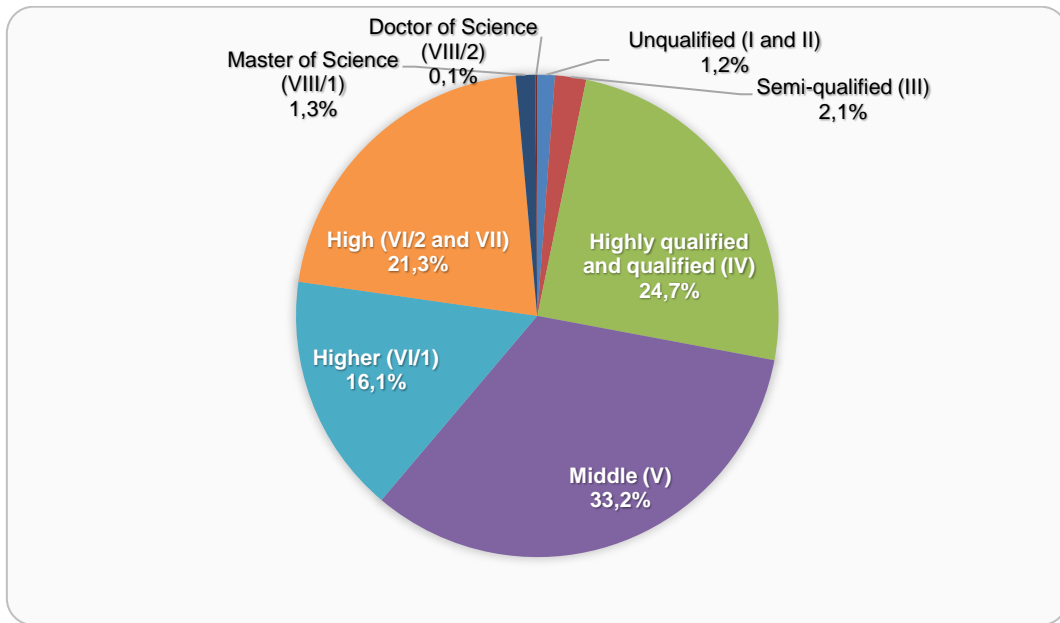
In 2022, employees also completed all the requirements of the labour training examinations. This gives Elektro Maribor d.d. a new generation of supervisors who will be able to take over the operational management of the distribution business.

Employee training

	2022	2022	2021	2021	2020	2020
	Elektro Maribor Group	Elektro Maribor d.d.	Elektro Maribor Group	Elektro Maribor d.d.	Elektro Maribor Group	Elektro Maribor d.d.
Number of participants in training	638	634	585	525	587	550
Number of employees who attended training courses	273	269	247	211	193	156
Number of hours of training	6,309	6,221	4,378	3,986	5,750	4,849
Percentage of employees in total employees in training hours	35.0%	34.6%	27.0%	25.3%	21.0%	18.6%
Training attendance as a percentage of total number of employees by situation	83.0%	82.9%	68.7%	68.2%	70.4%	72.8%
Average number of training hours per employee	8.08	8.00	5.1	5.2	6.9	6.4

Note: The data does not take into account the periodic training of all employees in occupational health and safety.

²⁵ GRI 404-1.



Educational structure in 2022 in Elektro Maribor d. d.

Employee innovation

Elektro Maribor d.d. places innovation among the most important elements of its strategy and culture. The innovative approaches of its employees are the potential on which the green transition of the energy sector and the integration of new technologies into the distribution network will be based. The Company has an innovation platform in place that enables employees to submit innovative proposals in the form of a useful suggestion, a fresh idea or a kick-start project.

Innovative proposals in 2022 included those in the fields of technology, safe work, new technologies, efficient business, human resources and digitisation.

Number of proposals: Useful proposal/Fresh idea/Kick-start project

	2022	2021	2020
No. of proposals	50	65	42

Employees are encouraged to come up with new innovative proposals by communicating innovation in the internal Infotok newsletter, by presenting the winners of the best proposals, by annual development talks in the context of targeted employee management, and by posting on the intranet about the innovation platform.

Rewarding employees²⁶

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

At the annual face-to-face meeting, employees are given personal objectives that support the Company's strategic goals. Managers assess the achievement of the annual targets to identify the truly best individuals.

²⁶ GRI 2-19 – 2-21, 201-3, 401-2, 404-3.

The Company's best individuals were rewarded with annual performance awards in 2022. Also in 2022, we conducted annual personal performance discussions involving all employees.

Elektro Maribor d.d. also rewarded the most successful innovative employee proposals with cash prizes.

Employee insurance

Employees are covered by the second pension pillar. Premiums for the insurance are paid by each company within the Elektro Maribor Group in a certain proportion of the maximum premium. Employees have the option to voluntarily decide whether to pay their own additional share of the premium.

In 2022, the average number of employees covered by collective accident insurance in the Elektro Maribor Group was 774, while the average number of employees covered by collective accident insurance in Elektro Maribor d.d. was 770.

In 2022, the average number of employees covered by collective health insurance in the Company and the Elektro Maribor Group was 612.

Taking parental leave

In 2022, 36 employees (32 men and four women) in Elektro Maribor d.d. and the Elektro Maribor Group took parental leave.

Working with young people²⁷

In 2022, 72 pupils and 8 students received practical training through work.

At the end of 2022, Elektro Maribor d.d. had 10 scholarship holders, which is at the same level as the previous year. At Group level, the number of scholarship holders is the same as the number of scholarship holders in Elektro Maribor d.d.

Socially responsible employer

In September 2022, Elektro Maribor d.d. obtained the "Socially Responsible Employer" Accession Certificate awarded by the Ekvilib Institute.

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

In the process of obtaining the Accession Certificate, 12 core corporate social responsibility actions were implemented in the first phase by a project team involving employees from different areas of expertise.

We further committed to selecting an additional nine measures and preparing an implementation plan for these measures. We set ourselves socially responsible activities that we will implement in the period 2022-2025. This means that we will upgrade our social responsibility and sustainable development at Elektro Maribor and thus obtain the Advanced Certificate I.

Additional selected corporate social responsibility actions:

- Corporate social responsibility and sustainable development strategy;

²⁷ GRI 2-8.

- Paperless operations;
- Code of Conduct/Code of Conduct for the organisation;
- Corporate social responsibility training programmes for all employees;
- Additional bonuses to increase employees' social security;
- Light pollution;
- Improvement/innovation in work processes;
- Taking social competences into account in the selection and promotion of managers.

Family Friendly Company

At Elektro Maribor d.d., we pursue a family friendly policy, which we put into practice by adopting the measures of the Family Friendly Company certificate, including:

- We hold periodic staff meetings with the Company's top management/area directors. In 2022, the Company's management presented to the employees the past year's performance, plans for the current year, main challenges and achievements.
- We offer flexible working hours and a children's time bonus (an extra day off work in the first three years of primary school and when a child is being introduced to kindergarten). In 2022, 111 employees took the extra day off (90 of them for the first day of school).
- When planning annual leave, we also take into account the ability of immediate family members to take leave.
- We offer free Quick Anonymous Psychological Counselling for employees and their family members.

In 2022, we conducted a SiOC survey among our employees on their satisfaction with the Family Friendly Company certification. The employee satisfaction index for the implementation of the measures of the Family Friendly Company certification in 2022 was 3.24, down from 3.35 in 2021.

SiOC survey on satisfaction with the Family Friendly Company certificate

	2022 Average score	2021 Average score	2020 Average score
Most of the measures are aimed at employees with pre-school or school-age children.	3.72	3.83	3.88
I am aware of the benefits of being a certified Family Friendly Company.	3.60	3.70	3.77
I know where I can get information about the benefits of being a Family Friendly Company.	3.39	3.48	3.61
I am satisfied with the family friendly measures offered by my employer.	3.36	3.48	3.63
Elektro Maribor d.d. places enough emphasis on reconciling work and family life.	3.02	3.21	3.32
In the last year, I benefited from the benefits of the Family Friendly Company certificate.	2.36	2.41	2.55
Average	3.24	3.35	3.46

Communication with employees

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

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

- Working meetings – with the President of the Management Board, area directors, directors of individual regional or service units;
- Letters from the President of the Management Board – informing employees on major events, milestones such as the end of the year, thanking them for their extra work on the occasion of major accidents, outstanding successes of athletes, etc;

- E-mails – to quickly inform employees, send and coordinate content;
- www.elektro-maribor.si – a wide range of information and news about the Company;
- Intranet – shared content, documents and notices, tenders;
- DNA – app for managing meetings, tasks, circulars, policies;
- eInfotok internal newspaper – short and up-to-date news about what is happening in the Company, as well as longer interviews and more in-depth topics;
- Weekly tips for better relations;
- Bulletin boards - announcements, eInfotok, tips for better relations, small advertisements.

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

Employee satisfaction and organisational climate

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

Employee satisfaction and organisational climate index

	2022	2021	2020
Employee satisfaction index	3.23	3.50	3.58
Organisational climate index	2.91	3.21	3.31

Health and safety at work²⁸

Ensuring health and safety at work was particularly challenging in the first half of 2022, as we had to complete all the activities and tasks we had set out to do, despite the fact that the Government of the Republic of Slovenia revoked all Covid-19 actions except the general recommendations. The SarsCov-2 virus and its mutations are still present, but in far fewer cases than in the past two years. The spread of infections among employees was prevented to the greatest extent possible by the "work from home" measure, where this was possible given the nature of work.

At the beginning of 2022, we started activities to train employees in occupational safety and to review and maintain the active automatic fire detection system, following the requirements of ISO 45001:2018. The standard was successfully certified and integrated into a single management system, which was also confirmed by external auditors of the standard.

In 2022, in the field of health and safety at work, we:

- carried out periodic safety trainings for employees,
- provided medical check-ups for employees,
- provided seasonal flu and tick-borne meningoencephalitis vaccinations,
- set up a workplace health promotion programme (training sessions, purchase of height-adjustable desks, etc.),
- renewed cooperation with an external provider of quick psychological counselling,
- provided collective health insurance for employees,
- carried out on-site controls of work teams,
- checked the use of work and personal protective equipment and carried out alcohol tests.

In accordance with the requirements of ISO 45001:2018, the Company records all work-related accidents and dangerous occurrences that happen to employees. The majority of accidents at work were of a minor nature and caused by mechanical factors, none were related to electric shock or electric arc. Two accidents were considered more serious.

²⁸ GRI 403-9.

Number of accidents at work

	2022	2021	2020
Number of accidents	18	22	25

In 2022, we see a 15% increase in total working days lost due to work-related accidents and sickness absence compared to the previous year. The increase is mainly due to sickness absences due to Covid-19 in the first half of the year.

Number of working days lost

	2022	2021	2020
Number of total working days lost	16,582	14,396	13,518
– due to accidents at work	924	535	728
– due to sick leave	15,658	13,861	12,790
Share of days lost due to accidents at work (%)	0.49	0.26	0.35
Share of days lost due to sick leave (%)	8.35	6.78	6.18

In the area of fire protection, we carry out regular inspections of automatic fire detection systems (AFP) and fire extinguishers. The basis for issuing a report on the fault-free operation of the installed active fire protection system is the relevant technical documentation required by law or by the inspector, and we have therefore started to obtain documentation for both energy and non-energy buildings in mid-2022. In 2023, the implementation of the measures and the functional tests of the installed fire protection systems will be carried out to obtain the certificates of proper functioning. We carried out a fire drill or evacuation of employees and visitors from the Company's office buildings.

18.3 Cooperation with local communities and users

Sponsorships, donations²⁹

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

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

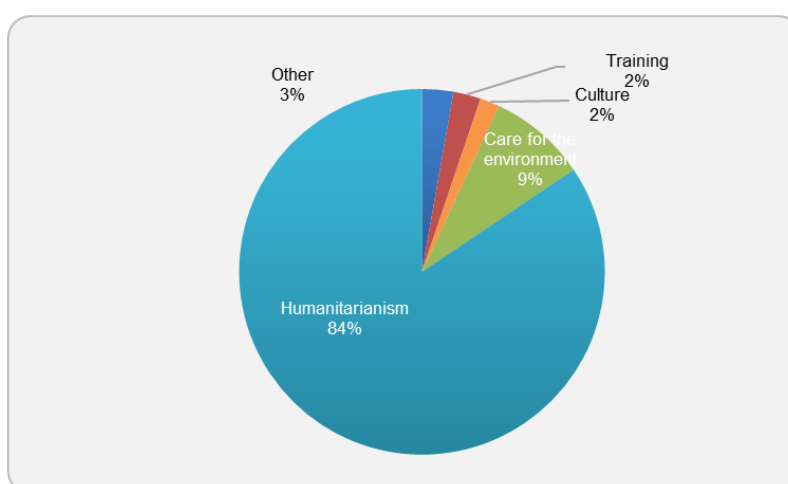
Information on sponsorships and donations awarded is publicly available on the [Elektro Maribor – Transparency of Business website \(elektro-maribor.si\)](https://www.elektro-maribor.si). The share of funds allocated for sponsorships and donations is no more than 0.1% of the Company's revenue of the previous year.

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

²⁹ GRI 201-1.



Distribution of sponsorships by purpose in 2022



Distribution of donations by purpose in 2022 in Elektro Maribor d.d. and the Elektro Maribor Group

The distribution of donations by purpose in 2022 in Elektro Maribor d.d. is the same as in the Elektro Maribor Group.

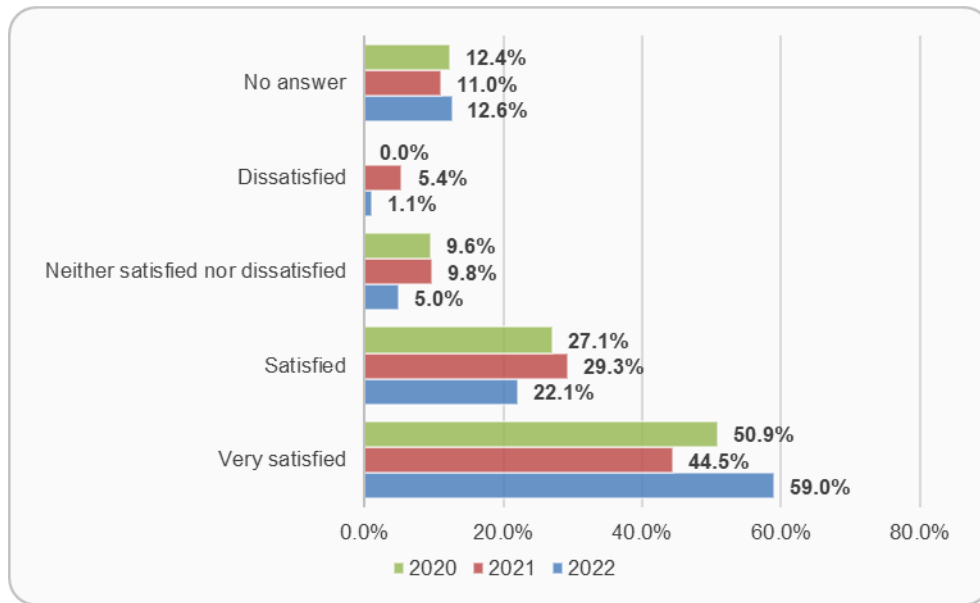
Communication and information

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

Information to network users was provided through work processes, the call centre, personal visits to customers, the info@elektro-maribor.si email, the www.elektro-maribor.si website, the eStoritve web and mobile portal, the Moj Elektro web and mobile portal, and radio stations.

In 2022, we also measured satisfaction with the cooperation with Elektro Maribor d.d. We distributed questionnaires to household and business consumers who used the services of Elektro Maribor d.d. in 2022. The aim of the survey was to determine customer satisfaction with the cooperation, the quality of performance and the quality of complaint resolution, the evaluation of Elektro Maribor d.d.'s contact persons, as well as to obtain other opinions, recommendations and suggestions.

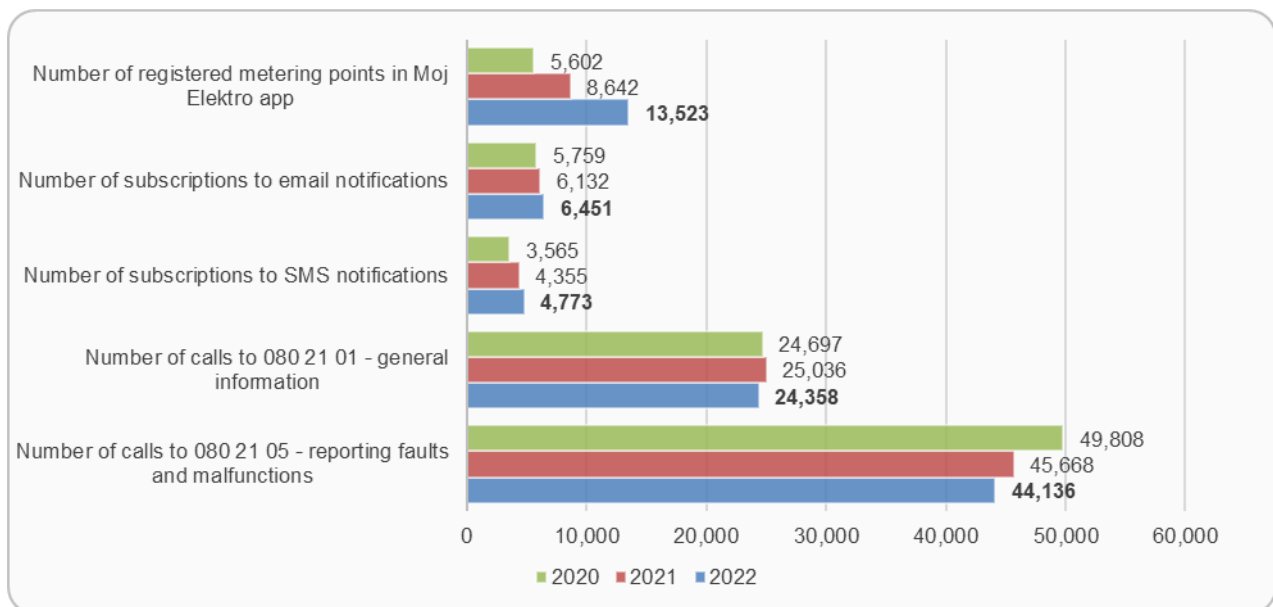
The survey showed that in 2022, 81% of respondents were satisfied with their overall cooperation with Elektro Maribor d.d., of which 59% were very satisfied and 22% were satisfied.



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

During the period under review, 44,136 calls were registered to the free telephone line for reporting faults and malfunctions (080 21 05), with a service level indicator of 80%, meaning that the indicated proportion of customers reached the operator in less than one minute. The number of calls is mainly dependent on weather conditions and disconnections for urgent maintenance work. The free general information line (080 21 01) received 24,358 calls, with a service level indicator of 94%, which means that this proportion of customers reached an operator in less than one minute.

Users were informed about the possibility to sign up for free e-mail and/or SMS notification of planned and unplanned power outages. The number of metering points involved is growing year on year. There was also a significant increase in the number of users connected to the Moj elektro portal.



Contact with network users

The table below presents the results of a survey of users on the services we provide to SODO d.o.o. Users rated the services by selecting a score from 1 to 5, where 1 is very negative and 5 is very positive. The average rating was 4.35, which is the lowest ever and is mainly due to longer response times or Implementation times due to the significant number of self-supply applications received.

Results of the customer survey on services provided for SODO d.o.o.

	2022 Average score	2021 Average score	2020 Average score
1. Assessment of the service provided			
Transparency and understanding of the service	4.44	4.59	4.66
Response time and enquiry	4.15	4.01	4.41
Price	4.07	4.17	4.00
2. Evaluation of the service provider			
Quality of performance	4.56	4.62	4.74
Implementation time	4.20	4.10	4.37
3. Assessment of the quality of complaint handling			
Professionalism	4.52	4.56	4.69
Responsiveness	4.32	4.44	4.56
4. Assessment of contact persons			
Professionalism	4.51	4.65	4.73
Responsiveness	4.36	4.58	4.63
TOTAL	4.35	4.41	4.53
N	603	257	226

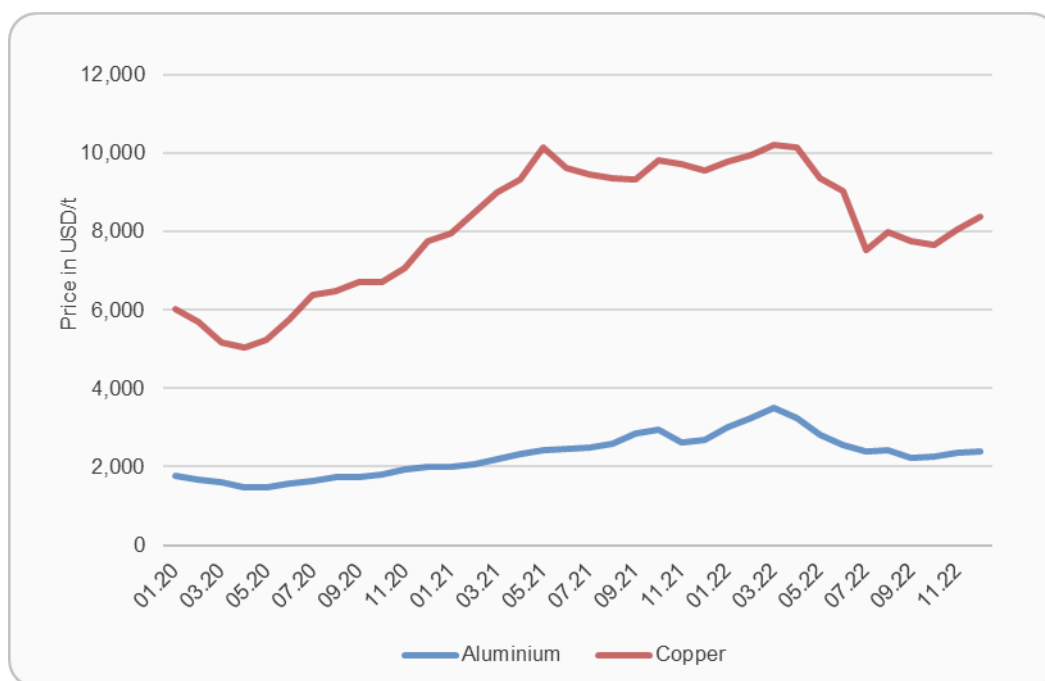
18.4 Cooperation with business partners³⁰

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

Elektro Maribor d.d. has a centralised procurement of materials and services for the needs of the entire Company. The purchasing function covers the procurement process for materials, services and works, as well as the receiving and warehousing process. Material is generally ordered to the main warehouse, which is responsible for further distribution to the warehouses of the regional and service units, with inter-warehouse issue of material. Procurement processes are carried out transparently through public procurement or through inventory procedures published on the website.

To ensure an uninterrupted supply of materials, the Company keeps stocks in the main warehouse and in the warehouses of the regional and service units. As at 31 December 2022, the total value of material stocks amounted to EUR 4.1 million, an increase of 48% compared to the previous year. The majority of the stocks relate to material to be installed in the execution of own investments. The higher value of inventories in 2022 is attributable to higher material and raw material prices on the global market.

³⁰ GRI 2-6.



Aluminium and copper price movements (data source: World Bank)

As a public procurement entity, we launched 79 public procurement procedures in 2022, an increase of 25 compared to the previous year. Public procurement is regularly published on the public procurement portal (enarocanje.si), on the e-JN electronic public procurement portal and on the Company's website. The Company's procurement is based on the principles of economy, efficiency, effectiveness, ensuring competition between tenderers, transparency, proportionality and equal treatment of tenderers. When carrying out public procurement, various criteria are taken into account, such as the lowest price, the most economically advantageous tender taking into account various criteria, life cycle costing, etc. An important factor in the selection of suppliers is also compliance with the Green Public Procurement Regulation, and only tenders that fully comply with the technical requirements laid down in this Regulation are considered.

On the [Elektro Maribor Public Procurement website \(elektro-maribor.si\)](http://elektro-maribor.si), we regularly publish information on all contracts concluded in public procurement procedures, small value procurement procedures and bidding procedures.

18.5 Management systems³¹

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

- Quality
- Environmental protection
- Health and safety at work
- Information security
- Energy management
- Requirements for control bodies
- Qualifications for testing and calibration laboratories

³¹ GRI 403-1.

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



Management systems and certificates

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

- Quality in the Company's operations is ensured by adhering to the requirements of the ISO 9001 quality standard. The requirements of the standard affect, on the one hand, operations within the Company and, on the other hand, relations with users or the satisfaction of their expectations and needs. We are aware that in order to raise the overall level of quality in the Company's operations, we need to define our own processes well in order to achieve our objectives and manage risks.
- Occupational health and safety is by definition regulated by legal and regulatory requirements. With the introduction of ISO 45001, we further systematised our operations. Occupational health and safety is the basis for every activity. Employees are entitled to a safe and healthy working environment, which Elektro Maribor d.d. as an employer guarantees.
- Elektro Maribor d.d. is committed to the transition to a low-carbon society. Through a high-quality network and the promotion of the efficient use of energy from renewable sources, we are establishing key elements of the transition to a low-carbon society. We have been successfully working in the field of environmental protection through the ISO 14001 standard for more than a decade. We have succeeded in reducing our environmental impact, both in waste and in the protection of water, air, soil and other impacts we cause.
- We are also building on our active work in the field of environmental protection in the area of energy efficiency, where we are reducing our energy needs through various measures in line with the ISO 50001 standard. We took a closer look at our energy management and focused on identifying measures to increase energy efficiency. The latter will be very important in the future, as we cannot guarantee an adequate level of energy efficiency without investing in energy renovation.
- We have managed information security through the introduction of ISO 27001 and upgraded it in 2015 due to a change in the version of the standard. In 2022, we started to implement the measures that will be necessary when the Personal Data Protection Act (ZVOP-2) is implemented.

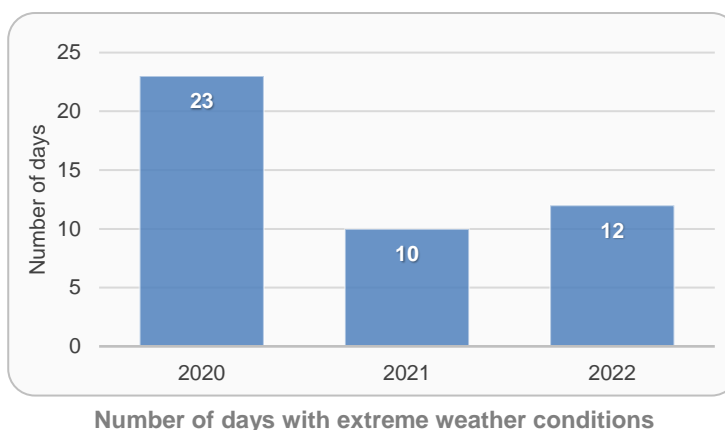
- The metrology laboratory was appointed by the Metrology Office of the Republic of Slovenia to carry out the verification of electricity meters and current transformers on the basis of an accreditation certificate issued in accordance with the SIST EN ISO/IEC 17020:2012 standard. Our metrology laboratory is also authorised by the Slovenian Environment Agency to perform initial measurements and operational monitoring for low-frequency sources of electromagnetic radiation on the basis of an accreditation certificate issued in accordance with SIST EN ISO/IEC 17025:2017, a service we offer both on the market and for our own implementation. The operation of the measurement laboratory is also certified for the mobile unit that performs the verification of the measurements in the field.
- We are fully certified as a Family Friendly Company (*DPP Certificate*).
- In September 2022, we took our corporate responsibility towards our employees a step further by introducing the Socially Responsible Employer certificate (*DOD Certificate*).

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

18.6 Environmental impacts³²

Extreme weather conditions and their impact on operations

The consequences of weather events such as windstorms, snowstorms and ice storms can cause significant damage to the electricity system and have a negative impact on the quality of electricity supply. In 2022, twelve days of extreme weather events were recorded in the supply area of Elektro Maribor d.d., which is two days more than in the previous year. The impact of weather factors on the reliability of electricity supply is being reduced by increasing the resilience of the network.



³² GRI 201-2, 302-2.

Energy in the distribution system

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

	2022	2021	2020
Electricity taken in MWh (<i>Electricity taken</i>)	2,384,908	2,419,724	2,303,245
– from generation sources	343,501	343,774	340,853
– from the transmission network	2,041,407	2,075,951	1,962,393
Share of energy taken from generation sources in %	14.4	14.2	14.8
Distributed electricity in MWh (<i>Distributed electricity</i>)	2,282,042	2,314,390	2,197,131
Electricity losses in MWh (<i>Electricity losses</i>)	102,866	105,335	106,305
Share of electricity losses in %	4.52	4.55	4.84

Protection of the environment³³

Elektro Maribor d.d. systematically implements measures to protect the environment in accordance with the ISO 14001:2004 standard. We protect the environment by minimising potential environmental impacts. The most important aspect of this is the identification of the environmental impacts caused by the Company. We seek to reduce these to a lower level through various activities. Separate collection of waste and its proper treatment before handing it over to the waste collector, proper placement of electricity facilities in the area, reducing direct impacts on air, water and soil are some of the areas where we try to reduce our environmental impacts. The cooperation or involvement of all employees whose work contributes to the reduction of environmental impacts, both within and indirectly outside Elektro Maribor d.d., is essential for the achievement of the set objectives in the field of environmental protection.

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

Energy consumption in Elektro Maribor d.d.

Energy source	Unit	2022	2021	2020
Fuel	l	513,450	589,445	613,263
Electricity	MWh	1,483	3,223	3,075
Natural gas	m ³	120,987	141,511	127,140
District heating	MWh	590	734	737
Total	MWh	8,188	11,078	10,995

Carbon footprint³⁴

Elektro Maribor d.d. has been calculating its carbon footprint since 2011. In order to more accurately verify the emissions emitted by its activities and in line with the recommendations of the SSH, in 2022 we started to standardise the calculation of the carbon footprint for all electricity distribution companies in Slovenia. The emissions estimation was carried out according to a uniform methodology prepared in accordance with the requirements and guidelines of the Greenhouse Gas Protocol and Corporate Accounting and Reporting Standard (GHG Protocol), which is the most widely used international tool for measuring, reporting and managing greenhouse gas (GHG) emissions.

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

³³ GRI 302-1, 302-4.

³⁴ GRI 305-1, 305-2, 305-3, 305-5.

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

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

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

In Elektro Maribor d.d., we accounted for Scope 2 emissions from the purchase of electricity and heat by third parties and related organisations, including the purchase of electricity for network losses.

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

In Elektro Maribor d.d. we took into account emissions from the sale of electricity and heat to third parties, waste, and transport of employees to and from work under Scope 3.

In the Annual Report, we report on the carbon footprint data currently available. In 2021, the carbon footprint was 38% higher than in the previous year because the emission factor of the electricity used to cover losses included in Scope 2 was around 40% higher than in the previous year.

Carbon footprint (t CO₂ equivalent) of Elektro Maribor d.d.

	2021	2020	2019
Scope 1	1,820	1,864	1,691
Scope 2	89,194	63,750	60,049
Scope 3	997	980	974
Total	92,010	66,594	62,714

Waste³⁵

In the course of our activities at Elektro Maribor d.d., we mainly deal with waste resulting from the maintenance of the distribution system and investment activities (construction waste, various metals, cables and wires, wood, packaging, meters). Waste is separated and handed over to authorised waste collectors.

We pay a lot of attention to waste management, as in most cases waste is a secondary raw material. In the area of waste management, we have an organised centre for the collection, separation and recovery of dismantled equipment, where we mainly separate non-ferrous metal waste.

The total mass of waste handed over by Elektro Maribor d.d. in 2022 is 47% lower compared to the previous year. The decrease in waste volumes was mainly due to construction waste from construction projects, which were carried out on a smaller scale in 2022.

³⁵ GRI 306-3.

Mass of waste at Elektro Maribor d. d.

In tonnes	2022	2021	2020
Hazardous waste	83	44	27
Polluted water	125	85	115
Packaging	78	65	44
Paper, cardboard	64	28	26
Construction waste	754	2,186	1,971
Mixed municipal waste	93	48	46
Non-ferrous metals	4	13	23
Other metals	160	214	231
Waste electrical and electronic equipment	58	49	59
Other	121	163	114
Total	1,540	2,894	2,657

II. Financial Report of Elektro Maribor d.d.

1 INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT for the shareholders of the company Elektro Maribor d.d.

REPORT ON THE AUDIT OF SEPARATE FINANCIAL STATEMENTS

Opinion

We have revised the financial statements of the company Elektro Maribor d.d. (the Company), including the balance sheet as at 31 December 2022, income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement for the year then ended, summary of significant accounting policies and other explanatory information.

In our opinion, the attached financial statements fairly represent, in all material respects, the financial position of Elektro Maribor d.d. as at 31 December 2022, its financial performance and cash flows for the year then ended in accordance with the Slovenian Accounting Standards.

Grounds for opinion

We have carried out the audit in accordance with the International Standards on Auditing (ISA) and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (the Regulation). Our responsibility based on those rules is described in this report, namely in the paragraph Auditor's responsibility for the audit of separate financial statements. In accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), issued by the International Ethics Standards Board for Accountants (IESBA Code), as well as in accordance with ethical requirements relating to the auditing of accounts in Slovenia, we confirm our independence from the Company and certify that we have met all other ethical requirements based on those requirements and the IESBA Code.

We believe that the acquired audit evidence is sufficient and appropriate as a foundation for our audit opinion.

Key audit matters

Key audit matters are those that, in our professional judgement, were of the most significance in the audit of the financial statements of the current period. These matters were taken into account in the audit of separate financial statements as a whole, and in the formation of our opinion of those financial statements and those matters, we do not express a separate opinion.

We have fulfilled all of our obligations described under paragraph Auditor's responsibilities for the audit of the financial statements, including those connected with this matter. For this reason, the audit included an execution of procedures which we have determined on the basis of our risk assessment of material misstatements in financial statements. The results of our audit procedures, including procedures we have performed in connection with the matter, as set out below, serve as a basis for our audit opinion of the attached financial statements.

Capitalised own products and services

Description of the key audit matter

Capitalised own products and services in the business year ended on 31 December 2020 amount to EUR 17,442,657 (2021: EUR 21,413,549).

The Company carries out the construction activity of electricity infrastructure facilities and equipment, namely in own execution. Investments in fixed assets, constructed in own execution, are measured on the basis of estimated hourly rates which include, along with labour costs, other indirect costs as well as direct costs of material and transport. Forming hourly rates for the price of work and assessing which indirect costs to include in the value of fixed assets is also tied to

Our audit approach

Our audit procedures included inter alia: Assessing internal rules determining the field of investment in property, plant and equipment and costs of own construction with the purpose of making sure they are compliant with the accounting policies as set out by the Slovenian Accounting Standards. Testing the design and implementation of internal controls in the part relating to the recognition of costs of labour, material, services and fixed assets. Familiarisation with the method of managing investments of own execution. Examination of methodology and assumptions being used by the company for calculating the price of work

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the accounting estimates. Assessment of the amount and structure of the costs for the construction of property, plant and equipment is important for the audit as it is tied to the important assessments of the management. When deciding on that, the management uses assumptions and assessments linked to the fulfilment of conditions for recognition of property, plant and equipment, as set out in the Slovenian Accounting Standards.

Due to the above stated, we have determined the matter as a key audit matter.

We refer to the note in point 4 “Significant accounting policies - Tangible fixed assets” and point 6.2 “Notes to the income statement”, which includes Note 17 “Capitalised own products and services.

Investments in property, plant and equipment

Description of the key audit matter

Book value of property, plant and equipment as at 31 December 2022 amounts to 372,103,986 EUR (31 December 2021: EUR 365,327,714);

Maintenance costs for the year 2022 amount to EUR 2,448,960 EUR (2021: EUR 2,242,739).

In addition to implementing new investments, the Company is also carrying out ongoing maintenance of property, plant and equipment, namely the electricity infrastructure. While items that fulfil the criteria for recognition of property, plant and equipment are capitalised and transferred to costs by means of annual depreciation, the costs of maintenance are recorded in the profit or loss immediately upon their occurrence. Distinguishing between items that meet the criteria for recognition in the balance sheet and items that are recognised immediately in the profit or loss is important for the audit as management’s assessment is required for their recognition, whether/and which criteria are met to categorise an item among property, plant and equipment, and whether/and which criteria are met to categorise an item in maintenance costs, which is why we have defined the matter as a key audit matter. When deciding on that, the Company uses important assumptions and assessments linked to the fulfilment of criteria for recognition of property, plant and equipment, as set out in the SAS.

We refer to the note in point 4 “Significant accounting policies” and under this point to the subheading “Tangible fixed assets” and “Expenditure recognition”, to note 2 “Tangible fixed assets” under point 6.1 “Notes to the balance sheet”, and to the note 19 “Costs of goods, materials and services” under point 6.2 Notes to the income statement.

and review of completeness and accuracy of the used data.

Recalculation of the calculated price of work for the selected type of work and comparison with the calculation for the current year and available market data.

Testing on a sample of chosen items of capitalised own products and services, whereby we:

- assessed whether the right price of work was used according to the type of work;
- acquired bases for the costs of material and transport;
- performed interviews with persons responsible for investments;
- reviewed the supporting accounting documentation and entries in the accounting records.

Review of disclosures in the annual report regarding fixed assets and capitalised own products.

Our audit approach

Our audit procedures included inter alia:

- Assessing internal acts determining the field of investment in property, plant and equipment and costs of construction with the purpose of making sure they are compliant with the accounting policies as set out by the Slovenian Accounting Standards.
 - Testing the design and implementation of internal controls in the process of recognition of costs and property, plant and equipment, and related obligations.
 - Familiarisation with the method of investment management.
 - Testing on the sample of selected items of property, plant and equipment and maintenance costs, whereby we:
 - assessed whether criteria for the recognition of property, plant and equipment or, respectively, maintenance costs are met;
 - obtained bases from persons responsible for investments;
 - conducted interviews with persons responsible for investments;
 - reviewed the supporting accounting documentation and entries in the accounting records.
- The sample included randomly selected items as well as items we defined on the basis of our risk-related approach due to their size, complexity, content or duration of construction or maintenance.

- Review of disclosures in accordance with the requirements set out in the SAS.



Other information

Other information is the responsibility of the management. Other information includes a business report of the Company and Group Elektro Maribor and a financial report of the Elektro Maribor Group, excluding the financial statements of the Company and our auditor's report on those financial statements. Our opinion on financial statements does not refer to other information and we do not express any form of warranties about such information. Other information was obtained prior to the date of the auditor's report, except for the supervisory board report, which is to be available later.

With regard to the performed audit of financial statements, it is our responsibility to read through other information and estimate whether other information is materially inconsistent with financial statements, legal requirements or our knowledge obtained during the audit, or whether other information appears to be materially incorrect in any other way. If, on the basis of performed work, we conclude that there is a material misstatement of other information, we are obliged to report on such circumstances. With regard to the latter and on the basis of the described procedures, we report that:

- other information is in all material respects consistent with the audited financial statements;
- other information is prepared in accordance with the applicable laws and regulations; and
- on the basis of knowledge and understanding of the Company and its environment that we have acquired during the audit, we have not determined any material misstatements regarding other information.

Responsibility of the management and the supervisory board for financial statements

The management is responsible for preparing and fairly representing these financial statements in accordance with the Slovenian Accounting Standards and such internal control as necessary to comply with the management's decision, i.e., to enable the preparation of financial statements without material misstatements due to fraud or error.

In the preparation of financial statements of the Company, the management is responsible for the assessment of the Company's ability to continue as a going concern, for disclosing matters related to the going concern and the use of the going concern assumption as a basis for accounting, unless the management intends to liquidate the Company or suspend its business operations, or in case the management has no other choice but to do one or the other.

The supervisory board is responsible for the supervision of the compilation of financial statements and for approving the audited annual report.

Auditor's responsibility for the audit of separate financial statements

Our goals are to acquire a reasonable assurance on whether financial statements as a whole are without material misstatements due to fraud or error and to prepare the auditor's report containing our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that the audit carried out in accordance with the ISA would always identify a material misstatement, should it exist. Misstatements may derive from fraud or error and are considered material if it is reasonable to expect that individually or together they would affect the economic decisions of the users which are based on these financial statements.

During the audit in accordance with the auditing rules, we exercise professional assessment and maintain professional scepticism. We also:

- identify and assess the risk of a material misstatement in financial statements, either due to fraud or error, establish and carry out audit procedures as responses to the assessed risks and obtain sufficient and relevant audit evidence which provides a foundation for our opinion. The risk of not detecting a material misstatement arising from fraud is higher than the risk of not detecting a material misstatement arising from error, as fraud may include secret arrangements, forgery, intentional omission, misleading interpretation and override of internal control;
- carry out the procedures for verification and understanding the internal controls relevant to the audit with the purpose of establishing audit procedures that are suitable for the given circumstances, but not with the purpose of expressing our opinion on the effectiveness of the Company's internal controls;
- assess the suitability of the used accounting policies and acceptance of the accounting estimates and related management's disclosures;
- based on the obtained audit evidence on the existence of material uncertainty regarding events or circumstances which call into question the Company's ability to continue as a going concern, we adopt a decision on the suitability of the management's use of the assumption of a going concern as a basis for accounting. If we adopt a decision on the existence of a material uncertainty, we are obliged to point out certain disclosures in financial statements in our report or, in case such disclosures are inadequate, we must



adjust our opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of issue of the auditor's report. However, later events or circumstances may cause the organisation to cease to exist as a going concern;

- assess the general presentation, structure and content of financial statements, including disclosures, and whether the financial statements represent the transactions concerned and events in a way that a fair presentation is achieved.

We notify the audit committee and the supervisory board of, among other things, the planned scope and time of the audit and relevant audit findings, including deficiencies of internal controls we have detected during the audit. We have provided the audit committee and the supervisory board with our statement that we have fulfilled all ethical requirements regarding independence and notified them of all relations and other matters which could reasonably be considered to affect our independence, and acquainted them with related supervisory measures.

Of all matters with which we have acquainted the audit committee and supervisory board, the matters that were of most significance during the audit of financial statements of the current period were classified as key audit matters. In so far as the law and regulations do not prevent their public disclosure, and except in very rare cases when it could be reasonably expected that the consequences of reporting on a certain matter would be more harmful as it is in the public interest, such matters are not described in the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Other requirements relating to 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 the Regulation (EU) No 537/2014 of the European Parliament and of the Council, we provide the following information in our independent auditor's report, as required in addition to the requirements set out in the international standards on auditing:

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

On 30 June 2022, the General Meeting appointed our company as a statutory auditor for the business years 2022–2026. The contract for the audit was concluded for a period of five years, namely on 21 September 2022. For our company, this is the sixth year of conducting the statutory audit of separate financial statements. The responsible auditor for the carried out audit is certified auditor Maruša Hauptman.

Consistency with the additional report for the audit committee

Our opinion on separate financial statements in this report is compliant with the additional report for the audit committee, which we issued on 21 June 2023.

Prohibited services

We hereby declare that we have not been performing any of the prohibited services as set out in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council, and that we have ensured our independence from the audited entity while carrying out the audit.

Other services of the audit company

In addition to the statutory audit and services disclosed in the annual report, we have not provided the Company with any other services.

Ljubljana, 21 June 2023



BDO Revizija d.o.o.
Cesta v Mestnlog 1, Ljubljana

Maruša Hauptman, certified auditor,
director

2 STATEMENT OF MANAGEMENT RESPONSIBILITY

The Management Board of Elektro Maribor d.d. hereby approves the financial statements published and presented in this Annual Report and all other components of this Annual Report for the financial year 2022.

The Company's Management Board is responsible for keeping adequate records that disclose with reasonable accuracy at all times the financial position of the Company, for taking steps to ensure that the value of the Company's assets is preserved, and for preventing and detecting irregularities in the Company's operations.

The Management Board of the Company declares:

- That the Company's financial statements are prepared in accordance with all the requirements of the Slovenian Accounting Standards, with the relevant notes and explanatory notes, and in accordance with the provisions of the Companies Act;
- That the financial statements are prepared on a going concern basis;
- That the accounting policies selected are applied consistently and that any changes in accounting policies are disclosed;
- That accounting estimates are made on the basis of prudence and good management;
- That the Company's annual report gives a true and fair view of the results of its operations, its financial position, its cash flows and its changes in equity;
- That the financial statements are free from misstatement, whether material or immaterial, made in order to achieve a selected representation of the Company.

Maribor, 16 June 2023

President of the Management Board:
Jure Boček, univ. degree in el. eng.

3 BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

Declaration of conformity

The Company's financial statements are prepared in accordance with the accounting and reporting requirements of the Slovenian Accounting Standards 2016, as amended in 2019 (hereinafter referred to as the "SAS"), the provisions of the Companies Act (ZGD-1), and the requirements of energy legislation.

Statement of Management Responsibility

The financial statements and notes or accounting policies to the financial statements and the annual report presented thereon for the year ended 31 December 2022 were approved and adopted by the Management Board of the Company on 16 June 2023.

Functional currency

The financial statements are drawn up in euro, rounded to the nearest unit, for a financial year which is the same as the calendar year. Rounding may result in rounding differences when aggregating.

Changes in accounting policies

There were no changes in accounting policies in 2022.

Key accounting assumptions and qualitative characteristics of the financial statements

The financial statements are prepared on the basis of the following key accounting assumptions:

- accrual accounting; and
- the going concern basis.

The required quality characteristics are also taken into account:

- understandability,
- appropriateness,
- reliability,
- comparability.

We applied the same accounting policies for all periods presented in the accompanying financial statements.

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

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

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

Basis for preparation of financial statements

The basis for the preparation of financial statements is the statutory and professional accounting rules and the accounting policies, rules and guidelines set out below, which are applied consistently throughout the reporting periods.

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

Materiality of disclosures

The Company defined the materiality of disclosures in the financial statements by internal documents, separately for each category of assets and liabilities, and for each category of income, costs and expenses. Material to the Company are those transactions and other events in the balance sheet whose values exceed

1.5% of the value of assets at the balance sheet date and those costs, expenses and income which reach or exceed 2% of the total revenue or costs and expenses of the financial year. The Company also discloses information (which may be for amounts less than these) if the amounts are so significant that the ability of users of the financial statements to make appropriate judgements and decisions would otherwise be impaired.

Accounting policies

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

Comparability of information

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

Events after the balance sheet date

Events occurring after the balance sheet date do not have a material impact on the 2022 financial statements that would require additional disclosure in the financial report, but we highlight some factors that will have a material impact on the Company's operations in 2023:

- **General Meeting of Shareholders** (*General Meeting 2023*)
On 7 February 2023, the 29th Ordinary General Meeting of the Company (Elektro Maribor – General Meetings (elektro-maribor.si) was held with 86.4% of the share capital represented. The General Meeting did not approve the proposal for the allocation of Elektro Maribor's unallocated balance sheet profit for 2021 and the proposal for the increase of the Company's share capital. The General Meeting also took note of the resignation of two members of the Supervisory Board and appointed two new members of the Supervisory Board.
- **Annex No 5 to the SODO d.o.o. Contract**
The content of Annex 5 to the Contract on the lease of electricity distribution infrastructure and the provision of services to the distribution operator is being coordinated, which, on the basis of the new Network Charges Act (RO Act), relates to the regulatory period from 1 January 2023 to 31 December 2023. In 2023, Elektro Maribor d.d. will charge monthly rent for the electricity infrastructure and the provision of services for the distribution operator based on the already concluded Contract on the Lease of the Electricity Distribution Infrastructure and the Provision of Services for the Distribution Operator.
- **Early termination of the term of office of the President of the Management Board**
The Supervisory Board of Elektro Maribor d.d. agreed with the President of the Management Board of Elektro Maribor d.d. to terminate his mandate early. The term of office of the President of the Management Board, Jože Hebar, expired on 5 April 2023. Until the appointment of a new Management Board, the current member of the Supervisory Board, Jure Boček, took over the management of Elektro Maribor d.d. as President of the Management Board. During this time, Jure Boček will not act as a member of the Supervisory Board.

The 2022 financial statements take into account the final settlement of the regulatory year 2021 deficit of EUR 17,288 and the provisional settlement of the regulatory year 2022, which shows an excess of funds received over the recognised contractual values of rent and services of EUR 2,658,060, which is fully recorded in the 2022 financial year (*Note 16 to financial statements*). The final settlement of the regulatory year 2022 is not yet known at the time of the drawing up of the financial statements, which will be based on the audited data.

These values are considered in accordance with Article 60a(4) and (5) of the Contract on the Lease of Electricity Distribution Infrastructure and the Provision of Services to SODO, and will therefore have an impact on cash flow in the future regulatory period.

Relations with related companies

	Share of long-term financial investments of Elektro Maribor d.d. as at 31 December 2022	Equity in EUR	2022 net operating result in EUR
OVEN Elektro Maribor d.o.o., Vetrinjska ul. 2, Maribor	100.00%	4,229,926	9,095
Eldom d.o.o., Obrežna ulica 170, Maribor	50.00%	314,838	21,719
Energija plus d.o.o., Vetrinjska ul. 2, Maribor	49.00%	19,700,960	1,708,459
Moja energija d.o.o., Jadranska cesta 28, Maribor	33.33%	2,685,908	1,736,560
Informatika d.o.o., Vetrinjska ulica 2, Maribor	23.97%	2,491,793	311,559

Elektro Maribor d.d. prepares consolidated financial statements and a consolidated annual report for the parent company and the subsidiary OVEN Elektro Maribor d.o.o. In 2022, Energija plus d.o.o. was included in the consolidation for the last time, as the shareholding in the company was reduced to 49%, and Energija plus d.o.o. operates as an associate of the Group from 1 June 2022.

4 SIGNIFICANT ACCOUNTING POLICIES

Intangible assets

Intangible assets are stated at cost less depreciation and amortisation.

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

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

The Company applies a single depreciation rate of 10% for full software solutions and over the term of the contract for software solutions. For all other software solutions, a depreciation rate of between 10 % and 50 % is applied.

Tangible fixed assets

Tangible fixed assets are part of the Company's non-current assets that are used to carry out the Company's activities.

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

The Company carries out construction of buildings and equipment on its own account, which it records in its books when the construction is completed. The cost of an item of tangible fixed assets constructed or manufactured by the Company consists of the costs incurred in constructing or manufacturing it and the attributable indirect costs of constructing or manufacturing it. It does not consist of costs unrelated to its construction or production and costs that are not recognised by the market, but does consist of borrowing costs to construct or produce it and to bring it into use. The cost of such an item of tangible fixed assets cannot be greater than that within the meaning of SAS 1.10.

The Company uses the full cost method to value items. The cost price used to record tangible fixed assets constructed in the Company does not include the profit by which the cost price of the output hour charged in the market is increased when the same service is offered in the market.

Parts of tangible fixed assets that have different useful lives or patterns of use are accounted for as individual tangible fixed assets.

Costs subsequently incurred in respect of a tangible fixed asset increase its cost to the extent that future benefits from the asset increase compared with those originally estimated.

The Company recognises investments in tangible fixed assets on the basis of the Systematic Guidance on the Recognition and Measurement of Investments in Fixed Assets, which is an annex to the Accounting Policies. On this basis, we divide the investments made by the Company into:

- New investments, which represent investments in the acquisition of new fixed assets;
- Periodic inspections of fixed assets, which represent the amount of the cost of periodic inspections or repairs of fixed assets and are treated as items of tangible fixed assets;
- Cost additions, which represent subsequent investments in fixed assets where they increase the future benefits of the fixed asset compared to those originally estimated. In this case, only the capacity of the fixed asset is increased and the useful life remains unchanged;
- Renewal, which consists of investment that extends the useful life of a fixed asset.

Depreciation is calculated on a straight-line basis.

In assessing whether leases are leases within the scope of the provisions of the SAS, the Company determines the reasons for reclassification on a contract-by-contract basis. In this way, the Company reclassifies long-term leases as a right to use an asset.

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

All tangible fixed assets are owned by the Company and are not pledged as security for debt.

The Company's management actively monitors market developments and assesses that there was no objective evidence of factors indicating the need for impairment of tangible fixed assets in 2022. An item of tangible fixed assets is revalued for impairment if its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

The Company assesses annually whether there is any indication that an asset may be impaired, taking into account indications from external and internal sources of information in accordance with SAS 17.5 and SAS 17.6. The significant factors for assessing the impairment of an asset are primarily those that indicate that the asset is obsolete or physically damaged, and those that indicate that the economic performance of the asset is less than expected.

Investment property

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

Investment property is stated at cost less amortisation and depreciation. Investment property includes holiday homes and owned dwellings.

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

The Company's management actively monitors market developments and assesses that there was no objective evidence of factors indicating a need for impairment of investment property in 2022.

Depreciation

The undepreciated value of tangible fixed assets, intangible assets and investment property is reduced by depreciation.

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

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

The Company independently determines the useful lives of individual fixed assets, which are harmonised among the electricity distribution companies in Slovenia. In calculating depreciation, the Company uses the useful lives shown in the table below.

Useful lives of fixed assets

	2022	2021
Buildings	50 years	50 years
Cable ducts, overhead HV lines, overhead HV cable ducts, overhead MV lines	40 years	40 years
DTS, DS and TS construction parts	40 years	40 years
MV cable duct with XHP and EHP, LV overhead duct and road lights with wooden poles, mast TS on wooden pole	33 years	33 years
DTS and DS equipment, secondary	15 years	15 years
DTS, DS and RCS equipment, primary	30 years	30 years
HV/MV power transformer	35 years	35 years
MV/LV power transformer	30 years	30 years
Measuring and control devices (meters)	5–24 years	5–24 years
Motor vehicles	7–12 years	7–12 years
Computer equipment	2–5 years	2–5 years
Intangible assets (application software)	2–10 years	2–10 years
Easements	1–100 years	1–100 years

Change in accounting estimates

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

Investments

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

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

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

The Company has other investments classified as available-for-sale financial assets.

The Company assesses at each balance sheet date whether there is objective evidence that an investment may be impaired. The Company's impartial evidence is the verification of the value on the stock market. If the market value of an investment at the balance sheet date is more than 20% lower than the carrying amount, this is evidence that the investment should be impaired. In this case, it is a revaluation of the investment due to impairment.

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

Inventories

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

The Company uses the moving average price method to record the consumption of inventories of materials.

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

Receivables

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

The Company regularly reviews the adequacy of the reported receivables. Receivables that are presumed to be unsettled are reported as doubtful or questionable.

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

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

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

Cash

Cash is represented by cash in transaction accounts with banks and cash equivalents – investments that can be quickly or within 3 months converted into a known amount of cash.

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

Current accruals

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

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

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

Equity

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

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

Treasury shares are acquired on the basis of an authorisation by the Company's General Meeting. Provisions for treasury shares are made equal to the amounts paid to acquire them.

Profit reserves are recognised by a resolution of the Management Board, the Supervisory Board and a resolution of the Company's General Meeting.

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

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

The Company reports movements in equity items in the statement of changes in equity.

Provisions and non-current accrued liabilities

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

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

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

- Probability:
 - Mortality (ENO2007, selection factor for the active population 75%),
 - Disability (according to the model based on BUZ/BV1990x, BUZ/BV1990y);
- Retirement under a model based on the Pension and Disability Insurance Act (ZPIZ-2; Official Journal of the RS, No 96/2012);
- Employee turnover:
 - 4.5% in interval up to 35 years,
 - 3.5% in interval between 36 and 45 years,
 - 2.5% in interval over 46 years;
- Discount rate 3.7686%;
- Wage growth:
 - In the Republic of Slovenia 6.0%, 4.5%, 3.5% in the years 2023, 2024, from 2025, respectively,
 - In the Company 6.0%, 4.5%, 3.5% in the years 2023, 2024, from 2025, respectively,
 - In the electricity sector 6.0%, 4.5%, 3.5% in the years 2023, 2024, from 2025, respectively;
- Employer's contribution rate of 16.1% (for payments exceeding the amounts set by the Regulation on the tax treatment of reimbursements of expenses and other income from employment (Official Journal of the RS, No 140/06, 76/08, 63/17, 71/18, 104/21, 114/21)).

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

The Company accrues non-current accrued liabilities in respect of accrued expenses and accrued deferred contributions for pension and disability insurance for disabled employees. The Company uses this income for the actual salary costs incurred by disabled employees.

The Company also establishes long-term accruals for deferred income on fixed assets acquired free of charge and for co-financing contributions to cover the depreciation costs of such assets.

Debts

Debts are either financial or operational in nature, and current or non-current, depending on the term.

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

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

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

Off-balance sheet records

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

Revenue recognition

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

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

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

The Company follows the following policies for measuring revenue recognition:

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

Revaluation gains arise on the disposal of tangible and intangible fixed assets and when receivables impaired in previous years are repaid.

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

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

Other income is unusual items and other income that increases the operating result.

Expenditure recognition

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

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

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

Revaluation expenses are recognised when the corresponding revaluation is made and arise in respect of tangible fixed assets, intangible fixed assets and current assets due to their impairment.

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

Other expenses are unusual items and other expenses that reduce the operating result.

Labour costs and reimbursements to employees

The Company recognises the following in labour costs:

- wages and salaries,
- wage and salary compensation,
- the cost of supplementary pension insurance,
- the cost of contributions and other duties,
- other costs such as annual leave allowances, reimbursement of material expenses, solidarity grants, etc.

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

The Company also records as part of labour costs the accrued cost of unused annual leave of employees.

Taxes

The Company is liable for taxes under the Value Added Tax Act and the Corporate Income Tax Act.

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

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

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

Cash flow statement

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

Regional and area segments

The Company is obliged to report by activity (segment) under the Electricity Supply Act (ZOEE). It has defined two activities for this purpose:

- Contract with SODO d.o.o., which takes into account the tasks performed by the Company in accordance with the Contract on the Lease of the Electricity Distribution Infrastructure and the Provision of Services to SODO d.o.o.;
- services, which take into account other commercial activities carried out by the Company.

5 FINANCIAL STATEMENTS OF ELEKTRO MARIBOR D.D.

Balance sheet

		In EUR	
Item		31 Dec 2022	31 Dec 2021
A. Non-current assets (I to VI)		391,322,103	380,546,680
I. Intangible assets and non-current asset accruals	Note 1	3,933,498	3,511,604
1. Non-current property rights		3,806,082	3,511,604
5. Non-current accruals		127,416	0
II. Tangible fixed assets	Note 2	372,103,986	365,327,714
1. Land and buildings (a to b)		279,124,140	273,515,654
a. Land		9,998,142	9,962,564
b. Buildings		269,125,998	263,553,090
2. Plant and machinery		85,395,417	86,298,367
4. Tangible fixed assets under acquisition (a to b)		7,584,429	5,513,694
a. Tangible fixed assets under construction		7,534,873	5,464,138
b. Advances for the acquisition of tangible fixed assets		49,556	49,556
III. Investment property	Note 3	610,854	593,817
IV. Non-current financial investments	Note 4	9,878,300	9,798,300
1. Non-current financial investments other than loans (a to d)		9,878,300	9,798,300
a. Shares and interests in group companies		1,691,967	9,184,808
b. Shares and interests in associates		7,922,694	349,854
c. Other shares and interests		56,594	56,594
č. Other non-current investments		207,045	207,045
V. Non-current trade receivables	Note 5	3,166,895	67,683
3. Non-current trade receivables from others		3,166,895	67,683
VI. Deferred tax assets	Note 6	1,628,569	1,247,562
B. Current assets (I to V)		31,387,560	36,230,859
I. Assets (disposal groups) held for sale		0	7,798,671
II. Inventories	Note 7	4,123,074	2,786,766
1. Material		4,123,074	2,786,766
IV. Current trade receivables	Note 8	12,459,720	17,766,608
1. Current trade receivables from group companies		4,216	35,414
2. Current trade receivables from customers		10,571,134	17,140,984
3. Current trade receivables from others		1,884,370	590,210
V. Cash	Note 9	14,804,766	7,878,815
C. Current asset accruals	Note 10	547,862	462,193
ASSETS (A + B + C)		423,257,525	417,239,732

		In EUR	
Item		31 Dec 2022	31 Dec 2021
A. Equity (I to VII)	Note 11	305,456,722	303,178,613
I. Called-up capital		203,932,512	203,932,512
1. Share capital		203,932,512	203,932,512
II. Capital reserves		75,384,315	75,384,315
III. Profit reserves		23,748,033	21,028,950
1. Statutory reserves		7,270,252	7,068,802
5. Other profit reserves		16,477,781	13,960,148
V. Reserves arising from fair value measurement		-609,215	-859,047
VI. Net operating result carried forward		1,691,164	0
1. Net profit carried forward from previous years		1,691,164	0
VII. Net operating result for the year		1,309,913	3,691,882
1. Residual net profit for the year		1,309,913	3,691,882
B. Provisions and non-current accrued liabilities	Note 12	38,101,034	40,299,987
1. Provisions for pensions and similar obligations		5,924,406	5,989,653
2. Other provisions		782,742	715,094
3. Non-current accrued liabilities		31,393,885	33,595,241
C. Non-current liabilities (I to III)	Note 13	52,349,452	49,029,711
I. Non-current financial liabilities		51,967,718	48,987,719
2. Non-current financial liabilities due to banks		51,100,000	48,487,500
3. Other non-current financial liabilities		867,718	500,219
II. Non-current trade payables		381,734	41,992
2. Non-current trade payables to suppliers		381,734	41,992
Č. Current liabilities (I to III)	Note 14	23,818,142	23,620,959
II. Current financial liabilities		8,842,288	6,720,694
2. Current financial liabilities due to banks		8,387,500	6,637,500
4. Other current financial liabilities		454,788	83,194
III. Current trade payables		14,975,854	16,900,265
1. Current trade payables to group companies		0	53,040
2. Current trade payables to group companies		7,242,486	8,462,967
3. Other current trade payables		7,733,368	8,384,258
D. Current accrued liabilities	Note 15	3,532,175	1,110,462
LIABILITIES TO SOURCES OF FUNDS (A + B + C + Č + D)		423,257,525	417,239,732

Income statement

		In EUR	
I t e m		I–XII 2022	I–XII 2021
1. Net turnover	Note 16	49,307,919	63,841,981
a. On the domestic market		49,307,919	63,841,981
3. Capitalised own products and services	Note 17	17,442,657	21,413,549
4. Other operating income (including revaluation operating income)	Note 18	3,223,620	2,883,844
5. Cost of goods, materials and services	Note 19	19,926,936	21,160,182
a. Cost of goods sold and cost of materials consumed		12,103,036	13,861,446
b. Cost of services		7,823,899	7,298,736
6. Labour costs	Note 20	30,741,003	31,773,297
a. Wage and salary costs		21,460,789	22,387,884
b. Social security costs		4,591,683	4,712,542
– Of which pension insurance costs		1,081,881	1,059,761
c. Other labour costs		4,688,531	4,672,871
7. Write-downs	Note 21	23,453,734	22,341,410
a. Amortisation and depreciation		22,849,330	22,054,050
b. Revaluation charges on intangible assets and tangible fixed assets		399,786	232,533
c. Revaluation operating expenses on working capital		204,617	54,828
8. Other operating expenses	Note 22	664,611	732,705
9. Financial income from participating interests	Note 23	9,729,465	1,396,151
a) Financial income from interests in group companies		9,663,329	1,296,151
b) Financial income from interests in associates		66,136	100,000
11. Financial income from trade receivables	Note 24	18,018	16,514
b. Financial income from trade receivables due from others		18,018	16,514
13. Financial expenditure on financial liabilities	Note 25	497,766	351,796
b. Financial expenses on loans received from banks		439,794	344,598
č. Financial expenses on other financial liabilities		57,972	7,198
14. Financial expenditure on trade payables	Note 26	526,686	19,357
b. Financial expenses on trade payables and bills of exchange		471,428	184
c. Financial expenses on other payables		55,258	19,173
15. Other revenue	Note 27	191,039	36,186
16. Other expenditure	Note 28	369,513	95,661
17. Income tax		0	1,436,883
18. Deferred taxes		389,876	42,627
19. NET PROFIT FOR THE PERIOD	Note 29		
(1 ± 2 +3 + 4 – 5 – 6 – 7 – 8 + 9 + 10 + 11 – 12 – 13 – 14 + 15 – 16 – 17 + 18)		4,122,346	11,719,561

Statement of other comprehensive income

I t e m		I–XII 2022	I–XII 2021
19. Net operating result for the period		4,122,346	11,719,561
23. Other components of comprehensive income		156,481	–43,138
– Actuarial gains/losses on provisions for severance benefits		165,350	–151,038
– Deferred tax effect on actuarial gains/losses on provisions for severance benefits		–8,868	107,900
24. TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (19 + 20 + 21 + 22 + 23)		4,278,827	11,676,423

Cash flow statement

Item	In EUR	
	I–XII 2022	I–XII 2021
A. Operating cash flows		
a) Operating receipts	Note 30	
	98,180,807	109,209,086
Receipts from sales of products and services	96,017,444	106,928,592
Other operating receipts	2,163,363	2,280,494
b) Operating expenditure	Note 31	
	-97,875,187	-104,375,663
Expenditure on purchases of materials and services	-60,593,428	-64,752,907
Expenditure on wages and salaries and employee profit-sharing	-30,209,436	-30,892,053
Expenditure on contributions of all kinds	-4,921,051	-6,569,743
Other operating expenditure	-2,151,273	-2,160,959
c) Cash flow from operating activities (a + b)	305,620	4,833,423
B. Cash flows from investing activities		
a) Proceeds from investing activities	Note 32	
	17,586,308	1,450,186
Proceeds from interest earned and other profit-sharing related to investing activities	66,136	1,396,151
Receipts on disposal of tangible fixed assets	58,172	54,035
Receipts on disposal of current investments	17,462,000	0
b) Expenditure from investing activities	Note 33	
	-12,896,662	-10,941,187
Expenditure on the acquisition of intangible assets	-1,857,239	-1,242,455
Expenditure on the acquisition of tangible fixed assets	-10,959,422	-9,698,732
Expenditure on the acquisition of financial investments	-80,000	0
c) Cash flow from investing activities (a + b)	4,689,647	-9,491,001
C. Cash flows from financing activities		
a) Proceeds from financing activities	Note 34	
	11,900,000	12,900,000
Proceeds from increase in financial liabilities	11,900,000	12,900,000
b) Expenditure from financing activities	Note 35	
	-9,969,315	-10,746,737
Expenditure on interest payable relating to financing activities	-431,097	-356,453
Expenditure on repayments of financial liabilities	-7,537,500	-7,100,000
Expenditure on dividends and other profit-sharing payments	-2,000,718	-3,290,284
c) Cash flow from financing activities (a + b)	1,930,685	2,153,263
Č. Closing cash balance	14,804,766	7,878,815
x) Cash flow for the period (sum of cash flows Ac, Bc and Cc)	6,925,951	-2,504,314
+		
y) Opening cash balance	7,878,815	10,383,129

Statement of Changes in Equity 2022

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

Statement of Changes in Equity 2021

Item	In EUR									Total
	Called-up capital	Capital reserves	Profit reserves				Fair value reserves	Net profit or loss carried forward	Net operating result for the year	
	Share capital		Statutory reserves	Reserves for own shares	Own shares	Other profit reserves		Net profit carried forward	Net profit	
I/1	II	III/1	III/2	III/3	III/5	V	VI/1	VII/1		
A.1. Balance at the end of the previous reporting period	203,932,512	75,384,315	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. Payment of dividends								-3,290,287	0	-3,290,287
B.2. Total comprehensive income of the reporting period	0	0	0	0	0	0	-43,138	0	11,719,561	11,676,423
a. Entry in net operating result 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 remainder of the net profit for the comparative reporting period to other components of equity								3,290,287	-3,290,287	0
b. Allocation of part of the net profit for the reporting period to other components of equity as decided by the management and supervisory bodies			582,812			7,381,549		63,318	-8,027,679	0
f. Other changes in equity							63,318	-63,318		0
C. Closing balance of the reporting period	203,932,512	75,384,315	7,068,802	0	0	13,960,148	-859,046	0	3,691,882	303,178,612
BALANCE SHEET PROFIT								0	3,691,882	3,691,882

6 NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS

6.1 Notes to the balance sheet

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

In accordance with SAS 20.4, it takes the form of a sequential step-by-step statement, with values reported for the current and prior period.

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

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

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

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

Intangible assets

Note 1

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

Intangible assets also include easement rights for the use of land under the Company's distribution network routes, which, in accordance with the provisions of Article 65 of the Companies Act, are presented in the balance sheet under land and buildings, and the right to use intangible assets.

No intangible assets are pledged to repay debts, nor does the Company have any assets that were obtained through government support.

At the end of the financial year, the Company has contractual commitments of EUR 1,130,304 for the purchase of licences for the use of information technology. The Company settles the commitments on a monthly basis, based on invoices received.

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

Movement in intangible assets in 2022

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

Movement in intangible assets in 2021

In EUR	Intangible assets	Investments in progress	Total
Acquisition value			
Balance 1 Jan 2021	13,213,105	0	13,213,105
<i>Increases</i>	0	0	0
– New acquisitions	0	1,036,798	1,036,798
– Activation	1,036,798	–1,036,798	0
Disposals	1,979,014	0	1,979,014
Transfers	0	0	0
Balance 31 Dec 2021	12,270,889	0	12,270,889
Amortised cost			
Balance 1 Jan 2021	8,877,804	0	8,877,804
Adjustments	0	0	0
Disposals	1,979,014	0	1,979,014
Transfers	0	0	0
Depreciation	1,860,495	0	1,860,495
Balance 31 Dec 2021	8,759,285	0	8,759,285
Undepreciated value			
Balance 1 Jan 2021	4,335,300	0	4,335,300
Balance 31 Dec 2021	3,511,604	0	3,511,604

Tangible fixed assets

Note 2

Balance and movements of tangible fixed assets in 2022

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

Balance and movements of tangible fixed assets in 2021

In EUR	Land	Construction facilities		Easements	Equipment	Investments in progress	Advances made	Total tangible fixed assets
		Construction facilities	Right to use assets					
Acquisition value								
Balance 1 Jan 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
– New acquisitions	0	0	0	0	0	32,084,522	0	32,084,522
– Free acquisitions	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
– Activations (new acquisitions)	14,921	22,800,917	211,341	0	9,560,483	–32,376,321	0	211,341
– Activations (free acquisition)	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
Reconciliations	0	0	0	0	0	10,348	–10,348	0
Balance 31 Dec 2021	7,734,706	770,344,173	637,941	2,365,310	204,030,023	5,464,138	49,556	990,625,846
Amortised cost								
Balance 1 Jan 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
Depreciation	0	12,452,625	33,714	23,653	7,659,476	0	0	20,169,468
Reconciliations	0	0	0	0	0	0	0	0
Balance 31 Dec 2021	0	507,338,191	90,833	137,453	117,731,656	0	0	625,298,132
Undepreciated value								
Balance 1 Jan 2021	7,722,519	252,069,517	369,481	2,251,510	84,447,958	5,755,936	59,904	352,676,825
Balance 31 Dec 2021	7,734,706	263,005,982	547,108	2,227,857	86,298,367	5,464,138	49,556	365,327,714

Major acquisitions of fixed assets in 2022 relate mainly to:

Major acquisitions of fixed assets

	2022	2021
LV lines	11,037,067	10,915,656
Underground MV lines	3,172,681	4,452,571
MV/LV TS	2,391,131	2,588,347
Measuring devices and instruments	2,175,822	3,453,668
Overhead MV lines	1,531,921	3,473,961

The decrease in tangible fixed assets relates to building structures at a cost of EUR 4,557,609 and to equipment at a cost of EUR 3,845,265, mainly due to write-downs resulting from destructions and replacements.

Tangible fixed assets not yet available for use (investments in progress) are stated at EUR 7,534,874.

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

The Company has some contractual commitments for the purchase of tangible fixed assets, but these are for successive deliveries of equipment, which are ordered according to a schedule.

All long-term borrowings are used to finance investments in the Company's fixed assets. The Company does not capitalise interest costs as the loans are mainly used to finance investments completed within the financial year.

In accordance with the provisions of SAS 1.27 (2016, as amended), the Company recognised in the books at 1 January 2019 the right to use assets arising from long-term leases of office buildings and telecommunication routes with a cost of EUR 426,600. In doing so, it applied the simplified approach in the manner set out in paragraph 5 of the SAS framework. In 2022, it additionally leased software and hardware on a long-term basis for a period of three years at an interest rate of 2.52%, increasing the cost of acquisition by EUR 1,133,497.

The interest rate agreed with Energija plus d.o.o. for the Group's leases is 0.939%, while for leases from other business partners we took into account the risk-free interest rate as at 1 January 2019 (RS 10-year bond = 1.125%) + a credit risk premium, which amounts to 1.445%.

The depreciation charge for the assets thus acquired amounts to EUR 406,412 in 2022. The interest cost arising from the right to use the asset amounted to EUR 30,750.

In 2022, the Company recorded a charge of EUR 31,272 for short-term and lower-value leases.

The Company does not sublease the assets so recognised, but uses them to carry on its business.

All right-of-use liabilities were settled on an ongoing basis, with the exception of invoices received which will fall due in 2023. Cash flow from rentals amounted to EUR 524,005 in 2022.

The Company signed a Contract with SODO for the lease of electricity distribution infrastructure and provision of services for the distribution system operator with the related Annexes. The amount of the rent and the services to be provided by the Company to SODO for 2022 are set out in Annex 3.

Future rental payments for leased fixed assets cannot be reliably measured as the price and volume of leases vary over the years. The value of the lease payments for electricity infrastructure for the 2022 financial year is EUR 17,473,527.

The carrying amount of the leased electricity infrastructure as at 31 December 2022 is EUR 336,975,044.

Status and trends of electricity infrastructure in 2022

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

Status and trends of electricity infrastructure in 2021

In EUR	Land	Buildings	Easements	Equipment	Total tangible fixed assets
Acquisition value					
Balance 1 Jan 2021	4,994,480	725,403,359	2,365,310	171,960,282	904,723,431
Increases 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	0
Balance 31 Dec 2021	5,009,289	741,124,940	2,365,310	175,462,076	923,961,615
Amortised cost					
Balance 1 Jan 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
Depreciation	0	11,899,106	23,653	5,917,575	17,840,334
Balance 31 Dec 2021	0	492,592,093	137,453	99,207,586	591,937,132
Undepreciated value					
Balance 1 Jan 2021	4,994,480	237,994,631	2,251,510	74,784,204	320,024,825
Balance 31 Dec 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 assesses that there was no objective evidence of factors indicating a need to impair investment properties in 2022.

Situation and trends of investment property in 2022

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

Situation and trends of investment property in 2021

In EUR	2021
Acquisition value	
Balance 1 Jan 2021	1,423,794
Increases	13,559
Decreases	3,049
Balance 31 Dec 2021	1,434,304
Amortised cost	
Balance 1 Jan 2021	818,701
Disposals	2,302
Depreciation	24,087
Balance 31 Dec 2021	840,486
Undepreciated value	
Balance 1 Jan 2021	605,093
Balance 31 Dec 2021	593,817

The Company owns all investment property and no investment property is pledged as security for debt.

Investment property in 2022

In EUR	Value	Revenue	Costs
Holiday facilities	562,337	126,301	126,275
Apartments	48,517	12,077	2,490
Total	610,854	138,378	128,765

Revenue includes income from the use of holiday accommodation and rentals for apartments owned by Elektro Maribor d.d. Costs include mainly maintenance and depreciation costs.

Non-current financial investments

Note 4

The Company did not impair any investments in associates in 2022, but reclassified its investment in Energija plus d.o.o. to investments in associates as a result of the sale. As of 1 June 2022, the sale reduced Elektro Maribor d.d.'s 100 % shareholding in Energija plus d.o.o. to 49 %. From 1 June 2022, Elektro Maribor d.d. reports Energija plus d.o.o. as an associate.

Non-current financial investments

In EUR	Balance 31 Dec 2022	Balance 31 Dec 2021
Investments in shares of group companies:	1,691,967	9,184,808
– Energija plus d. o. o.	0	7,492,840
– OVEN Elektro Maribor d. o. o.	1,691,967	1,691,967
Investments in shares of associates:	7,922,694	349,854
– Energija plus d. o. o.	7,492,840	0
– Informatika d. o. o.	299,478	299,478
– Eldom d. o. o.	130,376	50,376
– Moja energija d. o. o.	0	0
Other non-current investments in shares	56,594	56,594
Other non-current investments	207,045	207,045
Total	9,878,300	9,798,300

Movement in long-term investments in 2022

In EUR	Investments in shares of group companies	Investments in shares of associates	Other non-current investments in shares	Other non-current financial investments	Total
Balance 1 Jan 2022	9,184,808	349,854	56,594	207,045	9,798,300
Increases	0	7,572,840	0	0	7,572,840
Decreases	7,492,840	0	0	0	7,492,840
Balance 31 Dec 2022	1,691,967	7,922,694	56,594	207,045	9,878,300

The Company's management estimates that the maximum potential credit exposure is equal to the carrying amount of the investments. The Company's management actively monitors market developments and estimates that there was no objective evidence of factors indicating the need to impair non-current investments in 2022.

The Company has all non-current investments, other than investments in subsidiaries and associates, classified as available-for-sale.

Other non-current financial investments mainly represent the investment in the Infond Globalni uravnoreženi fund.

Non-current trade receivables

Note 5

Non-current trade receivables comprise receivables from SODO d.o.o. in respect of the preliminary settlement for the regulatory year 2021, which will be settled in 2024 and 2025 in accordance with Article 129 of the new Network Charges Act. The non-current receivable from SODO is carried at discounted value in accordance with SAS 5.36, using the weighted average interest rate on long-term loans as at 31 December 2022.

Other long-term receivables are recorded in respect of the accumulation of funds in the reserve fund for owned residential buildings.

Non-current trade receivables

In EUR	Balance 31 Dec 2022	Balance 31 Dec 2021
Non-current trade receivables from SODO	3,121,030	0
Discounted SODO receivables	-23,287	0
Non-current trade receivables from others	69,152	67,683
Total	3,166,895	67,683

Deferred tax assets

Note 6

In 2022, the Company recognised an increase in deferred tax assets for temporary deductible differences arising from past and current provisioning and the utilisation or reversal of provisions for employee jubilee bonuses and severance payments. In addition, deferred taxes were recognised and provided for actuarial losses, valuation allowances on receivables, non-current accrued liabilities, unused investment allowances, donations and an identified tax loss.

In calculating deferred tax assets, a tax rate of 19% was applied, which is expected to continue to apply in future financial years.

The balance of deferred receivables as at 31 December 2022 is stated at EUR 1,628,569.

Movement in deferred tax assets

In EUR	Balance 31 Dec 2021	Reductions (through equity)	Reductions (through operating result)	Increases (through operating result)	Balance 31 Dec 2022
Deferred tax assets					
– from valuation allowances on receivables	269,617		44,337	0	225,280
– from provisions for jubilee bonuses and retirement allowances	658,170	8,869	72,470	0	576,831
– from non-current accrued liabilities	319,775		19,642	0	300,133
– from investment allowances carried forward	0		0	493,450	493,450
– from donation relief carried forward	0		0	5,491	5,491
– from tax loss carried forward	0		0	27,384	27,384
Total	1,247,562	8,869	136,449	526,326	1,628,569

Inventories

Note 7

The Company mainly recognises as inventories of materials to be installed in its own investments, inventories of materials to be used in the provision of services on the market, and inventories of spare parts for the maintenance of tangible fixed assets. The Company's management estimates that the carrying amount of inventories is at the level of the net realisable value.

Inventories

In EUR	31 Dec 2022	31 Dec 2021
Raw materials and supplies	3,974,941	2,654,949
Fuel and lubricant	11,192	13,791
Office supplies	7,925	9,364
Stocks of small inventories and packaging, finishing	129,016	108,661
Total	4,123,074	2,786,766

As at 31 December 2022, the Company has EUR 146,868 of inventories where there was no movement between 1 January 2019 and 31 December 2022, but which are classified as operating reserves.

Value of inventories

In EUR	31 Dec 2022	31 Dec 2021
Gross value of inventories	4,123,074	2,786,766
Value adjustments	0	0
Net value of inventories	4,123,074	2,786,766

The regular annual inventories showed a deficit of EUR 91.25 and a surplus of EUR 71.66. In 2022, EUR 15,946 of inventories were written off due to damage, obsolescence or destruction.

All inventories are owned by the Company and are not pledged as security for debt.

Current trade receivables

Note 8

Current trade receivables

In EUR	31 Dec 2022	31 Dec 2021
Current trade receivables from group companies, of which:	4,216	35,414
– receivables from Energija plus d.o.o.	0	26,768
– receivables from OVEN Elektro Maribor d.o.o.	4,216	8,646
Current trade receivables from customers for network usage	2,691,312	3,057,558
Current trade receivables from customers for services	7,877,536	14,081,367
Current trade receivables for interest	2,286	2,059
Other current receivables	1,884,370	590,210
Total	12,459,720	17,766,608

Customers mostly settle their claims on time or with a small delay. In the event of default, customers are charged contractually agreed interest on late payment.

For questionable, doubtful and overdue receivables over 90 days, the Company provided for an impairment allowance in 2022 in accordance with the Rules on Receivables Management.

The outstanding receivables from SODO d.o.o. amounting to EUR 2,879,709 were not subject to any valuation allowance and are not doubtful. The receivables relate to part of the value of the 2022 inter-annual network deficit and the preliminary settlement of the 2021 regulatory year, which will be settled in 2023 in accordance with Article 129 of the new Network Charges Act (*RO Act*).

Elektro Maribor d.d. issued invoices/credits for the preliminary 2022 settlement received totalling EUR - 3,757,462.47 and due in April 2023. The difference between the preliminary 2022 settlement and the final 2022 settlement is taken into account in the determination of the next regulatory period.

Value of receivables

In EUR	31 Dec 2022	31 Dec 2021
Gross receivables	13,745,356	19,216,675
Valuation allowance	1,285,637	1,450,066
Net receivables	12,459,720	17,766,608

Movement in valuation allowances on receivables

In EUR	Balance 31 Dec 2021	Decreases	Increases	Balance 31 Dec 2022
Valuation allowances on current trade receivables:				
– Decrease in valuation allowances due to payments	0	43,104	0	0
– Decrease in valuation allowances due to write-offs	0	325,943	0	0
Total	1,450,066	369,047	204,617	1,285,637

Receivables from customers for the use of the network amount to EUR 2,691,312 net and are mostly not secured by payment security instruments.

At the end of the financial year 2022, the Company has no receivables due from the Company's Management Board and Supervisory Board members.

Breakdown of current trade receivables by maturity

In EUR	31 Dec 2022	Structure in %	31 Dec 2021	Structure in %
Outstanding receivables	9,162,357	73.54	16,121,732	90.74
Up to 30 days past due	353,022	2.83	416,700	2.35
31-60 days past due	41,545	0.33	49,187	0.28
61-90 days past due	2,689	0.02	421,557	2.37
Over 90 days past due	2,900,107	23.28	757,433	4.26
Total	12,459,720	100.00	17,766,609	100.00

Cash

Note 9

Cash

In EUR	31 Dec 2022	31 Dec 2021
Cash on accounts	14,804,766	7,878,815
Total	14,804,766	7,878,815

Current asset accruals

Note 10

Current asset accruals

In EUR	31 Dec 2022	31 Dec 2021
Current accrued income	370,944	395,503
Current deferred expenditure	134,147	24,895
VAT on advances received	42,772	41,795
Total	547,862	462,193

Current accrued income represents amounts of income that already affect the operating result but for which payment has not yet been received and cannot be charged. They mainly relate to unbilled lease payments for telecommunication equipment bases and construction services provided.

Movement in current asset accruals

In EUR	31 Dec 2021	Increase	Decrease	31 Dec 2022
Current accrued income	395,503	370,944	395,503	370,944
Current deferred expenditure	24,895	175,222	65,970	134,147
VAT on advances received	41,795	11,272	10,295	42,772
Total	462,193	557,438	471,768	547,862

Equity

Note 11

The Company's share capital amounts to EUR 203,932,512 and is divided into 33,345,302 ordinary registered bulk shares, which is also the weighted average number of ordinary shares outstanding during the period.

Equity

In EUR	31 Dec 2022	31 Dec 2021
Share capital	203,932,512	203,932,512
Capital reserves	75,384,315	75,384,315
Statutory reserves	7,270,252	7,068,802
Other profit reserves	16,477,781	13,960,148
Fair value reserve	-609,215	-859,047
Net operating result carried forward	1,691,164	0
Net operating result for the financial year	1,309,913	3,691,882
Total	305,456,722	303,178,613

The capital reserve is derived from the general capital revaluation adjustment and from the reduction in share capital resulting from the repurchase of own shares.

Statutory reserves and other profit reserves were increased in accordance with the ZGD-1 Act due to the 5% compulsory accrual from the Company's profits in 2022 and the Company's Articles of Association.

The fair value reserve shows the value of non-current investments and the amount of actuarial losses arising from the restatement of the provision for retirement benefits and the amount of deferred taxes on actuarial losses.

Movement in fair value reserves

In EUR	Balance 31 Dec 2021	Formation	Consumption	Transfer to result carried forward	Balance 31 Dec 2022
Valuation reserves on non-current investments	160,474	0	0	0	160,474
Actuarial gains/losses on retirement benefits	-1,127,420	0	165,350	93,350	-868,720
Deferred tax on actuarial calculation	107,900	0	8,868	0	99,031
Total	-859,047	0	174,218	93,350	-609,215

The Company reported a net profit for 2022 of EUR 4,122,346. In accordance with its responsibilities as defined in ZGD-1, the Company's Management Board used part of the net profit of EUR 93,350 to cover the actuarial loss carried forward, an amount of EUR 201,450 to establish statutory reserves and an amount of EUR 2,517,633 to establish other profit reserves.

The balance sheet profit for 2022 amounts to EUR 3,001,077 and is shown in the annex to the statement of changes in equity and will be discussed at the General Meeting of Shareholders in 2023.

The book value per share at 31 December 2022 was EUR 9.16 and at 31 December 2021 the book value per share was EUR 9.09.

In 2022, Elektro Maribor d.d.'s basic earnings per share amounted to EUR 0.12. Diluted earnings per share are equal to basic earnings per share.

Provisions and non-current accrued liabilities

Note 12

Provisions

In EUR	Balance 31 Dec 2022	Balance 31 Dec 2021
Provisions for jubilee awards	1,978,525	1,782,610
Provision for retirement benefits	3,945,881	4,207,043
Provisions for guarantees given	46,742	50,683
Provisions for non-current accrued expenses	736,000	664,411
Total	6,707,148	6,704,747

Provisions for retirement and jubilee benefits are based on a calculation by an chartered actuary. The methodology for their calculation is presented in the Significant Accounting Policies section.

The amount of the provision recognised for legal commitments is EUR 736,000, which is the best estimate of the expenditure required to settle them.

In arriving at the best estimate, we took into account the risks and uncertainties that inevitably accompany the legal proceedings for which the provisions were made.

The amount of the provision is equal to the present value of the expenditure expected to be required to settle these commitments.

Movement in provisions

In EUR	Balance 31 Dec 2021	Formation	Consumption	Reversal	Balance 31 Dec 2022
Provisions for jubilee awards	1,782,610	469,318	273,403	0	1,978,525
Provision for retirement benefits	4,207,043	228,285	489,447	0	3,945,881
Provisions for guarantees given	50,683	0	0	3,941	46,742
Provisions for non-current accrued expenses	664,411	71,589	0	0	736,000
Total	6,704,747	769,192	762,849	3,941	6,707,148

Non-current accrued liabilities are created for tangible fixed assets acquired free of charge and for co-financing. The Company uses these non-current accrued liabilities to cover the depreciation of these assets at an annual depreciation rate of 2.93%.

Non-current accrued liabilities established since 2010 are drawn down to cover depreciation charges at the actual rate of depreciation of each tangible fixed asset.

The non-current accrued liabilities arising from ceded contributions for persons with disabilities are fully utilised by the Company to cover the cost of their salaries.

Movement in non-current accrued liabilities

In EUR	Balance 31 Dec 2021	Decrease	Increase	Reversal	Balance 31 Dec 2022
Non-current deferred income from free take-up of house connections	19,074,953	848,408	0	0	18,226,546
Non-current deferred income from fixed assets taken over free of charge	7,484,680	311,029	402,745	0	7,576,396
Non-current deferred income from average connection costs	2,960,109	174,357	0	0	2,785,752
Non-current deferred income from co-financing – Eco-fund	0	2,630	44,513	0	41,883
Non-current deferred income from co-financing of fixed assets	2,754,121	150,708	159,897	0	2,763,310
Non-current deferred income – EU projects	1,321,377	1,622,997	0	–301,620	0
Total	33,595,241	3,110,130	607,155	–301,620	31,393,885

Non-current liabilities

Note 13

Non-current financial liabilities mainly relate to long-term loans received from commercial banks. The Company incurred long-term debt of EUR 11,000,000 in 2022 for the purpose of financing investments.

The maturity of the loans received varies between 8 and 11 years. The interest rate varies between 3 and 6-month EURIBOR, with a mark-up of 0.5% to 0.7%, or at a fixed rate of between 0.184% and 1.198% per annum.

The carrying amount of long-term debt is equal to its fair value. The Company's long-term debt is not exposed to specific currency and credit risks. The exposure to interest rate risk is only represented by adverse movements in the EURIBOR benchmark interest rate.

The Company's bills of exchange are secured by loans taken out from banks in Slovenia.

Over a period of more than five years from the balance sheet date, EUR 20,050,000 of principal amounts become due. The Company pays all principal and interest instalments due on a regular and timely basis.

Financial liabilities to banks

In EUR	31 Dec 2022	31 Dec 2021
Non-current financial liabilities due to banks	51,100,000	48,487,500
Current portion of non-current financial liabilities due to banks	8,387,500	6,637,500
Total	59,487,500	55,125,000

The Company has non-current financial liabilities arising from rights to use assets amounting to EUR 867,718.

Non-current payables represent securities received on a long-term basis as a guarantee by the supplier for the performance of the works.

At the end of the financial year 2022, the Company does not have any non-current liabilities to the Company's Management Board and Supervisory Board members.

Current liabilities

Note 14

Current financial liabilities amount to EUR 8,842,288 and show the current portion of long-term loans maturing within one year of the balance sheet date amounting to EUR 8,387,500 and other current liabilities amounting to EUR 454,788.

Current trade payables amount to EUR 14,975,854 and show the balances as presented in the table below. These mainly include payables to suppliers for fixed assets, payables to employees relating to salaries for December 2022 and payables to SODO d.o.o. for network charges for connection power and network use and services to system users.

Current trade payables

In EUR	31 Dec 2022	31 Dec 2021
Current trade payables to group companies, of which:	0	53,040
– Payables to <i>Energija plus d.o.o.</i>	0	53,040
Current payables to associates	1,081,612	536,923
Current trade payables to suppliers for fixed assets	3,866,350	5,019,513
Current trade payables to suppliers for working capital	2,294,523	2,906,530
Current trade payables to SODO d.o.o.	3,187,941	3,043,189
Current trade payables to employees	3,233,769	3,056,045
Current trade payables to government and other institutions	500,008	1,102,303
Current trade payables on advances	712,168	1,014,217
Other current trade payables	99,482	168,505
Total	14,975,854	16,900,265

The Company generally settles all current payables on time.

As at 31 December 2022, the Company has EUR 327,044 of payables to suppliers for which security instruments have been issued.

As at 31 December 2022, the Company recognises a liability to the President of the Management Board of the Company for salary and reimbursement of material expenses from December 2022 in the gross amount of EUR 8,943.

Current accrued liabilities

Note 15

Current accrued liabilities show the balances of accrued expenses and deferred income. They include receivables and payables that are expected to arise within one year of the balance sheet date and whose occurrence is probable and the amount is estimated with a high degree of certainty.

Current accrued liabilities

In EUR	31 Dec 2022	31 Dec 2021
Accrued costs for untaken annual leave	992,092	929,054
Accrued costs of deviations from the regulatory framework	331,751	180,951
Other accrued costs	2,208,332	457
Total	3,532,175	1,110,462

Movement in current accrued liabilities

In EUR	Balance 31 Dec 2021	Formation	Consumption	Reversal	Balance 31 Dec 2022
Accrued costs for untaken annual leave	929,054	992,092	891,060	37,994	992,092
Accrued costs of deviations from the regulatory framework	180,951	331,751		180,951	331,751
Other accrued costs	457	2,208,332	457		2,208,332
Total	1,110,462	3,532,175	891,517	218,945	3,532,175

Contingent liabilities and other off-balance sheet assets

Contingent liabilities are those liabilities that have the potential to result in recognition in the balance sheet.

Contingent liabilities

In EUR	31 Dec 2022	31 Dec 2021
Contingent liabilities	234,102	232,997
Total	234,102	232,997

Other off-balance sheet assets and liabilities

In EUR	31 Dec 2022	31 Dec 2021
Payment securities – guarantees	70,918	171,587
Payment securities – bills of exchange	15,312,500	13,500,000
Receivables for bank guarantees received	3,549,942	3,893,214
Performance bonds received	217,161	410,557
Performance bonds given	256,126	484,387
Small inventories in use	1,465,372	1,480,852
Average SODO d.o.o. connection costs, transfer of assets	3,643,023	3,837,451
Assets for holiday accommodation – Eldom d.o.o.	184,870	184,870
Total	24,699,911	23,962,919

The average connection costs of SODO d.o.o. are derived from the agreement on the handover and acceptance of fixed assets financed from the average connection costs. These are assets fully financed by SODO d.o.o. from the average connection costs as a dedicated resource of SODO to finance investments in network expansion. The Company estimates that the likelihood of receipts and expenditures from the above receivables and payables is remote and therefore the Company discloses the recorded amounts for information purposes only. Assets included in the off-balance sheet records do not qualify for recognition as on-balance sheet items. As at 31 December 2022, the Company does not recognise off-balance sheet contingent liabilities as defined in ZGD-1.

6.2 Notes to the income statement

The income statement includes all income, costs and expenses incurred during the financial period of the Company.

The income statement is prepared in accordance with version I as defined in point 21.6 of the SAS.

Information about the basis of preparation of the income statement and the specific accounting policies applied by the Company is presented in the disclosures of each material item.

Revenue

Revenue is also affected by the methods, policies and estimates explained in the balance sheet disclosures.

The Company did not change its methods and accounting policies in 2022.

Revenue

In EUR	I–XII 2022	I–XII 2021
Operating revenue	69,974,196	88,139,374
Financial revenue	9,747,483	1,412,665
Other revenue	191,039	36,186
Total	79,912,718	89,588,226

Revenue generated from relations with group companies in 2022

In EUR	Energija plus d.o.o.	OVEN d.o.o.
Revenue from the sale of services	14,021	24,786
Revenue from rent of premises	25,757	8,004
Total	39,778	32,790

Revenue from the sale of services to Energija plus d.o.o. relates to the period from 1 January 2022 to 31 May 2022.

Net turnover

Note 16

Net turnover

In EUR	I–XII 2022	I–XII 2021
Rents charged	17,914,008	32,190,709
– SODO d. o. o. – rent	17,473,527	31,751,443
– Other	440,481	439,266
SODO d. o. o., contractual services	26,118,753	26,067,572
SODO d. o. o., other services	110,744	180,951
Charged services	4,979,303	5,216,734
– Revenue from Energija plus d.o.o.	14,021	64,183
– Revenue from Oven d.o.o.	24,786	11,353
Sale of waste material	185,110	186,016
Total	49,307,919	63,841,981

Net turnover represents 70% of total operating revenue. The net turnover takes into account the SODO d.o.o. regulatory years 2021 and 2022.

Taking into account SODO d.o.o.'s regulatory years in 2022

In EUR	Revenues achieved 2022	Final settlement 2021	Reversal of refunds 2021	Preliminary 2022	Final 2022 refund	Total 2022
Rent	26,992,598	2,312	0	-9,116,437	-404,947	17,473,527
Services	19,391,254	14,976	180,951	6,458,377	73,196	26,118,753
Total	46,383,852	17,288	180,951	-2,658,060	-331,751	43,592,280

Capitalised own products and services

Note 17

Capitalised own products and services represent investments carried out in-house and revenues from in-house services (finishing of equipment).

Capitalised own products and services

In EUR	I–XII 2022	I–XII 2021
Capitalised products	17,044,495	20,884,742
Capitalised services	398,162	528,806
Total	17,442,657	21,413,549

Other operating income

Note 18

Other operating income

In EUR	I–XII 2022	I–XII 2021
Reversal of provisions	55,267	11,624
Reversal of non-current accrued liabilities	1,487,133	1,472,025
State aid received – Covid-19	51,775	103,669
Compensation received from insurance company	471,947	305,285
Gain on sale of fixed assets	56,006	48,136
Recoveries of receivables from previous years	48,908	91,555
Other operating income	1,052,585	851,550
Total	3,223,620	2,883,844

Other income related to operational effects

In EUR	I–XII 2022	I–XII 2021
Revenue from exemption from employer's contribution	0	3,537
Revenue from crisis allowance – refund.	0	31,739
Revenue from allowance – force majeure – childcare	1,031	17,806
Revenue from allowance – quarantine Covid-19	18,245	28,282
Revenue from allowance - short-term sick leave and cohabitation	17,051	22,305
Revenue from aid for the purchase of rapid tests for Covid-19	15,448	0
Total	51,775	103,669

Costs by functional group**Costs by functional group**

In EUR	I–XII 2022	I–XII 2021
Production costs of products sold	68,446,289	69,727,983
Cost of sales	1,463,557	1,783,273
Cost of general activities	4,272,034	4,208,978
Total	74,181,880	75,720,234

Cost of goods, materials and services

Note 19

Cost of materials

In EUR	I–XII 2022	I–XII 2021
Cost of materials, of which:	9,761,294	11,609,324
– Materials for investments	7,536,130	9,244,784
– Materials for repairing damage	291,957	212,669
– Materials for services	1,847,473	2,035,123
– Other costs of materials	85,735	116,747
Spare parts costs for fixed assets	790,163	846,268
Energy costs	975,749	900,867
Write-off of small inventories and packaging	283,286	271,409
Cost of office supplies and professional literature	274,627	234,715
Other costs of materials	17,917	-1,138
Total	12,103,036	13,861,446

For transactions with group companies, the Company recorded costs of materials for the purchase of electricity for own use of EUR 54,536 and for the purchase of gas of EUR 8,940. The Company recorded all costs in its transactions with Energija plus d.o.o. in the period until 31 May 2022.

Cost of services

In EUR	I–XII 2022	I–XII 2021
Service charges for further calculation	1,236,914	762,115
Maintenance service costs	2,448,960	2,242,739
Cost of rents	31,272	195,235
Employee reimbursements	120,526	135,992
Payment, banking and insurance premium costs	1,227,619	1,184,809
Costs of intellectual and personal services	431,566	646,267
Trade fairs, advertising and representation costs	58,098	35,627
Costs of services of natural persons	133,337	134,360
Postal, telecommunications and internet services	307,796	326,246
IT services	915,806	1,162,412
Other costs of services	912,005	472,934
Total	7,823,899	7,298,736

Labour costs

Note 20

Personnel costs include the costs of wages and salaries and other employee benefits, including employer contributions, and accrued charges for untaken annual leave.

Labour costs

In EUR	I–XII 2022	I–XII 2021
Wage and salary costs	21,460,789	22,387,884
Employees' supplementary pension insurance costs	1,081,881	1,059,761
Cost of employer's contributions and other payroll contributions	3,509,802	3,652,781
Other labour costs	4,688,531	4,672,871
– Annual leave allowance	1,654,304	1,705,907
– Transport to work	1,015,471	1,112,950
– Meals	1,031,955	1,054,993
– Collective accident and health insurance	142,477	149,719
– Provisions for jubilee awards and severance payments	642,345	448,822
– Other labour costs	201,979	200,481
Total	30,741,003	31,773,297

Information on groups of persons – Management Board

The salary cost represents the salary of the President of the Management Board of the Company.

As at 31 December 2022, the Company recognises a liability to the President of the Management Board of the Company for the December 2022 salary of EUR 4,747 net.

Composition and remuneration of the members of the Management Board in 2022 in EUR

Name and surname	Function (President, Member)	Fixed remuneration - gross (1)	Variable remuneration - gross			Deferred income (3)	Severance payments (4)	Bonuses (5)	Claw-back (6)	Total gross (1 + 2 + 3 + 4 + 5 - 6)
			Based on quantitative criteria	Based on qualitative criteria	Total (2)					
Jože Hebar	President of the Management Board	106,495	0	0	0	0	0	1,343	0	107,838

Information on groups of persons – employees under a contract not covered by the tariff part of the collective agreement**Accounted assets – employees under a contract not covered by the tariff part of the collective agreement**

Gross in EUR	I–XII 2022	I–XII 2021
Wage and salary payments	753,865	734,371
Reimbursement of travel expenses on mission	1,151	82
Reimbursement of other material expenses	26,055	26,010
Voluntary supplementary pension insurance	29,031	28,190
Retirement allowance	0	0
Annual leave allowance	21,406	20,624
Jubilee awards	2,294	0
Other remuneration	0	1,894
Total	833,801	811,171

For the group of persons employed under a contract not covered by the tariff part of the collective agreement, bonuses amounting to EUR 9,875 gross were accounted.

The Company has a liability to that group of persons for salary payments for December 2022.

Information on groups of persons – Supervisory Board and Supervisory Board Committees

In 2022, the amount of the attendance fees of the President and the members of the SB, as decided by the Assembly, is EUR 275 for the ordinary and extraordinary sessions and EUR 220 for correspondence sessions, which is the same as the previous year.

Amount of attendance fees and remuneration for the performance of supervisory board duties

Gross in EUR	I–XII 2022	I–XII 2021
Remuneration for performance of duties (month)		
Amount of remuneration for the Chair of the SB	1,625	1,625
Amount of remuneration for the Deputy Chair of the SB	1,192	1,192
Amount of remuneration for members of the SB	1,083	1,083

Composition and remuneration of the members of the Supervisory Board in 2022 in EUR

Name and surname	Function (Chair, Deputy, Member, External Commission Member)	Remuneration for the performance of duties and additional payments – gross per annum				SB and commissions' meeting fees - gross per annum (2)	Total gross (1 + 2)	Travel expenses
		Basic remuneration for performing the duties of the office	Additional remuneration for performing the duties of the office	Additional payment for special tasks	Total (1)			
Tomaž Orešič	Chair, Member	14,228	0	0	14,228	3,300	17,528	0
Marija Šeme	Member, Deputy Chair	5,691	0	0	5,691	1,100	6,791	643
mag. Samo Logar	Chair, Member	6,839	0	0	6,839	825	7,664	493
Nenad Kajtezovič	Member	5,417	0	0	5,417	2,200	7,617	21
Dušan Kovačič	Member	5,417	0	0	5,417	2,200	7,617	0
Alan Ciglarič	Member	5,417	0	0	5,417	1,100	6,517	0
Miran Arnuš	Member	5,417	0	0	5,417	825	6,242	92
Samo Iršič	Chair, Member	17,875	0	0	17,875	3,300	21,175	0
Drago Štefe	Member	0	0	0	0	550	550	158

The Supervisory Board includes the Audit Committee (AC) and a Human Resources Committee (HRC). The amount of the attendance fees for the President and members of the AC and HRC in 2022 is EUR 220 for ordinary and extraordinary meetings and EUR 176 for correspondence meetings, which is the same as last year.

Amount of remuneration for the performance of the functions of the Audit Committee of the Supervisory Board and the Human Resources Committee of the Supervisory Board

Gross in EUR	I–XII 2022	I–XII 2021
Remuneration for performance of duties (month)		
Amount of remuneration for the Chair of the AC and HRC	406	406
Amount of remuneration for members of the AC and HRC	271	271

Composition and remuneration of Audit Committee members in 2022

Name and surname	Function (Chair, Deputy, Member, External Commission Member)	Remuneration for the performance of duties and additional payments – gross per annum				SB and commissions' meeting fees - gross per annum (2)	Total gross (1 + 2)	Travel expenses
		Basic remuneration for performing the duties of the office	Additional remuneration for performing the duties of the office	Additional payment for special tasks	Total (1)			
Tomaž Orešič	Chair, Member	3,656	0	0	3,656	1,320	4,976	0
Samo Iršič	Member	3,250	0	0	3,250	2,200	5,450	0
Branka Neffat	External Member	2,868	0	0	2,868	1,100	3,968	534
Marija Šeme	Chair	1,219	0	0	1,219	880	2,099	643
Barbara Nose	External Member	2,395	0	0	2,395	440	2,835	317

Amount of remuneration for the performance of the duties of the Supervisory Board's Human Resources Committee

Gross in EUR	I–XII 2022	I–XII 2021
Remuneration for performance of duties (month)		
Amount of remuneration for the Chair of the HRC	406	406
Amount of remuneration for members of the HRC	271	271

Composition and remuneration of the members of the Human Resources Committee in 2022

Name and surname	Function (Chair, Deputy, Member, External Commission Member)	Remuneration for the performance of duties and additional payments – gross per annum				SB and commissions' - gross per annum (2)	Total gross (1 + 2)	Travel expenses
		Basic remuneration for performing the duties of the office	Additional remuneration for performing the duties of the office	Additional payment for special tasks	Total (1)			
Samo Iršič	Chair	813	0	0	813	1,100	1,913	0
Dušan Kovačič	Member	542	0	0	542	1,100	1,642	0
Dušan Jovanovič	External Member	542	0	0	542	1,100	1,642	0
mag. Samo Logar	Chair	1,029	0	0	1,029	220	1,249	164
Tomaž Orešič	Member	686	0	0	686	220	906	0
dr. Maja Fesel Kamenik	External Member	683	0	0	683	220	903	160

The Company did not make any advances or loans to employees under a contract not covered by the tariff part of the Collective Agreement, to the Company's Management Board, to members of the Supervisory Board nor to members of Supervisory Board Committees.

Write-downs

Note 21

Depreciation and amortisation

In EUR	I–XII 2022	I–XII 2021
Amortisation of intangible assets	1,715,896	1,860,495
Amortisation of intangible assets – easements	23,653	23,653
Amortisation of software leases	82,387	0
Amortisation of tangible fixed assets, of which:	20,679,061	20,145,815
– Construction	12,685,388	12,486,339
– Equipment	7,993,673	7,659,476
Depreciation of leases	324,025	0
Depreciation of investment property	24,309	24,087
Total	22,849,330	22,054,050

Revaluation charges on tangible fixed assets relate mainly to write-offs of damaged or destroyed parts of building structures and equipment for the purpose of refurbishment or replacement of assets.

The Company provides for allowances for receivables in accordance with the accounting policy adopted, on a partner-by-partner basis.

Revaluation operating expenses

In EUR	I–XII 2022	I–XII 2021
Revaluation expenses on tangible and intangible fixed assets	399,786	232,533
Revaluation operating expenses on receivables, of which:	204,617	54,828
– For network usage	191,756	45,978
– For services provided	12,861	8,850
Total	604,403	287,361

Other operating expenses

Note 22

Other operating expenses

In EUR	I–XII 2022	I–XII 2021
Provisions for guarantees given	0	25,399
Provisions for legal proceedings	71,589	195,278
Building land use charge	358,221	327,870
Other charges and expenses	234,801	184,158
Total	664,611	732,705

Other charges and expenses include expenditure relating mainly to holiday expenses, court costs and scholarships.

Financial income from shareholdings

Note 23

Financial income from shareholdings includes the proceeds from the sale of the 51% shareholding in Energija plus d.o.o. amounting to EUR 9,663,329 and the payment of the profit from the associated company Informatika d.o.o. amounting to EUR 66,136.

Financial income from trade receivables

Note 24

Financial income from trade receivables

In EUR	I–XII 2022	I–XII 2021
Interest income for network use	9,533	11,102
Interest income from lawsuits won	8,485	5,412
Total	18,018	16,514

Financial expenditure on financial liabilities

Note 25

Financial expenditure on financial liabilities

In EUR	I–XII 2022	I–XII 2021
Financial expenditure on bank loans received	439,794	344,598
Financial expenditure on other financial liabilities	57,972	7,198
Total	497,766	351,796

Other financial liabilities include an expenditure of EUR 23,286 on the discounting of non-current trade receivables due from SODO d.o.o. The discounting of non-current receivables is calculated using the annual weighted average rate of long-term loans received by Elektro Maribor d.d. as at 31 December 2022 of 0.72%.

Financial expenditure on trade payables

Note 26

Financial expenditure on trade payables

In EUR	I–XII 2022	I–XII 2021
Financial expenditure on trade payables and bills of exchange	471,428	184
Financial expenditure on other trade payables	55,258	19,173
Total	526,686	19,357

Accrued interest on the repayment of EU Cohesion funds received, amounting to €471,409, is shown under financial expenditure on trade payables. The amount of accrued interest arising from the actuarial calculations of the provisions for jubilee awards and retirement allowances is shown under financial expenditure on other trade payables.

Other revenue

Note 27

Other revenue of EUR 191,039 mainly represents the value of inventory overruns of material identified, reimbursements for exceeding the quota of disabled persons, amounts reimbursed for internships from the Cohesion Funds and amounts received in respect of legal claims.

Other expenditure

Note 28

Other expenditure of EUR 369,513 mainly reflects expenditure on EU funds already drawn down in revenue.

Other expenditure

In EUR	I–XII 2022	I–XII 2021
Fines and penalties	5,800	0
Compensation in respect of annuities	13,933	13,551
Deductibles and other expenses	316,023	22,771
Donations	29,800	55,479
Other expenditure	3,957	3,859
Total	369,513	95,661

Net operating result for the period

Note 29

Operating result

In EUR	I–XII 2022	I–XII 2021
Operating result	–4,812,087	12,131,780
Financial result	8,723,032	1,041,513
Result from other revenue and expenditure	–178,474	–59,475
Operating result before tax	3,732,471	13,113,817
Taxes	389,876	–1,394,256
Net operating result	4,122,346	11,719,561

Income tax

The Company calculated a tax loss of EUR 144,129 for the financial year 2022 on the basis of its tax return and therefore does not recognise a liability for corporate income tax.

6.3 Notes to the cash flow statement

The cash flow statement is prepared in accordance with SAS 22.2 using the direct method - version I. The data for the preparation of the statement are derived from the records of receipts and disbursements in the Company's transaction accounts.

In 2022, the Company's total receipts amount to EUR 127,667,115 and its total expenditure to EUR 120,741,163. The cash result is positive at EUR 6,925,952. The final cash balance of the Company's accounts as at 31 December 2022 was EUR 14,804,766.

Operating receipts

Note 30

Operating receipts

In EUR	I–XII 2022	I–XII 2021
Rental and service receipts under the SODO contract	57,894,677	67,210,268
Receipts from network charges and contributions	25,698,737	29,361,566
Receipts from customers of other services	5,824,073	4,497,408
Remaining operating receipts	6,599,957	5,859,350
Other operating receipts	2,145,317	2,262,926
Interest receipts from operating activities	18,046	17,568
Total	98,180,807	109,209,086

Operating expenditure

Note 31

Operating expenditure

In EUR	I–XII 2022	I–XII 2021
Expenditure on purchases of materials and services	–60,593,428	–64,752,907
Expenditure on salaries and employees' share of profits	–30,209,436	–30,892,053
Expenditure on contributions of all kinds	–4,921,051	–6,569,743
Other operating expenditure	–2,151,273	–2,160,959
Total	–97,875,187	–104,375,663

Proceeds from investing activities

Note 32

Proceeds from investing activities amount to EUR 17,586,308 and relate mainly to the proceeds from the sale of the 51 % shareholding in Energija plus d.o.o.

Expenditure from investing activities

Note 33

Expenditure from investing activities is shown at EUR 12,896,662 and relates to expenditure on the purchase of intangible assets and tangible fixed assets.

Proceeds from financing activities

Note 34

The proceeds from financing activities include a long-term loan of EUR 8,000,000 taken out with the European Investment Bank with a maturity of eleven years and a loan of EUR 3,000,000 taken out with Intesa Sanpaolo Bank d.d., a commercial bank, with a maturity of eight years. Both loans are intended to finance the renovation and construction of new electricity facilities, as well as the deployment of advanced metering equipment and the integration of components for the automation of the electricity distribution network.

The repayment of the short-term working capital loan of EUR 900,000 for the purpose of covering the short-term shortfall in financial resources, which Energija plus d.o.o. borrowed from Elektro Maribor d.d. in January 2022 on the basis of the Cash Management Agreement of the Elektro Maribor Group's associated companies, is also recorded under proceeds from financing activities.

Expenditure from financing activities

Note 35

Expenditure from financing activities is shown at EUR 9,969,315 and relates to expenditure for the repayment of non-current financial liabilities amounting to EUR 6,637,500, a short-term loan to Energija plus d.o.o. amounting to EUR 900,000, dividend payments amounting to EUR 2,000,718, and interest paid on borrowings amounting to EUR 431,097.

6.4 Notes to the statement of changes in equity

The statement of changes in equity shows the movements in the individual components of equity during the financial year. It is divided into items showing movements between the components of capital and movements that would result in changes in the components of capital.

The statutory provision allows the Company to create other reserves out of profits up to two-thirds of the net profit remaining after application for the purposes referred to in Article 230(1) of ZGD-1.

Determination and proposed use of balance sheet profit

In EUR	2022	2021
a) Net operating result for the year	4,122,346,21	11,719,561,00
b) Net loss carried forward	-93,350,39	-63,317,72
b) Net profit carried forward	1,691,163,82	0,00
d) Increase in profit reserves following a decision of the management and supervisory bodies	201,449,79	582,812,16
Statutory reserves	201,449,79	582,812,16
e) Increase in profit reserves following a decision of the management and supervisory bodies	2,517,632,67	7,381,549,18
Other profit reserves	2,517,632,67	7,381,549,18
BALANCE SHEET PROFIT (a + b - d - e)	3,001,077,18	3,691,881,94

The Management Board of Elektro Maribor d.d. proposes that the balance profit for the financial year 2022 in the amount of EUR 3,001,077.18 be earmarked for the payment of dividends to the shareholders of Elektro Maribor d.d. The decision on the use of the balance sheet profit is the responsibility of the General Meeting.

The General Meeting of Elektro Maribor d.d., at its meeting on 30 June 2022, decided on the allocation of the balance sheet profit for the financial year 2021. The General Meeting decided to allocate EUR 0.06 gross per share for dividends to the shareholders, amounting to a total of EUR 2,000,718.12, while the balance of EUR 1,691,163.82 remained unallocated.

6.5 Reporting under the Electricity Supply Act

6.5.1 Reporting by segment

Balance sheet by segment

In EUR	As at 31 Dec 2022			As at 31 Dec 2021		
	Distribution	Services	Total Elektro Maribor d.d.	Distribution	Services	Total Elektro Maribor d.d.
A. Non-current assets	381,460,052	9,862,051	391,322,103	370,771,399	9,775,281	380,546,680
I. Intangible assets and non-current asset accruals	3,922,411	11,087	3,933,498	3,509,017	2,587	3,511,604
II. Tangible fixed assets	366,436,467	5,667,519	372,103,986	359,527,717	5,799,997	365,327,714
III. Investment property	0	610,854	610,854	0	593,817	593,817
IV. Non-current financial investments	6,638,218	3,240,082	9,878,300	6,800,020	2,998,280	9,798,300
V. Non-current trade receivables	3,141,724	25,171	3,166,895	41,410	26,273	67,683
VI. Deferred tax assets	1,321,232	307,337	1,628,569	893,235	354,327	1,247,562
B. Current assets	24,389,508	6,998,052	31,387,560	29,558,442	6,672,418	36,230,859
I. Assets (disposal groups) held for sale	0	0	0	5,412,277	2,386,393	7,798,671
II. Inventories	1,863,924	2,259,149	4,123,074	1,501,926	1,284,840	2,786,766
IV. Current trade receivables	11,499,954	959,765	12,459,720	16,266,862	1,499,746	17,766,608
V. Cash	11,025,629	3,779,137	14,804,766	6,377,376	1,501,439	7,878,815
C. Current asset accruals	446,264	101,598	547,862	139,031	323,162	462,193
A S S E T S (A + B + C)	406,295,824	16,961,701	423,257,525	400,468,872	16,770,860	417,239,732
A. Equity	294,233,592	11,223,130	305,456,722	293,217,119	9,961,493	303,178,613
I. Called-up capital	197,697,001	6,235,511	203,932,512	197,612,002	6,320,509	203,932,512
II. Capital reserves	73,079,339	2,304,977	75,384,315	73,047,919	2,336,397	75,384,315
III. Profit reserves	21,025,318	2,722,715	23,748,033	19,223,521	1,805,429	21,028,950
V. Reserves arising from fair value measurement	-54,590	-554,625	-609,215	-195,378	-663,669	-859,047
VI. Net operating result carried forward	1,616,577	74,587	1,691,164	0	0	0
VII. Net operating result for the year	869,948	439,966	1,309,913	3,529,056	162,826	3,691,882
B. Provisions and non-current accrued liabilities	35,863,373	2,237,661	38,101,034	38,042,374	2,257,614	40,299,987
C. Non-current liabilities	52,281,273	68,179	52,349,452	48,944,438	85,273	49,029,711
I. Non-current financial liabilities	51,914,782	52,936	51,967,718	48,919,789	67,930	48,987,719
II. Non-current trade payables	366,491	15,243	381,734	24,649	17,343	41,992
Č. Current liabilities	20,759,294	3,058,848	23,818,142	19,479,228	4,141,731	23,620,959
II. Current financial liabilities	8,840,078	2,210	8,842,288	6,714,465	6,229	6,720,694
III. Current trade payables	11,919,216	3,056,638	14,975,854	12,764,763	4,135,502	16,900,265
D. Current accrued liabilities	3,158,293	373,883	3,532,175	785,713	324,749	1,110,462
LIABILITIES TO SOURCES OF FUNDS (A + B + C + Č + D)	406,295,824	16,961,701	423,257,525	400,468,872	16,770,860	417,239,732

Income statement

In EUR	I–XII 2022			I–XII 2021		
	Distribution	Services	Total Elektro Maribor d.d.	Distribution	Services	Total Elektro Maribor d.d.
Net turnover	44,332,567	4,975,352	49,307,919	58,607,301	5,234,680	63,841,981
Capitalised own products and services	0,00	17,442,656,96	17,442,657	0	21,413,549	21,413,549
Other operating income (including revaluation operating income)	2,739,697	483,923	3,223,620	2,567,707	316,137	2,883,844
Cost of goods, materials and services	8,102,158	11,824,778	19,926,936	7,567,164	13,593,018	21,160,182
Labour costs	19,972,866	10,768,137	30,741,003	19,420,789	12,352,508	31,773,297
Write-downs	22,796,896	656,837	23,453,734	21,765,500	575,910	22,341,410
Other operating expenses	406,439	258,172	664,611	445,851	286,854	732,705
Financial income from participating interests	7,725,195	2,004,270	9,729,465	1,088,998	307,153	1,396,151
Financial income from trade receivables	18,016	2	18,018	16,324	190	16,514
Financial expenditure on financial liabilities	496,553	1,213	497,766	350,897	899	351,796
Financial expenditure on trade payables	509,484	17,202	526,686	13,304	6,053	19,357
Other revenue	144,886	46,152	191,039	28,651	7,535	36,186
Other expenditure	348,614	20,898	369,513	66,209	29,452	95,661
Income tax	0	0	0	1,485,337	–48,453	1,436,883
Deferred taxes	406,670	–16,794	389,876	–4,768	47,395	42,627
NET OPERATING RESULT FOR THE PERIOD	2,734,021	1,388,325	4,122,346	11,189,162	530,399	11,719,561

In accordance with Article 106 of the ZOOE Act, the Company keeps separate accounting records for distribution activities and other activities. In accordance with Article 107 of ZOOE, the Company has defined criteria for the allocation of assets, liabilities, revenues, costs and expenses, receipts and expenditures in the Rules on the Criteria for Separate Financial Monitoring and Reporting of Elektro Maribor d.d.

For the purpose of activity-based reporting, the Company defines the following activities:

- Distribution, which mainly includes the tasks performed by the Company in accordance with the Contract for the Lease of the Electricity Distribution Infrastructure and the Provision of Services to SODO d.o.o.; and
- Services, which mainly include other market services provided by the Company.

The activity-specific financial statements are therefore prepared on the basis of the following assumptions:

- Events that can be unambiguously identified to which activity they relate are recorded in the corresponding activity at the time of their occurrence;
- Events that have a common character or cannot be adequately identified at the time of recording are recorded at the level of supporting processes;
- Asset and liability balances and revenues, costs and expenses recorded at the level of supporting processes are allocated to activities in accordance with the criteria defined in the Rules on the Criteria for Separate Financial Monitoring and Reporting of Elektro Maribor d.d.;
- The balance sheet sub-balances are conditioned by the choice of appropriate criteria and their limited expressive power.

6.5.1.1 Criteria for the allocation of assets and liabilities

K-1 The proportion of the average monthly number of employees by activity is used to allocate non-current property rights, non-current trade receivables, deferred tax assets arising from provisions, intangible fixed assets, current payables to employees, current payables arising from employee deductions, payables to government, current accrued liabilities, small inventories and inventories in use, revaluation surplus and provisions for pensions, and other non-current payables. These assets and liabilities are linked in substance and scope to the number of employees.

K-2 The unamortised cost of tangible fixed assets at the balance sheet date is used to allocate, by activity, tangible fixed assets, receivables from tangible fixed assets sold, advances given, fixed assets under construction and trade payables for fixed assets. As the fixed assets within the scope of the common professional services are used by several activities, the above criterion is used to charge them in proportion to the amount of tangible fixed assets held by each activity.

K-3 We use the activity-specific **share of total revenue** to allocate current receivables, current and non-current investments other than loans, deferred tax assets arising from valuation allowances, advances and deposits received in the short term, and accrued and deferred income. The balance of these assets is conditional on the volume of invoicing and the related total revenue.

K-8 The VAT liability share is used to apportion the VAT liability.

K-10 Share of net profit (after transfers) is used to allocate current liabilities related to profit distributions.

K-11 The share of the cost of services is used to allocate current advances and deposits received and other current liabilities.

K-12 The share of the cost of materials and services excluding the cost of materials for investments is used to apportion input VAT receivables, as these receivables are directly linked to the costs incurred.

K-13 We use the **share of turnover for accrued material payables** to apportion the inventories of material.

6.5.1.2 Criteria for the allocation of revenue, costs and expenses

K-1 The proportion of the average monthly number of employees for each activity is used to allocate the income, costs and expenditure of the shared professional services area.

K-2 The share of the undepreciated value of tangible fixed assets at the balance sheet date by activity is used to allocate the income, costs and expenses of the Finance and Economics area.

K-3 The share of total revenue by activity is used to allocate the revenue, costs and expenses of the management.

The criteria are used to calculate individual distribution shares, which are used to calculate the average distribution share that is the basis for attributing the revenues, costs and expenses of supporting processes to each activity.

The depreciation and amortisation of supporting processes is apportioned according to the same criterion used for the production of the activity-based balance sheet, namely the division of tangible and intangible fixed assets.

6.5.2 Related party transactions

Related parties of Elektro Maribor d.d. are companies in which Elektro Maribor d.d. has significant influence, or companies in which it and other owners jointly control the activities of the company, as well as companies that are majority state-owned. The parent company Elektro Maribor d.d. is 79.9% owned by the Republic of Slovenia, which also paid dividends in 2022.

Elektro Maribor d.d. conducted business with related parties on the basis of concluded sale and purchase agreements. The turnover of all transactions (net of VAT), including financial income, is recorded between sales and purchases. The most significant transactions with related parties include the following:

- Transactions with group companies and associates; and
- Transactions with the Republic of Slovenia and legal entities directly majority owned by the Republic of Slovenia in 2022 that are significant for Elektro Maribor d.d. in terms of the level of significance of the transactions according to the transaction size criterion (revenues or expenses exceeding EUR 100,000).

In 2022, Elektro Maribor d.d. conducted business with its subsidiary OVEN Elektro Maribor d.o.o. and until 31 May 2022 with Energija plus d.o.o., as well as with its associated companies Energija plus d.o.o. (from 1 June 2022), Eldom d.o.o., Moja energija d.o.o. and Informatika d.o.o.

The contract prices are based on the terms and conditions otherwise applicable to arm's length transactions.

Transactions with group companies and associates in 2022

In EUR	Eldom d.o.o.	Energija plus d.o.o.	Informatika d.d.	Moja energija d.o.o.	OVEN Elektro Maribor d.o.o.	Total related companies
REVENUE	1,572	93,939	70,168	4,031	32,790	202,500
Net turnover	1,572	93,939	4,032	4,031	32,790	136,364
Financial income from shareholdings	0	0	66,136	0	0	66,136
COSTS AND EXPENSES	367,887	143,104	1,010,451	0	0	1,521,442
Cost of materials	120,223	141,918	0	0	0	262,141
Cost of services	245,171	1,186	1,010,451	0	0	1,256,808
Other operating expenses	2,493	0	0	0	0	2,493
ASSETS	769	16,662	0	0	4,148	21,579
Current trade receivables	769	16,662	0	0	4,148	21,579
PAYABLES TO SOURCES OF FUNDS	201,915	53,784	1,303,798	0	0	1,559,497
Current trade payables	201,915	42,471	941,691	0	0	1,186,077
Current financial liabilities	0	11,313	362,107	0	0	373,420

Transactions with the Republic of Slovenia and legal entities directly majority owned by the Republic of Slovenia

In EUR	Outstanding receivables 31 Dec 2022	Outstanding liabilities 31 Dec 2022	Revenue I-XII 2022	Expenditure I-XII 2022
Zavarovalnica Sava d. d.	54,480	10,116	456,904	1,145,659
Telekom Slovenije d. d.	129,178	34,208	105,883	96,664
Pošta Slovenije d. o. o.	0	20,464	0	200,221
SODO d. o. o.	9,785,161	3,187,941	43,846,797	0
Elektro Celje d. d.	12,609	0	139,172	0
ELES d. o. o.	636,640	0	636,640	0
Stelkom d. o. o.	52,502	0	124,636	0
SKUPAJ	10,670,569	3,252,729	45,310,032	1,442,544

6.5.3 Reporting in accordance with the provisions of Article 69 of ZGD-1

Elektro Maribor d.d., as the parent company, prepares consolidated financial statements and a consolidated annual report. The consolidation includes both subsidiaries - Energija plus d.o.o. (up to and including 31 May 2022) and OVEN Elektro Maribor d.o.o.

The consolidated annual report of the Group is an integral part of the annual report of the parent 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 website [Elektro Maribor – Annual Reports \(elektro-maribor.si\)](http://elektro-maribor.si).

The notes to the financial statements are presented in the same order as the items in the financial statements.

The accounting policies adopted are presented in the financial report.

The Company includes contingent financial liabilities, if any, in the financial statements, and liabilities to group companies are also shown separately.

The Company has no liabilities for pensions.

The Company has no liabilities secured by a security in rem.

The Company did not grant any advances or loans to the Management Board, other employees of the Company and contractual employees not covered by the tariff part of the collective agreement.

Revenue and expenditure of exceptional importance or magnitude is disclosed between each type of revenue and expenditure.

Over a period of more than five years, EUR 20,050,000 of liabilities will fall due, and over a period of up to five years, EUR 39,437,500 of liabilities will fall due.

Information on employees is presented in the business section of the Annual Report (*Employees*).

The amount of all remuneration of the Company's Management Board and other employees who are not covered by the tariff part of the collective agreement is disclosed under the explanations of labour costs (*Information on groups of persons*).

The Management Board of the Company proposed to allocate the net profit in the manner disclosed in the notes to the Statement of Changes in Equity (*Movement in equity note*).

P Information on the operations of a Company in which the Company has at least a 20% interest is disclosed in the Basis for preparation of the financial statements (*Relations with related companies*).

There were no material events in the Company subsequent to the end of the financial year 2022 that were not recognised in the financial statements.

All transactions between related companies are presented in a separate section of the accounts. All transactions were carried out in normal market circumstances (*Related party transactions*).

All provision amounts reported in the financial statements are explained in detail in the notes to the balance sheet (*Note 12*).

The capital reserve is the result of the general capital revaluation adjustment and the reduction of share capital by the amount of treasury shares.

Deferred tax assets and liabilities and their movements are disclosed in the notes to the balance sheet.

A breakdown of net income by business area is provided in the Company's segment reporting section (*Reporting by segment*).

The audit contract for the audit of the Annual Report for the financial year 2022 was concluded for an amount of EUR 19,285 excluding VAT. This amount also includes the cost of the audit of the consolidated Annual Report for an amount of EUR 985. The selected auditor also produced agreed-upon-procedure reports in 2022 at a cost of EUR 2,895. There were no other transactions with the selected auditor in 2022.

7 FINANCIAL RISKS

Financial risks are potential events that may (in)adversely affect the achievement of the Group's strategic and annual financing objectives and include:

- Credit risk as the risk of loss (benefit) arising from the (non-)fulfilment of a debtor's obligations to a group company.
- Market risk as the risk of loss (benefit) from changes in the prices of commodities, currencies or financial instruments or changes in interest rates.
- Liquidity risk as the risk of loss (benefit) arising from short-term solvency (in)capacity.

- Capital risk as the risk that an individual group company does (not) always have sufficient long-term sources of funding in relation to the volume and types of business it carries on and the risks to which it is exposed in carrying on that business.

Risk management, risk management processes and controls are explained in the Risk Management section of the business section of the report.

7.1 Credit risk

In 2022, we actively monitored the status of trade receivables and implemented recovery processes accordingly.

We actively manage our exposure to credit risk by monitoring and financially securing outstanding receivables on an ongoing basis, actively collecting overdue and unpaid receivables and charging interest on late payments.

At the reporting date, the most exposed to credit risk are current trade receivables, which decreased by EUR 5,306,889, or 30%, compared to the previous year. The decrease in receivables is mainly due to lower receivables from SODO d.o.o.

Credit risk is assessed to have a moderate impact on the operations. The probability of an (un)desirable event occurring is between 25% and 50%. The probability of an impact on the Group's revenue or expenses ranges from EUR 10,000 to EUR 100,000.

7.2 Market risk

The carrying amount of long-term debt is equal to its fair value. Elektro Maribor d.d.'s long-term debt is not exposed to specific currency and credit risks. The exposure to interest rate risk is represented by adverse movements in the reference interest rate EURIBOR (*EURIBOR*). The change in interest rate movements is not specifically hedged by financial instruments. In fact, the exposure to interest rate risk is assessed as low, as only 14.1% of the assets are financed by bank loans. Elektro Maribor d.d. has 78.3% of its long-term borrowings at fixed interest rates.

The cash flow sensitivity analysis is based on the sensitivity of the change in the EURIBOR reference rate for floating rate borrowings. Given the volume of floating rate borrowings at 31 December 2010, the analysis is based on the level of borrowings at 31 December 2010. December 2022 and assuming all other variables remain constant, a 1.0 percentage point (100 basis points) change in the EURIBOR reference rate would result in higher expenditure of EUR 289,298, a 1.5 percentage point (150 basis points) change in the EURIBOR reference rate would result in higher expenditure of EUR 355,219, and a 2.0 percentage point (200 basis points) change in the EURIBOR reference rate would result in higher expenditure of EUR 421,140.

7.3 Liquidity risk

Liquidity risk is the mismatch between the maturity of financial assets and the payments of liabilities that may cause the Group to become insolvent, which is manifested by the Group's inability to settle its liabilities at a given point in time. The Company manages its exposure to liquidity risk by planning and monitoring weekly realised inflows and outflows, and by taking a timely approach to planned borrowings.

In order to finance investments, the Company proceeds in a timely manner to obtain the opinions and necessary consents for the debt from line ministries and SODO d.o.o.

Liabilities due as at 31 December 2022

In EUR	Carrying amount as at 31 Dec 2022	Maturity		
		up to 1 year	1 to 5 years	more than 5 years
Loans for financing investments	59,487,500	9,188,612	33,086,857	20,521,790
Non-current trade payables	381,734	0	381,734	0
Non-current lease liabilities	1,292,872	425,154	343,438	524,280
Current trade payables	14,975,854	14,975,854	0	0

Liquidity risk is managed by monitoring key indicators of the horizontal financial composition.

Key liquidity risk indicators

	31 Dec 2022	31 Dec 2021
KEY INDICATORS OF HORIZONTAL FINANCIAL COMPOSITION		
Quick ratio (direct current liabilities coverage ratio) = liquid assets / current liabilities	0.62	0.33
Accelerated ratio (ratio of accelerated coverage of current liabilities) = liquid assets + current receivables / current liabilities	1.14	1.09
Current ratio (current ratio of current liabilities) = current assets / current liabilities	1.32	1.53

Liquidity risk is assessed to have a low impact on operations. The probability of an (un)desirable event occurring is less than 25%. The probability of an impact on the Group's revenue or expenditure is up to EUR 10,000.

7.4 Capital risk

The main purpose of capital management is to ensure capital adequacy, financial stability, long-term solvency and maximise shareholder value.

Key capital risk indicators

	31 Dec 2022	31 Dec 2021
KEY INDICATORS FOR FINANCING		
Share of equity financing in % = equity / liabilities to sources of funds	72.17 %	72.66 %
Long-term funding ratio in % = equity + long-term debt + provisions + non-current accrued liabilities / liabilities to sources of funds	93.54 %	94.07 %
KEY INDICATORS OF HORIZONTAL FINANCIAL COMPOSITION		
Capital coverage ratio of fixed assets = equity / fixed assets	0.81	0.82
KEY INDICATORS FOR PROFITABILITY		
Net return on equity in % = net profit / average equity (excluding profit/loss for the period)	1.37 %	3.97 %

Lenders require that the financial covenants defined in the loan agreements are met, and the consequences of non-compliance could lead to early repayment of the loans.

As at 31 December 2022, the Company was in partial compliance with its financial covenants with its lenders. As a result of this objective circumstance, Elektro Maribor d.d. is for the first time not meeting one of its contractual financial covenants under the EIB contract, i.e. debt to EBITDA, as at 30 June 2022 and 31 December 2022. The Company entered into an agreement with EIB in December 2022 to waive the non-performance of the financial covenants as at 31 December 2022.

Capital risk has a low impact on the business, according to the Management Board's assessment. The probability of an (un)desirable event occurring is less than 25%. The probability of an impact on the Group's revenue or expenditure is up to EUR 10,000.

III. Financial report of the Elektro Maribor Group

1 INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT for the shareholders of the Group Elektro Maribor d.d.

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have revised the consolidated financial statements of the Elektro Maribor d.d. Group (the Group), including the consolidated balance sheet as at 31 December 2022, consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for the year then ended, summary of significant accounting policies and other explanatory information.

In our opinion, the attached consolidated financial statements fairly represent, in all material respects, the financial position of the Elektro Maribor d.d. Group as at 31 December 2022, its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU.

Grounds for opinion

We have carried out the audit in accordance with the International Standards on Auditing (ISA) and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (the Regulation). Our responsibility based on those rules is described in this report, paragraph Auditor's responsibility for the audit of consolidated financial statements. In accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), issued by the International Ethics Standards Board for Accountants (IESBA Code), as well as in accordance with ethical requirements relating to the auditing of consolidated accounts in Slovenia, we confirm our independence from the Company and the Group and certify that we have met all other ethical requirements based on those requirements and the IESBA Code.

We believe that the acquired audit evidence is sufficient and appropriate as a foundation for our audit opinion.

Key audit matters

Key audit matters are those that, in our professional judgement, were of the most significance in the audit of the consolidated financial statements of the current period. These matters were taken into account in the audit of consolidated financial statements as a whole, and in the formation of our opinion of those consolidated financial statements and those matters, we do not express a separate opinion.

We have fulfilled all of our obligations described under paragraph Auditor's responsibilities for the audit of the consolidated financial statements, including those connected with this matter. For this reason, the audit included an execution of procedures which we have determined on the basis of our risk assessment of material misstatements in consolidated financial statements. The results of our audit procedures, including procedures we have performed in connection with the matter, as set out below, serve as a basis for our audit opinion of the attached consolidated financial statements.

Capitalised own products and services

Description of the key audit matter

Capitalised own products and services in year ended on 31 December 2022 amount to EUR 17,442,657 (2021: EUR 21,413,549).

The Company carries out the construction activity of electricity infrastructure facilities and equipment, namely in own execution. Investments in fixed assets, constructed in own execution, are measured on the basis of estimated hourly rates which include, along with labour costs, other indirect costs as well as direct costs of material and transport. Forming hourly rates for the price of work and assessing which indirect costs to include in the value of fixed assets is also tied to

Our audit approach

Our audit procedures included inter alia: business

- Assessing internal rules determining the field of investment in property, plant and equipment and costs of own construction with the purpose of making sure they are compliant with the accounting policies as set out by the Slovenian Accounting Standards.
- Testing the design and implementation of internal controls in the part relating to the recognition of costs of labour, material, services and fixed assets.
- Familiarisation with the method of managing investments of own execution.
- Examination of methodology and assumptions being used by the company for calculating the price of work



the accounting estimates. Assessment of the amount and structure of the costs for the construction of property, plant and equipment is important for the audit as it is tied to the important assessments of the management. When deciding on that, the management uses assumptions and assessments linked to the fulfilment of conditions for recognition of property, plant and equipment, as set out in the Slovenian Accounting Standards.

Due to the above stated, we have determined the matter as a key audit matter.

We refer to the note in point 4 “Accounting policies - Property, plant and equipment” and to point 6.2 “Notes to the items in the consolidated income statement”, which includes Note 24 “Capitalised own products and services.

Investments in property, plant and equipment

Description of the key audit matter

Book value of property, plant and equipment as at 31 December 2022 amounts to EUR 376,088,581 (31 December 2021: EUR 369,568,680); Maintenance costs for the year 2022 amount to EUR 2,521,433 EUR (2021: EUR 2,299,379).

In addition to implementing new investments, the Company is also carrying out ongoing maintenance of property, plant and equipment, namely the electricity infrastructure. While items that fulfil the criteria for recognition of property, plant and equipment are capitalised and transferred to costs by means of annual depreciation, the costs of maintenance are recorded in the profit or loss immediately upon their occurrence. Distinguishing between items that meet the criteria for recognition in the balance sheet and items that are recognised immediately in the profit or loss is important for the audit as management’s assessment is required for their recognition, whether/and which criteria are met to categorise an item among property, plant and equipment, and whether/and which criteria are met to categorise an item in maintenance costs, which is why we have defined the matter as a key audit matter. When deciding on that, the Company uses important assumptions and assessments linked to the fulfilment of criteria for recognition of property, plant and equipment, as set out in the SAS.

We refer to the note in point 4 “Accounting policies - Property, plant and equipment”, to point 2 “Tangible fixed assets” under point 6.1 “Notes to the items in the consolidated statement of financial position”, and to note 26 “Costs of goods, materials and services” under point 6.2 “Notes to the items in the consolidated income statement”.

and review of completeness and accuracy of the used data.

-Recalculation of the calculated price of work for the selected type of work and comparison with the calculation for the current year and available market data.

-Testing on a sample of chosen items of capitalised own products and services, whereby we:

- assessed whether the right price of work was used according to the type of work;
- acquired bases for the costs of material and transport;
- performed interviews with persons responsible for investments;
- reviewed the supporting accounting documentation and entries in the accounting records.

-Review of disclosures in the annual report regarding fixed assets and capitalised own products.

Our audit approach

Our audit procedures included inter alia:

- Assessing internal rules determining the field of investment in property, plant and equipment and costs of own construction with the purpose of making sure they are compliant with the accounting policies as set out by the IFRS.
- Testing the design and implementation of internal controls in the process of recognition of costs and property, plant and equipment, and related obligations.
- Familiarisation with the method of investment management.
- Testing on the sample of selected items of property, plant and equipment and maintenance costs, whereby we:
 - assessed whether criteria for the recognition of property, plant and equipment or, respectively, maintenance costs are met;
 - obtained bases from persons responsible for investments;
 - performed interviews with persons responsible for investments;
 - reviewed the supporting accounting documentation and entries in the accounting records.

The sample included randomly selected items as well as items we defined on the basis of our risk-related approach due to their size, complexity, content or duration of construction or maintenance.

Review of disclosures in accordance with the requirements set out in the IFRS.



Other information

Other information is the responsibility of the management. Other information includes a business report of the Company and Group Elektro Maribor and a financial report of the Elektro Maribor Group, but do not include consolidated financial statements of the Group and our auditor’s report on those financial statements. Our opinion on consolidated financial statements does not refer to other information and we do not express any form of warranties about such information. Other information was obtained prior to the date of the auditor’s report, except for the supervisory board report, which is to be available later.

With regard to the performed audit of consolidated financial statements of the Group, it is our responsibility to read through other information and estimate whether other information is materially inconsistent with consolidated financial statements, legal requirements or our knowledge obtained during the audit, or whether other information appears to be materially incorrect in any other way. If, on the basis of performed work, we conclude that there is a material misstatement of other information, we are obliged to report on such circumstances. With regard to the latter and on the basis of the described procedures, we report that:

- other information is in all material respects consistent with the audited consolidated financial statements;
- other information is prepared in accordance with the applicable laws and regulations; and
- on the basis of knowledge and understanding of the Company and its environment that we have acquired during the audit, we have not determined any material misstatements regarding other information.

Responsibility of the management and the supervisory board for consolidated financial statements

The management is responsible for preparing and fairly representing these consolidated financial statements in accordance with the IFRS and such internal control as necessary to comply with the management’s decision, i.e., to enable the preparation of consolidated financial statements without material misstatements due to fraud or error.

In the preparation of consolidated financial statements of the Group, the management is responsible for the assessment of the Group’s ability to continue as a going concern, for disclosing matters related to the going concern and the use of the going concern assumption as a basis for accounting, unless the management intends to liquidate the Group or suspend its business operations, or in case the management has no other choice but to do one or the other.

The supervisory board is responsible for the supervision of the compilation of consolidated financial statements and for approving the audited annual report of the Group.

Auditor’s responsibility for the audit of consolidated financial statements of the Group

Our goals are to acquire a reasonable assurance on whether consolidated financial statements as a whole are without material misstatements due to fraud or error and to prepare the auditor’s report containing our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that the audit carried out in accordance with the ISA would always identify a material misstatement, should it exist. Misstatements may derive from fraud or error and are considered material if it is reasonable to expect that individually or together they would affect the economic decisions of the users which are based on these consolidated financial statements.

During the audit in accordance with the auditing rules, we exercise professional assessment and maintain professional scepticism. We also:

- identify and assess the risk of a material misstatement in consolidated financial statements, either due to fraud or error, establish and carry out audit procedures as responses to the assessed risks and obtain sufficient and relevant audit evidence which provides a foundation for our opinion. The risk of not detecting a material misstatement arising from fraud is higher than the risk of not detecting a material misstatement arising from error, as fraud may include secret arrangements, forgery, intentional omission, misleading interpretation and override of internal control;
- carry out the procedures for verification and understanding the internal controls relevant to the audit with the purpose of establishing audit procedures that are suitable for the given circumstances, but not with the purpose of expressing our opinion on the effectiveness of the Company’s internal controls;
- assess the suitability of the used accounting policies and acceptance of the accounting estimates and related management’s disclosures;
- based on the obtained audit evidence on the existence of material uncertainty regarding events or circumstances which call into question the Company’s ability to continue as a going concern, we adopt a decision on the suitability of the management’s use of the assumption of a going concern as a basis for accounting. If we adopt a decision on the existence of a material uncertainty,



we are obliged to point out certain disclosures in consolidated financial statements in our report or, in case such disclosures are inadequate, we must adjust our opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of issue of the auditor's report. However, later events or circumstances may cause the organisation to cease to exist as a going concern.

-assess the general presentation, structure and content of consolidated financial statements, including disclosures, and whether the consolidated financial statements represent the transactions concerned and events in a way that a fair presentation is achieved.

- obtain sufficient and relevant evidence regarding accounting information of the companies or, respectively, business activities in the Group, to express our opinion on the consolidated financial statements. We are responsible for planning, control and implementation of the audit of the consolidated financial statements. We remain exclusively responsible for our audit opinion.

We notify the audit committee and the supervisory board of, among other things, the planned scope and time of the audit and relevant audit findings, including deficiencies of internal controls we have detected during the audit. We have provided the audit committee and the supervisory board with our statement that we have fulfilled all ethical requirements regarding independence and notified them of all relations and other matters which could reasonably be considered to affect our independence, and acquainted them with related supervisory measures.

Of all matters with which we have acquainted the audit committee and supervisory board, the matters that were of most significance during the audit of consolidated financial statements of the current period were classified as key audit matters. In so far as the law and regulations do not prevent their public disclosure, and except in very rare cases when it could be reasonably expected that the consequences of reporting on a certain matter would be more harmful as it is in the public interest, such matters are not described in the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Other requirements relating to the content of the auditor's report in accordance with Regulation (EU) 537/2014 of the European Parliament and of the Council

In accordance with Article 10(2) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council, we provide the following information in our independent auditor's report, as required in addition to the requirements set out in the international standards on auditing:

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

On 30 June 2022, the General Meeting appointed our company as a statutory auditor for the business years 2022–2026. The contract for the audit was concluded for a period of five years, namely on 21 September 2022. For our company, this is the sixth year of conducting the statutory audit of separate financial statements. The responsible auditor for the carried out audit is certified auditor Maruša Hauptman.

Consistency with the additional report for the audit committee

Our opinion on consolidated financial statements in this report is compliant with the additional report for the audit committee, which we issued on 21 June 2023.

Prohibited services

We hereby declare that we have not been performing any of the prohibited services as set out in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council, and that we have ensured our independence from the audited Group while carrying out the audit.

Other services of the audit company

In addition to the statutory audit and services disclosed in the annual report, we have not provided the Group with any other services.

Ljubljana, 21 June 2023



BDO Revizija d.o.o.
Cesta v Mestnlog 1, Ljubljana

Maruša Hauptman, certified auditor,
director

2 STATEMENT OF RESPONSIBILITY OF 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 to the public the consolidated financial statements that give a true and fair view of the state of the Group's assets and of its results of operations for the financial year 2022.

It is responsible for keeping adequate records that disclose with reasonable accuracy at any time the financial position of the Group, for taking steps to ensure that the value of the Group's assets is preserved and for preventing and detecting irregularities in the Group's operations.

The Management Board declares:

- That the consolidated financial statements of the Group are prepared in accordance with all the requirements of International Financial Reporting Standards as adopted and applicable in the EU, with the related disclosures and explanatory notes;
- That the consolidated financial statements are prepared on a going concern basis;
- That the accounting policies selected are applied consistently and that any changes in accounting policies are disclosed;
- That accounting estimates are made on the basis of prudence and good management;
- That the Group's annual report gives a true and fair view of the results of its operations, its assets, its cash flows, and its changes in equity;
- That the consolidated financial statements are free from material or immaterial misstatement, whether material or immaterial, made in order to achieve the selected presentation of the Group's operations.

Maribor, 16 June 2023

President of the Management Board:
Jure Boček, univ. degree in el. eng.

3 BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

Reporting company

The Group is required to consolidate in accordance with International Financial Reporting Standards ("IFRS") for financial years beginning on or after 1 January 2016 in accordance with the provisions of ZGD-1 and therefore the following details the basis, significant accounting policies and explanatory notes for the application of the standards applicable in the current period.

The assessment of individual items in the consolidated financial statements is based on the uniform and common accounting policies of the Elektro Maribor Group, as defined in the Accounting Policies. All fundamental accounting assumptions, IFRS and the Companies Act are also taken into account.

The consolidated financial statements of the Elektro Maribor Group were prepared in accordance with IFRS as adopted by the European Union and with the interpretations adopted by the International Financial Reporting Interpretations Committee ("IFRIC") and also adopted by the European Union, and in accordance with the provisions of ZGD-1.

Elektro Maribor d.d., as the parent company, prepares consolidated financial statements and a consolidated report. The subsidiary OVEN Elektro Maribor d.o.o. is included in the consolidation.

In 2022, Energija plus d.o.o. was included in the consolidation for the last time. The parent company's shareholding in Energija plus d.o.o. was reduced to 49 % by a sale and Energija plus d.o.o. operates as an associate of the Group from 1 June 2022.

The consolidated financial statements for the year ended 31 December 2022 are presented below. The consolidated financial statements include the parent company and its subsidiaries and the Group's interests in associates.

A more detailed overview of the Group's composition is presented in the business section of the report, in the section Presentation of the Company and the Elektro Maribor Group.

3.1 Basis for the preparation of the group financial statements

- Declaration of conformity

The group financial statements are prepared in accordance with IFRS as adopted by the European Union and the interpretations adopted by the International Financial Reporting Interpretations Committee and in accordance with the requirements of the ZGD-1. The Group does not disclose information for which disclosure would reasonably be expected to result in significant harm.

- Basis for measurement

The group financial statements are prepared on the historical cost basis.

- Functional and presentation currency

The accompanying consolidated financial statements are presented in euro, which is the Group's presentation and functional currency. All financial information is presented in euro and rounded. The rounding of figures may result in discrepancies in the totals in the tables, which are immaterial.

- Assumption of a going concern

The parent company continues to operate as a going concern, without any risk that its business could be jeopardised. All assumptions and disclosures used are for operating group companies.

- Use of assessments and judgements

The Group is required to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses when preparing financial statements in conformity with IFRS as adopted by the EU. Estimates, judgements and assumptions are reviewed regularly. All changes in accounting estimates, judgements and assumptions are recognised in the period in which the estimates are changed if the change affects only that period, or in the period of change and future periods if the change affects future periods.

Within the Group, estimates and assumptions are used mainly in the following areas:

- Estimating the useful life of depreciable assets.

The Group considers the expected physical wear and tear, technical and economic obsolescence, and expected legal and other restrictions on use in assessing the useful lives of assets.

- Assessing influence in associates.

The Group regularly reviews associates for changes in influence to ensure that investments are treated appropriately in the financial statements. The following facts are of particular relevance to the appropriateness of the investor's influence:

- Representation on the management and supervisory bodies of companies in which the Company has an investment;
- Participation in policy-making processes, including participation in dividend or shareholding decisions;
- Material transactions between the investor and the investee company.

- Assessment and evaluation of indicators of impairment of investments

The Group remeasures financial investments at fair value at the end of the business year by testing whether the market for an individual investment is functioning to reflect its fair value. If the carrying amount of a long-term investment is greater than the market value calculated at the last quoted market price, the Group makes an impairment test in accordance with IFRS 9. Financial investments that are not quoted on an active market are impaired if their carrying amount is greater than their recoverable amount. At the balance sheet date, the Group assessed whether objective grounds existed to test an investment for impairment, if a certain investment is significantly or permanently losing value, or whether there is objective evidence that the investment is permanently impaired (future plans for the Company's business operations).

Financial investments in associated companies that are not quoted on an active market are impaired if their carrying amount is greater than their recoverable amount. On 31 December the Group assessed whether objective grounds existed to test an investment for impairment if the investment in Energija plus d.o.o. would be materially impaired or whether there is objective evidence that the investment is permanently impaired.

- Estimate of the provision made for lawsuits.

Group companies have a number of litigation claims pending which are estimated to have a greater than 50% probability of being settled, resulting in cash outflows.

Other contingent liabilities are recognised off-balance sheet or off-balance sheet in the financial statements. The management of each company regularly reviews whether it is probable that a cash outflow will be required to settle contingent liabilities.

- Estimate of the provision made for post-employment benefits and other non-current employee benefits.

Post-employment benefit obligations include liabilities for retirement gratuities and jubilee awards. They are recognised on the basis of an actuarial calculation approved by the management of each company. The actuarial calculation is based on assumptions and estimates that were valid at the time the calculation was made. The calculation may differ in the future from the actual assumptions that will be in effect at that time. This applies in particular to the determination of the discount rate, the estimation of employee turnover, the estimation of mortality and the estimation of salary growth in the company. All these estimates are sensitive to changes in those estimates due to the complexity of the actuarial calculation and the long-term nature of the estimates.

- Assessment of the recoverability of deferred tax assets.
The Group recognises deferred tax assets and liabilities in respect of provisions made for jubilee awards and retirement benefits and for receivables that are impaired due to doubt as to their recoverability.

At the closing date, the Group reviews the amount of deferred tax assets recorded. The Group recognises deferred tax because it is probable that future net profit will be available against which the deferred tax asset can be utilised in the future.

- The Group's approach to assessing leases is as follows:
 - Identification of lease contracts, where a contract is identified as a lease contract if it gives the Group the right to control the asset. The Group controls an asset only when it has the right to use the asset and the right to the economic benefits that flow from the asset.
 - Determining the lease term. The Group determines the lease term as the period of time based on an assessment of the needs for the use of each asset obtained from the persons responsible for the particular area.
 - The determination of the discount rate, which is set at the interest rate at which the Group can obtain comparable assets in the market with comparable maturities. For intra-group transactions, the comparable market rate for related party transactions is used.

The Group follows the following policies for measuring revenue recognition:

- The buyer and the seller agree on the contents of the transaction and the terms of the sale. In most cases, the agreement is in writing.
- Revenue from services rendered is measured at the selling price, which is fixed and determinable. They are recognised at the time of sale as the Group no longer controls the services or goods sold from the time of sale.
- For construction contracts, revenue is recognised progressively or at the stage of completion. The basis for recognition is the customer's acknowledgement, which is deemed to be acceptance of the services rendered. Where the performance obligation is performed progressively, revenue is also recognised progressively. The Group consistently uses the input method to measure progress.

3.2 Sale of 51 % of Energija plus d.o.o.

On 31 May 2022, the management of Elektro Maribor d.d. transferred the majority 51% shareholding in Energija plus d.o.o. to HSE d.o.o. on the basis of a contract on the sale of shares in Energija plus d.o.o.

The consolidated financial statements for 2022 are prepared taking into account the discontinued operations of the subsidiary Energija plus d.o.o. for the period 1-5 2022. Energija plus d.o.o. operates as an associate of the Group from 1 June and is accounted for using the equity method in the consolidated financial statements as at the balance sheet date, which results in increases of the proportionate share in the operating result and in the other comprehensive income for the period from 1 June to 31 December 2022.

In the consolidated income statement, the income and expense items of the subsidiary Energija plus d.o.o. are presented as discontinued operations after tax. The consolidated income statement for 2021 is prepared in the same way. The operating result after tax of the discontinued operation Energija plus d.o.o. for the period 1-5 2022 is EUR -6,012,589. The consolidation process eliminates net turnover (EUR 37,580), financial income (EUR 11), cost of materials (EUR 327,035), and cost of services (EUR 50,370).

In the cash flow statement, all assets and liabilities relating to Energija plus d.o.o. are reclassified as non-current assets held for sale and non-current liabilities related to assets and disposal groups as at 31 May 2022. There were no capital effects due to the reclassification of assets and liabilities.

Assets from discontinued operations

In EUR	31 Dec 2022	31 Dec 2021
Non-current assets	0	4,292,118
Intangible assets	0	1,420,012
Tangible fixed assets	0	1,887,971
Deferred tax assets	0	984,135
Current assets	0	39,908,329
Inventories	0	18,118
Current trade receivables	0	34,450,538
Other trade receivables and other assets	0	2,439,763
Cash and cash equivalents	0	2,999,910
TOTAL ASSETS	0	44,200,447

Liabilities from discontinued operations

In EUR	31 Dec 2022	31 Dec 2021
Non-current liabilities	0	1,131,956
Provisions	0	647,709
Deferred income	0	0
Financial liabilities	0	472,351
Trade payables	0	11,896
Current liabilities	0	25,161,726
Financial liabilities	0	84,966
Trade payables	0	24,559,837
Other liabilities	0	516,923
TOTAL LIABILITIES	0	26,293,681

Operating result from discontinued operations

In EUR	I-V 2022	I-XII 2021
Net turnover	93,647,654	125,808,584
Other operating income	163,981	473,334
Gross operating income	93,811,635	126,281,918
Cost of goods, materials and services	97,874,677	121,157,023
Cost of materials consumed	95,564,382	117,163,276
Cost of services	2,310,295	3,993,747
Labour costs	1,320,147	3,234,180
Depreciation and amortisation	372,976	905,013
Write-offs, losses and valuation allowances	95,179	512,730
Other operating expenses	199,137	103,718
Operating result	-6,050,481	369,255
Financial revenue	61,058	138,203
Financial expenditure	16,130	17,791
Financial result	44,928	120,412
Other revenue	1,389	6,411
Other expenditure	8,425	42,823
Operating result before tax	-6,012,589	453,256
Income tax	0	0
Deferred taxes	0	-31,514
Tax	0	-31,514
Net operating result for the year from discontinued operations	-6,012,589	421,741

Cash flow from discontinued operations

In EUR	I-V 2022	I-XII 2021
Cash flow from operating activities	-12,484,615	1,216,320
Cash flow from investing activities	-161,464	-510,537
Cash flow from financing activities	9,941,095	-1,183,677
Cash flow in period I-V 2022	-2,704,984	-477,894
Initial cash position	2,999,910	3,477,804
Ending cash balance	294,926	299,910

Calculation of profit on sale

In EUR	2022
Consideration received for the 51 % shareholding	17,462,000
b) Value of the investment	16,777,216
c) Revaluation surplus (not attributable to the Group)	199,419
d) Net asset value	11,516,402
Profit on sale (a +b -c -d)	22,523,395

3.3 Events after the date of the consolidated financial statements

Events occurring after the date of the group financial statements do not have a material impact on the 2022 consolidated financial statements that would require additional disclosure in the financial report, but we highlight a few factors.

- **General Meeting of Shareholders of Elektro Maribor d.d.** (*General Meeting 2023*)

On 7 February 2023, the 29th Ordinary General Meeting of the Company was held with 86.4% of the share capital represented. The General Meeting did not approve the proposal for the allocation of Elektro Maribor's unallocated balance sheet profit for 2021 and the proposal for the increase of the Company's share capital. The General Meeting also took note of the resignation of two members of the Supervisory Board and appointed two new members of the Supervisory Board.

- **Annex No 5 to the SODO d.o.o. Contract**

The content of Annex 5 to the Contract on the lease of electricity distribution infrastructure and the provision of services to the distribution operator is being coordinated, which, on the basis of the new Network Charges Act (*RO Act*), relates to the regulatory period from 1 January 2023 to 31 December 2023. Elektro Maribor d.d. will charge a monthly rental fee for the electricity infrastructure and the provision of services to the distribution operator based on Appendix 5 of this Annex in 2023.

- **Early termination of the term of office of the President of the Management Board**

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

The 2022 financial statements take into account the final settlement of the regulatory year 2021 deficit of EUR 17,288 and the provisional settlement of the regulatory year 2022, which shows an excess of funds received over the recognised contractual values of rent and services of EUR 2,658,060, which is fully recorded in the 2022 financial year (*KNote 23*). The final settlement of the regulatory year 2022 is not yet known at the time of the drawing up of the financial statements, which will be based on the audited data.

These values are considered in accordance with Article 60a(4) and (5) of the Contract on the Lease of Electricity Distribution Infrastructure and the Provision of Services to SODO, and will therefore have an impact on cash flow in the future regulatory period.

3.4 Application of new amendments to existing standards effective in the current financial year

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- Contingent contracts - Contract performance costs (an amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets). The amendment clarifies that, when assessing a contingent contract, contract performance costs include all costs that relate directly to the contract.
- Property, plant and equipment: proceeds before intended use (amendment to IAS 16 Tangible Fixed Assets – Proceeds Before Intended Use). Proceeds from sales (e.g. of samples) before the 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 income statement, together with the cost of production. In doing so, the entity is required to distinguish between the costs of producing and selling the asset before it is available for its intended use and the costs associated with preparing the asset for its intended use.
- Reference to the conceptual framework (amendments to IFRS 3 Business Combinations Relating to a Refreshed Reference to the 2018 Conceptual Framework, which introduces new recognition and measurement exemptions under IFRS 3 to ensure that the new reference does not change the determinations of which assets and liabilities qualify as business combinations).
- Annual Improvements to IFRSs 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 IFRS, which simplifies the adoption of IFRS by a subsidiary applying IFRS for the first time, and amendments to IFRS 9 – Financial Instruments, which provide clarification on which fee costs to consider in the “10% test” for derecognition of financial liabilities, then amendments to the illustrative example to IFRS 16 Leases and IAS 41 Agriculture, where the requirement to exclude cash flows for tax purposes when measuring fair value is removed, thereby bringing fair value in line with the definition in IFRS 13.

The adoption of these amendments to existing standards and interpretations did not result in any material changes to the Group's financial statements.

3.5 Standards and amendments to existing standards issued by the IASB and adopted by the European Union but not yet effective

At the date of approval of these financial statements, the IASB has issued the following new standards and amendments to existing standards adopted by the EU that have not yet entered into force.

The following Standards and amendments become effective for the reporting period beginning on 1 January 2023:

- Disclosure of accounting policies (Amendments to IAS 1 and IFRS 2 Statement of Practice). 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, IFRIC issued amendments to IAS 1 that clarify the criteria used to determine whether liabilities are classified as current or non-current. The amendments clarify that classification as current or non-current is based on whether an entity has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services or equity instruments, unless the obligation to transfer the equity instruments arises from a conversion feature that is a separate component of a compound financial instrument. The amendments were initially effective for annual reporting periods beginning on or after 1 January 2022, but in May 2020 the effective date was delayed to annual reporting periods beginning on or after 1 January 2023. The amendment to IAS 1 relating to disclosure of accounting policies introduces disclosure of material, rather than merely

significant, accounting policies and provides guidance on when information relating to an accounting policy is material.

- Definition of accounting estimates (amendment to IAS 8): The amendment introduces a definition of an accounting estimate and other clarifications to distinguish between an accounting policy and an accounting estimate. The amendment will also clarify that the effect of a change in inputs or measurement techniques is a change in an accounting estimate unless it results in a correction of a prior period error.
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts relating to the first-time application of IFRS 17 and comparable information under IFRS 9.
- Deferred tax assets and deferred tax liabilities in a single transaction (amendments to IAS 12 Income Taxes). The amended standard clarifies whether the initial recognition exemption applies to certain transactions that are recognised as both an asset and a liability (e.g. the amendment introduces an additional criterion for the initial application of the exception in IAS 12.15, whereby the exception is not applied to the initial recognition of an asset or liability that gives rise to the same taxable and deductible temporary differences at the time of recognition).

The adoption of these new standards, amendments to existing standards and interpretations will not have a material impact on the Group's financial statements.

3.6 New standards and amendments to existing standards issued by the IASB but not yet adopted by the European Union

Currently, IFRS as adopted by the EU do not differ significantly from the rules adopted by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to existing standards that enter into force for the reporting period beginning 1 January 2024 and have not yet been adopted by the EU:

- Amendments to IAS 1 Presentation of Financial Statements
 - a) Classification of liabilities as current or non-current. The amendment requires that the entity's right to defer settlement of the liability for at least 12 months after the reporting date must have substance and must exist at the closing date of the reporting period. The classification of the liability is not changed because it is probable that the entity will exercise its right to defer the liability for at least 12 months after the reporting date. The standard was subsequently amended again.
 - b) Non-current liabilities with commitments. If an entity's right to defer a liability is conditional on the entity satisfying certain conditions, those conditions affect whether the right to defer existed at the end of the reporting period if the entity is required to comply with the conditions at or before the end of the reporting period, rather than if the entity is required to comply with the conditions after the end of the reporting period. The amendment also clarifies the term 'settlement' for the purpose of classifying liabilities as current or non-current.
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback Transaction. The amendment requires a vendor-lessee to designate 'lease payments' or 'modified lease payments' so that the vendor-lessee would not recognise a gain or loss relating to a right-of-use right retained by the vendor-lessee.

The Group does not expect that the adoption of these new standards and amendments to existing standards will have a material impact on the Group's financial statements in the period of initial application.

4 ACCOUNTING POLICIES

The Group companies consistently applied the accounting policies and policies set out below in the consolidated financial statements for the reporting period. The Group will continue to apply the same policies and guidelines going forward.

The measurement basis for the economic categories in the financial statements is the initial historical cost and the final fair values as shown in the accounting records of individual companies.

- **Basis for consolidation**
Subsidiaries are entities controlled by the Group. 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. and the subsidiaries Energija plus d.o.o. (until 31 May 2022) and Oven d.o.o. are included in the consolidation. The consolidated financial statements are prepared by taking into account the discontinued operations of the subsidiary Energija plus d.o.o. and by applying the equity method for associates.
- **Subsidiaries**
Subsidiaries are companies controlled by the Group. Control exists when:
 - The investor has exposure to, or the right to, variable returns from the investee or the investee's investee;
 - The Investor has the power to affect the return by virtue of its control over the investee or the investee's investee;
 - There is a link between power and return.

The accounting policies of subsidiaries are consistent with those of the Group.

- **Investments in associates**
Investments in associates are accounted for using the equity method and are recognised at cost. The consolidated financial statements include the Group's share of profits and losses and other comprehensive income. If the group's share of the losses of an enterprise is greater than its share, the carrying amount of the group's share is reduced to zero and the share of further losses is derecognised, but only to the extent of the group's control.
- **Transactions excluded from consolidated financial statements**
In preparing the consolidated financial statements, balances and turnover, unrealised gains and losses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with associates are eliminated only to the extent of the group's interest in that entity. Unrealised losses are eliminated in the same way as gains, provided that there is no evidence of impairment.
- **Financial statements of group companies**
The consolidated financial statements of the Group are presented in euro. For the purposes of the consolidated financial statements, the items of each group company included in the financial statements are presented in the same manner and in euro.
- **Financial instruments**
The Group initially recognises non-derivative financial assets, such as loans, receivables and deposits, on the date they are incurred. The Group's non-derivative financial instruments are: accounts payable and receivable, available-for-sale financial assets, and cash and cash equivalents.

Accounts payable and receivable are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value plus direct transaction costs. Subsequent to initial recognition, liabilities and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash in a bank account and an investment (a deposit if it is due within 3 months).

Investments are classified as financial instruments at fair value through other comprehensive income. After initial recognition, investments are measured at fair value plus related transaction costs, with changes recorded within fair value reserves in other comprehensive income.

- **Outstanding financial liabilities**

The Group recognises financial liabilities on the trade date when the Group becomes a party to the contractual provisions of the instrument. The Group recognises loans and trade and other payables as other financial liabilities.

- **Share capital**

The called-up capital of the parent company Elektro Maribor d.d. appears as share capital, which is nominally defined in the company's articles of association, registered with the court and paid up by its owners.

Dividends are recognised as a liability in the period in which the resolution of the General Meeting to pay the dividend is adopted.

Legal reserves are amounts that are earmarked to be retained from the profits of previous years, primarily to meet potential future losses. They are recorded on the basis of a resolution of the Management Board of the Company out of the current year's net operating result.

Fair value reserves record the effects of fair valuation of assets and actuarial gains and losses related to provisions for post-employment benefits and other long-term employee benefits.

The own shares reserve includes the amount paid for own shares, including transaction costs net of tax. The own shares reserve is deducted from the total capital as own shares until such shares are retired, reissued or sold. If own (treasury) shares are subsequently disposed of or reissued, any consideration received, net of transaction costs and related tax effects, is included in the capital reserve.

- **Property, plant and equipment**

Property is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to the acquisition of the assets. Cost does not include removal and restoration costs as the Group does not consider these to be significant. Cost of internally generated assets comprises the cost of materials, direct labour and other costs directly attributable to qualifying the asset for its intended use. The part of property, plant and equipment that has different useful lives is accounted for as part of tangible fixed assets. The gain or loss on disposal of property, plant and equipment is determined as the difference between the proceeds from disposal of the asset and its carrying amount and is recognised in the income statement in other operating revenue/other operating expenditure.

The Group depreciates fixed assets on a straight-line basis using depreciation rates that reflect the estimated useful lives of the assets. The useful lives are assessed annually by the responsible persons and are coordinated at the level of the working group within the electricity distribution interest group.

- **Reallocation to investment property**

The Group reclassifies owner-occupied property to investment property when it generates rental income. The Group values investment property using the cost model. The depreciation method and depreciation rates are the same as for other tangible fixed assets.

- Subsequent costs

The cost of replacing a part of property, plant and equipment is recognised in the carrying amount of that asset if it is probable that the future economic benefits associated with that part of the asset will flow to the Group and the fair value can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs (e.g. maintenance, servicing, etc.) are recognised in the operating result as an expense as they are incurred.

- Depreciation and amortisation

Depreciation is provided on a straight-line basis, taking into account the useful lives of each item of tangible fixed assets. Land is not depreciated.

Estimated useful lives

	2022	2021
Real estate – construction part	20–50 years	20–50 years
Plant and equipment	2–33 years	2–33 years

- Intangible assets

Intangible assets are stated at cost less amortisation. Other intangible assets acquired by the Group relate to application software and have a finite useful life less amortisation and any accumulated impairment losses. Amortisation is provided on a straight-line basis, taking into account the useful lives of the intangible assets. It is charged when the asset is available for use.

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

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

The Group applies a single depreciation rate of 10% for full software solutions and over the term of the contract for software solutions. For all other software solutions, an amortisation rate of between 10% and 50% is applied.

Estimated useful lives

	2022	2021
Application software	2–10 years	2–10 years
Easements and building rights	1–100 years	1–100 years

- Investment property

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

Investment property is stated at cost less depreciation. Investment property includes holiday homes and owned dwellings.

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

The Group actively monitors market developments and assesses that there was no objective evidence of factors indicating a need to impair investment property in 2022.

- Inventories

Inventories of materials and merchandise are valued at the lower of cost and net realisable value. The Group values inventories using the moving average price method.

Write-offs of damaged and non-accruing stocks are made on a line-by-line basis at regular intervals during the year. At the end of the financial year, inventories as at 31 December are impaired in relation to their non-movement over a period of three years. An assessment of the recoverable amount of inventories is made at least annually, based on the position at the date of the Group's annual financial statements.

- Impairment of receivables

The Group regularly reviews the adequacy of the reported receivables. Receivables that are presumed to be uncollectible are reported as doubtful and questionable.

The Group reassesses a receivable for impairment when there is objective evidence that the carrying amount of the receivable to date is greater than the present value of the expected future cash flows.

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

In the Group's statement of financial position, receivables are presented at net value, i.e. less the value of allowances for doubtful and questionable receivables.

- Employee earnings

Short-term employee benefits are measured on an undiscounted basis and are recognised as an expense when the employee's service in respect of a particular short-term benefit is rendered.

- Provisions

Provisions are recognised when, as a result of a past event, the Group has a legal or constructive obligation that can be measured reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions for guarantees on products and services are recognised when the products or services covered by the guarantee are sold. The provision is made on the basis of the original information about the warranty and an assessment of all possible outcomes in terms of their probability. The Group selected the policy based on the amount guaranteed, which is 10% of the contractual amount of the guarantee.

Provisions for severance and jubilee benefits are made for estimated future payments discounted at the balance sheet date. The calculation is made for each individual employee by taking into account the cost of severance payments on retirement and the cost of any expected jubilee awards until retirement. The balance is reviewed annually on the basis of a calculation prepared by a certified actuary. Actuarial gains and losses on provisions for retirement benefits are recognised in the revaluation reserve.

The Group makes provisions for employee severance and jubilee benefits. These are based on a calculation by a certified actuary as at the beginning and end of the financial year. The actuarial calculation is based on the provisions of International Accounting Standards (IAS) - IAS 19 and is performed at the end of each financial year when the Group reconciles the value and the balance of the provisions. They were calculated using the Projected Unit Credit method based on a multi-decrement model taking into account the decrements: probability of mortality, probability of retirement, probability of employee turnover and probability of disability.

The most significant assumptions used in the actuarial calculation are:

- Probability:
 - Mortality (SLO2007, selection factor for the active population 75%),
 - Disability (according to the model based on BUZ/BV1990x, BUZ/BV1990y);
- Retirement according to the model based on the Pension and Disability Insurance Act - ZPIZ-2 (Official Journal of the RS, No 96/2012);
- Staff turnover:

- 4.5% up to 35 years,
 - 3.5% between 36 and 45 years,
 - 2.5% 46 years and over;
 - Discount rate 3.7686%;
 - Wage growth:
 - In the Republic of Slovenia (6.0%; 4.5%, 3.5%) in the years (2023; 2024; from 2025 onwards, respectively);
 - In the Company (6.0%; 4.5%, 3.5%) in the years (2023; 2024; from 2025 onwards, respectively);
 - In the electricity sector (6.0%; 4.5%, 3.5%) in the years (2023; 2024; from 2025 onwards, respectively);
 - Employer's contribution rate of 16.1% (for payments exceeding the amounts set by the Decree on the tax treatment of reimbursement of costs and other income from employment (Official Journal of the Republic of Slovenia, No 140/06, 76/08, 63/17, 71/18, 104/21, 114/21)).
- Non-current deferred income
Non-current deferred income represents deferred income from fixed assets acquired free of charge. Deferred income is transferred to revenue in accordance with the depreciation charged on the assets so received.
 - Revenue
Revenue from the sale of goods, merchandise and materials is recognised at the fair value of the consideration received or receivable, net of returns, rebates and volume discounts. Revenue is recognised when the buyer assumes all significant risks and rewards of ownership of the asset, when there is certainty of repayment and when the Group ceases to make any further decisions about the products sold.

The Group follows the following policies for measuring revenue recognition:

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

Rental income is recognised in income on a straight-line basis over the lease term.

- Financial revenue and financial expenditure
Financial revenue comprises income from interest on investments, dividends and the disposal of available-for-sale financial assets. Interest income is recognised in the income statement when it is earned using the effective interest method. Dividend income is recognised in the income statement on the date on which the shareholder's or member's right to receive payment is established.

Financial expenditure comprises borrowing costs and impairment losses on financial assets. Borrowing costs are recognised in the income statement using the effective interest method.

- Income tax
Tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement and is provided for in the Group's income statement at the year-end date.

Current tax is the tax expected to be payable on the taxable profit for the financial year, using tax rates enacted at the reporting date and any adjustments to tax liabilities in respect of previous financial years.

Deferred tax is recognised taking into account temporary differences between the carrying amounts and the tax bases of assets and liabilities. The amount of tax is based on the expected recovery or settlement of the carrying amount of the assets using the tax rate enacted at the reporting date. The Group recognises deferred tax assets in respect of provisions for jubilee awards and retirement benefits, unrecognised valuation allowances and long-term deferred income. Deferred tax assets and liabilities are calculated only at the end of the financial year.

Companies in the Elektro Maribor Group are subject to individual corporate income tax.

- **Basic earnings per share**
The Group's share capital consists of the parent company's share capital, divided into ordinary registered bulk shares. Basic earnings per share is calculated by dividing the profit by the weighted average number of ordinary shares during the financial year.
- **Comparative information**
The comparative information is largely aligned with the presentation of information in the current year.

Fair value measurement

The Group determined the fair value of each class of assets for measurement or reporting purposes using the methods described below.

The fair value of investment property is based on market value, which is the estimated value at which the property could be exchanged in an arm's length transaction between a seller and a buyer at the date of valuation and after appropriate marketing. The Group actively monitors market developments and assesses at the end of each financial year whether or not there is objective evidence of factors that would indicate the need to impair investment property.

The fair value of equity and debt securities is determined by reference to their bid price at the close of business on the reporting date and is determined at the end of the financial year.

The fair value of non-current trade and other receivables is calculated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Current trade receivables are not discounted due to their current nature and their carrying amount is a good approximation of fair value.

Capital management

Capital adequacy is the primary purpose of the Group's capital management. In addition to capital adequacy, the objectives of capital management are: long-term solvency, high financial stability and maximising value for the Group's stakeholders.

Cash flow statement

The cash flow statement is prepared using the direct method, based on the records of receipts and payments in the transaction accounts of the group companies.

Associated companies

The Group's share of profits and losses of associates in 2022 is EUR 4,614,168.

Review of assets, liabilities, income and expenses of associates for the period I-XII 2022

Company	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Expenditure	Net operating result	In EUR	
								Other components of comprehensive income	Total comprehensive income
Moja energija d.o.o.	2,361,480	2,560,061	69,889	2,165,744	6,635,500	4,748,144	1,736,560	0	1,736,560
Eldom d.o.o.	142,968	494,322	14,333	281,306	723,940	697,127	21,719	0	21,719
Informatika d.o.o.	4,016,597	4,549,137	221,431	3,689,390	10,874,048	10,519,457	311,559	148,852	460,411
Energija plus d.o.o.	4,197,523	53,633,056	819,815	36,760,866	236,811,980	234,643,645	1,708,459	99,174	1,807,634

The data for all associates as at 31 December 2022 refer to the period I-XII 2022, while Energija plus d.o.o. is reclassified as an associate as from 1 June 2022.

The consolidated income statement for the period from 1 June to 31 December 2022 includes a pro rata share of the profit of Energija plus d.o.o. amounting to EUR 3,949,833.

Review of assets, liabilities, income and expenses of associates for the period I–XII 2021

Company	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Expenditure	Net operating result	In EUR	
								Other components of comprehensive income	Total comprehensive income
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	0	-2,074,047
Eldom d. o. o.	132,152	293,606	11,333	98,995	591,341	588,527	2,814	0	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	58,844	633,633

The consolidated financial statements are prepared using the full consolidation method, which means that the following policies are applied:

- Uniform accounting policies are applied to similar events in the individual financial statements;
- Items in the separate financial statements of subsidiaries are presented in the same formal way;
- The separate financial statements of the consolidated entities are prepared for the same period ending on the same date.

The consolidated financial statements are prepared on the basis of the separate financial statements of the consolidated companies, with appropriate consolidation adjustments, which are not subject to recording in the consolidated companies' financial statements, and on the basis of the consolidation of the discontinued operations of Energija plus d.o.o..

5 CONSOLIDATED FINANCIAL STATEMENTS OF THE ELECTRO MARIBOR GROUP

Consolidated statement of financial position

In EUR		31 Dec 2022	31 Dec 2021
Non-current assets		397,981,376	376,066,574
Intangible assets	KNote 1	3,968,731	3,549,285
Tangible fixed assets	KNote 2	376,088,581	369,568,680
Investment property	KNote 3	610,854	593,817
Financial investments	KNote 4	263,639	263,639
Investments in associates	KNote 5	12,254,107	775,908
Trade receivables	KNote 6	3,166,895	67,683
Deferred tax assets	KNote 7	1,628,569	1,247,562
Current assets		32,202,081	72,594,103
Non-current assets (disposal groups) held for sale		0	44,200,447
Inventories	KNote 8	4,123,074	2,786,766
Trade receivables	KNote 9	10,737,271	16,616,458
Income tax receivable	KNote 10	635,262	8,869
Other assets	KNote 11	1,442,267	679,670
Assets under contracts with buyers	KNote 12	370,944	395,503
Cash and cash equivalents	KNote 13	14,893,263	7,906,390
TOTAL ASSETS		430,183,457	448,660,677
Capital	KNote 14	312,326,095	308,111,741
Called-up capital		203,932,511	203,932,511
Capital reserves		75,384,316	75,384,316
Profit reserves		28,523,653	25,804,570
Statutory reserves		7,270,252	7,068,802
Other profit reserves		21,253,401	18,735,768
Reserves arising from fair value measurement		-609,216	-1,058,467
Operating result of previous years		2,048,093	2,494,117
Operating result for the year		3,046,738	1,554,694
Non-current liabilities		90,455,774	89,240,169
Provisions	KNote 15	6,712,437	6,727,180
Deferred income	KNote 16	31,393,885	33,595,241
Financial liabilities	KNote 17	51,967,718	48,875,756
Trade payables	KNote 18	381,734	41,992
Current liabilities		27,401,588	51,308,767
Liabilities included in disposal groups		0	26,293,681
Financial liabilities	KNote 19	8,842,288	7,019,381
Trade payables	KNote 20	15,020,135	16,733,704
Income tax payable	KNote 21	0	145,833
Other liabilities	KNote 22	3,539,165	1,116,168
TOTAL CAPITAL AND LIABILITIES		430,183,457	448,660,677

Consolidated income statement

In EUR		I-XII 2022	I-XII 2021
Net turnover	KNote 23	49,781,568	63,937,719
Capitalised own products and services	KNote 24	17,442,657	21,413,549
Other operating income	KNote 25	3,891,865	2,884,913
Gross operating income		71,116,090	88,236,181
Cost of goods, materials and services	KNote 26	20,134,511	21,252,226
Cost of goods sold and cost of materials		12,082,625	13,799,909
Cost of services		8,051,886	7,452,317
Labour costs	KNote 27	30,973,243	31,943,747
Amortisation and depreciation	KNote 28	23,270,254	22,474,017
Write-downs and other operating expenses	KNote 29	604,403	288,492
Other operating expenses	KNote 30	671,528	738,209
Operating result		-4,537,849	11,539,490
Financial income	KNote 31	22,541,432	16,640
Financial expenses on impairment of investments	KNote 32	9,927,049	691,280
Financial expenses	KNote 32	1,029,741	378,981
Income from share of profits of associates	KNote 33	4,614,168	138,481
Other income	KNote 34	191,044	36,189
Other expenses	KNote 34	369,540	95,678
Operating result before tax		11,482,464	10,564,861
Income tax	KNote 35	579	1,446,856
Deferred taxes	KNote 35	-389,876	-42,627
Tax		-389,297	1,404,229
Net operating result	KNote 36	11,871,761	9,160,632
Net operating result attributable to owners of the parent company		11,871,761	9,160,632
Operating result from discontinued operations		-6,012,589	421,741
Total net profit for the year		5,859,172	9,582,373
Basic and diluted earnings per share (EUR/share)		0.18	0.29
Basic and diluted earnings per share of continuing operations (EUR/share)		0.36	0.27

Consolidated statement of other comprehensive income

In EUR		I-XII 2022	I-XII 2021
Net operating result for the period		5,859,172	9,582,373
Items of other comprehensive income that will not be reclassified to the income statement in the future		156,482	-54,318
Actuarial losses/gains		165,350	-162,217
- continued operations		165,350	-151,038
- discontinued operations		0	-11,179
Impact of deferred taxes		-8,868	107,900
- continued operations		-8,868	107,900
Total comprehensive income for the period		6,015,654	9,528,055

Consolidated cash flow statement

In EUR		I-XII 2022	I-XII 2021
Operating cash flows			
Operating revenue	KNote 37	219,390,959	335,296,563
Revenue from sales of products and services		216,697,158	332,298,872
Other operating revenue		2,693,801	2,997,691
Operating expenditure	KNote 38	-231,145,555	-328,658,997
Expenditure on purchases of materials and services		-189,862,489	-276,350,991
Expenditure on wages and salaries and employee profit-sharing		-31,659,095	-34,450,477
Expenditure on charges of all kinds		-6,871,941	-15,259,274
Other operating expenses		-2,752,030	-2,598,255
Cash flow from operating activities		-11,754,596	6,637,566
Investing cash flows			
Investment revenue	KNote 39	17,586,425	154,162
Revenue from interest earned and shares in the profits of others		2	127
Revenue from shares in the profits of others		66,136	100,000
Revenue on disposal of tangible fixed assets		58,287	54,035
Revenue from disposal of non-current fin. investments		17,462,000	0
Investment expenditure	KNote 40	-13,107,755	-12,128,065
Expenditure on acquisition of intangible assets		-1,985,601	-1,535,729
Expenditure on acquisition of tangible fixed assets		-11,042,154	-10,592,336
Cash flow from investing activities		4,478,670	-11,973,903
Financing cash flows			
Financing revenue	KNote 41	58,800,000	12,620,000
Revenue from increase in financial liabilities		58,800,000	12,620,000
Financing expenditure	KNote 42	-47,242,188	-10,304,559
Expenditure on interest paid relating to financial liabilities		-435,062	-358,882
Expenditure on repayments of financial Liabilities		-44,806,408	-6,655,393
Expenditure on dividends and other profit-sharing payments		-2,000,718	-3,290,284
Cash flow from financing activities		11,557,812	2,315,441
Ending cash balance		14,893,263	7,906,390
Cash from discontinued operations		0	-2,999,910
Cash from loss of control		-294,923	0
Cash flow for the period	KNote 43	4,281,886	-3,020,896
Opening cash balance		10,906,300	13,927,196

Consolidated statement of changes in equity for 2022

In EUR

Item	Called-up capital		Capital reserves		Profit reserves		Fair value reserves	Net profit or loss carried forward	Net operating result for the year	Total
	Share capital		Statutory reserves	Other profit reserves	Net profit carried forward	Net profit				
	I/1	II						III/1	III/5	
A.1. Balance at the end of the previous reporting period	203,932,511	75,384,316	7,068,801	18,735,769	-1,058,467	2,494,117	1,554,694	308,111,741		
A.2. Opening balance of the reporting period	203,932,511	75,384,316	7,068,801	18,735,769	-1,058,467	2,494,117	1,554,694	308,111,741		
B.1. Changes in equity – transactions with owners	0	0	0	0	199,419	-2,000,718	0	-1,801,299		
g. Payment of dividends						-2,000,718		-2,000,718		
h. Other changes in equity					199,419			199,419		
B.2. Total comprehensive income of the reporting period	0	0	0	0	156,481	0	5,859,172	6,015,653		
a. Entry in net operating result for the financial year						0	5,859,172	5,859,172		
e. Other components of comprehensive income					156,481			156,481		
B.3. Changes in equity	0	0	201,450	2,517,633	93,351	1,554,694	-4,367,128	0		
a. Allocation of the remainder of the net profit for the comparative reporting period to other components of equity						1,554,694	-1,554,694	0		
b. Allocation of part of the net profit for the reporting period to other components of equity as decided by the management and supervisory bodies			201,450	2,517,633			-2,719,083	0		
e. Other changes in equity					93,351	0	-93,351	0		
C. Closing balance of the reporting period	203,932,511	75,384,316	7,270,251	21,253,402	-609,216	2,048,093	3,046,738	312,326,095		

Consolidated statement of changes in equity for 2021

In EUR								
Item	Called-up capital	Capital reserves	Profit reserves		Fair value reserves	Net profit or loss carried forward	Net operating result for the year	Total
	Share capital		Statutory reserves	Other profit reserves		Net profit carried forward	Net profit	
	I/1	II	III/1	III/5	IV	V/1	VI/1	
A.1. Balance at the end of the previous reporting period	203,932,511	75,384,316	6,485,989	11,354,220	-1,067,467	2,273,845	3,510,559	301,873,974
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	3,510,559	301,873,974
B.1. Changes in equity – transactions with owners	0	0	0	0	0	-3,290,287	0	-3,290,287
g. Payment of dividends						-3,290,287		-3,290,287
h. Other changes in equity								0
B.2. Total comprehensive income of the reporting period	0	0	0	0	-54,318	0	9,582,373	9,528,055
a. Entry in net operating result for the financial year							9,582,373	9,582,373
Change in reserves arising from the fair value measurement of investments								0
d. Change in revaluation surplus on investments								0
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	-11,538,238	0
a. Allocation of the remainder of the net profit for the comparative reporting period to other components of equity						3,510,559	-3,510,559	0
b. Allocation of part of the net profit for the reporting period to other components of equity as decided by the management and supervisory bodies			582,812	7,381,549		63,318	-8,027,679	0
c. Release of reserves for own shares and allocation to other components of equity								0
e. Other changes in equity					63,318	-63,318		0
C. Closing balance of the reporting period	203,932,511	75,384,316	7,068,801	18,735,769	-1,058,467	2,494,117	1,554,694	308,111,742

6 NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1 Notes to the items in the consolidated statement of financial position

The consolidated statement of financial position is the basic financial statement that gives a true and fair view of the assets and liabilities of the Group as at 31 December 2022.

Items in the statement of financial position are stated at amortised cost, being the difference between cost less any valuation allowance. In preparing the consolidated statement of financial position, we followed the principle of individual valuation of assets and liabilities.

No material errors were corrected in any of the items in the statement of financial position.

Intangible assets

Note 1

The Group's intangible assets comprise property rights arising from the use of licences and application software. Intangible assets also include easement rights for the use of land under distribution network routes, which, in accordance with the provisions of Article 65 of ZGD-1, are presented in the balance sheet under land and buildings.

There are no intangible assets pledged to repay debts and the Group has no assets acquired with government support.

Movement in intangible assets in 2022

In EUR	Intangible assets	Investments in progress	Long-term provisions	Right to use intangible assets	Total
Acquisition value					
Balance 1 Jan 2022	12,377,877	0	0	0	12,377,877
Increases	0	1,845,599	0	0	1,845,599
- New acquisitions	1,845,599	-1,845,599	127,416	247,162	374,578
Balance 31 Dec 2022	14,223,476	0	127,416	247,162	14,598,054
Value adjustment					
Balance 1 Jan 2022	8,828,592	0	0	0	8,828,592
Depreciation	1,718,343	0	1,718,343	82,387	1,800,730
Balance 31 Dec 2022	10,546,935	0	1,718,343	82,387	10,629,322
Undepreciated value					
Balance 1 Jan 2022	3,549,285	0	0	0	3,549,285
Balance 31 Dec 2022	3,676,541	0	127,416	164,775	3,968,732

Movement in intangible assets in 2021

In EUR	Intangible assets	Investments in progress	Total
Acquisition value			
Balance 1 Jan 2021	17,482,148	0	17,482,148
Transfer to disposal group	4,145,942	0	4,145,942
Increases	0	1,038,248	1,038,248
- New acquisitions	1,038,248	-1,038,248	0
Disposals	1,996,577	0	1,996,577
Balance 31 Dec 2021	12,377,877	0	12,377,877
Value adjustment			
Balance 1 Jan 2021	11,419,727	0	11,419,727
Transfer to disposal group	2,460,452	0	2,460,452
Disposals	1,996,579	0	1,996,579
Depreciation	1,865,896	0	1,865,896
Balance 31 Dec 2021	8,828,592	0	8,828,592
Undepreciated value			
Balance 1 Jan 2021	6,062,421	0	6,062,421
Balance 31 Dec 2021	3,549,285	0	3,549,285

Major acquisitions relate to the acquisition of licences for the implementation of the new D365FO ERP solution in the parent company and the modernisation and upgrade of the IIS system.

At the end of the financial year, the Group recognises a non-current liability for the purchase of intangible assets amounting to EUR 1,130,304 (EUR 491,660 in 2021).

Tangible fixed assets

Note 2

The Group applies the cost model in recognising tangible fixed assets.

Depreciation of tangible fixed assets in the Group amounted to EUR 21,330,508 in 2022 (EUR 20,573,460 in 2021).

All assets in the Group are held by individual companies and are not pledged as collateral for debt.

The Group still has some contractual commitments for the purchase of tangible fixed assets, but these are for successive deliveries of equipment, which are procured according to a schedule. As at 31 December 2022, the Group had commitments for the acquisition of tangible fixed assets for EUR 3,468,282 (EUR 4,527,853 in 2021).

Tangible fixed assets

In EUR	31 Dec 2022	31 Dec 2021
Land and buildings	281,590,166	275,974,799
- Land	10,075,483	10,039,905
- Buildings	271,514,683	265,934,894
Plant and machinery	86,905,472	88,071,673
Tangible fixed assets under construction	7,592,943	5,522,208
Total	376,088,581	369,568,680

Movement in tangible fixed assets in 2022

In EUR	Land and rights	Construction facilities		Plant and machinery		Investments in foreign tangible fixed assets	Investments in progress	Total tangible fixed assets
		Construction facilities	Right to use assets	Equipment	Right to use equipment			
Acquisition value								
Balance 1 Jan 2022	10,177,357	774,243,195	484,634	209,136,858	0	0	5,522,208	999,564,252
Increases, of which:	0	0	0	0	0	0	27,357,321	27,357,321
- Acquisitions	0	0	0	0	0	0	27,357,321	27,357,321
Activations	59,231	18,271,739	241,586	6,919,644	798,056	0	-25,286,586	1,003,670
- Activations (new acquisitions)	59,231	18,271,739	241,586	6,919,644	798,056	0	-25,286,586	1,003,670
Disposals	0	4,557,609	0	3,845,777	0	0		8,403,386
Balance 31 Dec 2022	10,236,588	787,957,325	726,220	212,210,725	798,056	0	7,592,943	1,019,521,857
Value adjustment								
Balance 1 Jan 2022	137,453	508,733,821	59,114	121,065,185	0	0	0	629,995,573
Disposals	0	4,513,895	-31,720	3,525,337	0	0	0	8,007,512
Depreciation	23,653	12,800,096	58,006	8,297,442	266,019	0	0	21,445,216
Balance 31 Dec 2022	161,106	517,020,022	148,840	125,837,290	266,019	0	0	643,433,277
Undepreciated value								
Balance 1 Jan 2022	10,039,904	265,509,374	425,520	88,071,673	0	0	5,522,208	369,568,679
Balance 31 Dec 2022	10,075,482	270,937,303	577,380	86,373,435	532,037	0	7,592,943	376,088,580

Movement in tangible fixed assets in 2021

In EUR	Land and rights	Construction facilities		Plant and machinery		Investments in foreign tangible fixed assets	Investments in progress	Total tangible fixed assets
		Construction facilities	Right to use assets	Equipment	Right to use equipment			
Acquisition value								
Balance 1 Jan 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
Increases of which:	0	0	0	0	0	0	33,261,412	33,261,412
– Acquisitions	0	0	0	0	0	0	33,261,412	33,261,412
– Transfer to right to use buildings	0	-237,320	237,320	0	0	0	0	0
Activations	18,959	23,793,597	211,341	9,726,965	0	0	-33,539,521	211,341
– Activations (new acquisitions)	18,959	23,793,597	211,341	9,726,965	0	0	-33,539,521	211,341
Disposals	2,733	6,738,653	0	5,482,234	0	0	0	12,223,620
Balance 31 Dec 2021	10,177,357	774,243,195	484,634	209,136,858	0	0	5,522,207	999,564,251
Value adjustment								
Balance 1 Jan 2021	113,800	503,697,626	180,572	119,354,670	15,966	144,391	0	623,507,025
Transfer to disposal group	0	730,654	144,600	825,552	15,966	144,391	0	1,861,163
Disposals	0	6,795,444		5,428,305	0	0	0	12,223,749
Depreciation	23,653	12,562,293	23,141	7,964,373	0	0	0	20,573,460
Balance 31 Dec 2021	137,453	508,733,821	59,113	121,065,186	0	0	0	629,995,573
Undepreciated value								
Balance 1 Jan 2021	10,175,760	254,842,025	627,116	86,870,868	9,313	223,335	5,847,027	358,595,444
Transfer to disposal group	128,429	383,426	627,116	507,859	9,313	223,335	46,711	1,926,188
Balance 31 Dec 2021	10,039,904	265,509,374	425,521	88,071,672	0	0	5,522,207	369,568,679

Major purchases relate mainly to the acquisition of electricity facilities and equipment in Elektro Maribor.

The parent company Elektro Maribor d.d., as the owner of the electricity infrastructure, concluded a Contract on the Lease of the Electricity Distribution Infrastructure and the Provision of Services for the Distribution System Operator as the owner of the electricity infrastructure with SODO, which is the sole holder of the concession for the performance of the economic public service of the activities of the distribution system operator in the territory of the Republic of Slovenia. According to this contract, annexes are concluded for each current year, defining the amount of lease and the services to be provided by Elektro Maribor to SODO, as well as the amount of funds to cover losses in the distribution system of Elektro Maribor.

Balance and movement in electricity infrastructure in 2022

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

Balance and movement in electricity infrastructure in 2021

In EUR	Land and rights	Construction facilities	Easements	Equipment	Total intangible and tangible fixed assets
Acquisition value					
Balance 1 Jan 2021	4,994,480	725,403,359	2,365,310	171,960,282	904,723,431
Increases 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	0
Balance 31 Dec 2021	5,009,289	741,124,940	2,365,310	175,462,076	923,961,615
Amortised cost					
Balance 1 Jan 2021	0	487,408,728	113,800	97,176,078	584,698,606
Reductions	0	6,715,741	0	3,886,067	10,601,808
Depreciation	0	11,899,106	23,653	5,917,575	17,840,334
Balance 31 Dec 2021	0	492,592,093	137,453	99,207,586	591,937,132
Undepreciated value					
Balance 1 Jan 2021	4,994,480	237,994,631	2,251,510	74,784,204	320,024,825
Balance 31 Dec 2021	5,009,289	248,532,847	2,227,857	76,254,490	332,024,483

Future rental payments for leased fixed assets cannot be reliably quoted as the price and volume of leases vary from year to year in line with the planned regulatory framework for each year.

The carrying amount of the leased electricity distribution infrastructure as at 31 December 2022 is EUR 336,975,044.

The Group recognises a right to use assets under long-term leases of office buildings and telecommunication routes with a cost of EUR 1,524,276.

The depreciation charge for the assets so acquired amounts to EUR 324,025 in 2022 (EUR 23,141 in 2021).

In 2022, the Group recorded a charge of EUR 59,114 (EUR 195,235 in 2021) for short-term and lower-value leases.

The interest rate associated with the lease was not known, so the risk-free interest rate plus a credit risk premium of $1.1250\% + 0.32\% = 1.445\%$ at 1 January 2019 was used to calculate the present value of future rents.

The Group does not sublet the assets so recognised, but uses them to carry on its business. All liabilities arising from the right to use the assets were settled on an accrual basis, except for invoices received which fell due in 2022. Cash flow from leases amounted to EUR 540,065 in 2022 (EUR 283,222 in 2021).

Right to use intangible and tangible fixed assets in 2022

In EUR	Right to use	Total
Acquisition value		
Balance 1 Jan 2022	484,634	484,634
<i>Increases</i>	0	0
- Activations	1,286,804	1,286,804
Balance 31 Dec 2022	1,771,438	1,771,438
Value adjustment		
Balance 1 Jan 2022	59,114	59,114
Disposals	-31,720	-31,720
Depreciation	406,412	406,412
Balance 31 Dec 2022	497,245	497,245
Undepreciated value		
Balance 1 Jan 2022	425,520	425,520
Balance 31 Dec 2022	1,274,193	1,274,193

Right to use assets in 2021

In EUR	Right to use	Total
Acquisition value		
Balance 1 Jan 2021	1,045,008	1,045,008
Transfer to disposal group	771,715	771,715
<i>Increases</i>	0	0
– New acquisitions	0	0
– Activations	211,341	211,341
Reductions	0	0
Balance 31 Dec 2021	484,634	484,634
Value adjustment		
Balance 1 Jan 2021	180,572	180,572
Transfer to disposal group	144,600	144,600
Adjustments	0	0
Disposals	0	0
Depreciation	23,141	23,141
Balance 31 Dec 2021	59,114	59,114
Undepreciated value		
Balance 1 Jan 2021	864,436	864,436
Transfer to disposal group	627,115	627,115
Balance 31 Dec 2021	425,520	425,520

Investment property

Note 3

The Group holds investments in rental dwellings and holiday homes, which it markets. The cost model is used to measure and value investment property. The depreciation method used is the straight-line method and is calculated on a property-by-property basis. The Group estimates that the market values are an approximation of the official valuations of the Surveying and Mapping Authority of the Republic of Slovenia.

The responsible persons in each Group company actively monitor market developments and assess that there was no objective evidence of factors indicating a need to impair investment property in 2022. As at 31 December 2022, the Group did not obtain an estimate of the fair value of investment properties prepared by a certified real estate evaluator.

Balance and movement in investment property in 2022

In EUR	31 Dec 2022
Acquisition value	
Balance 1 Jan 2022	1,434,304
Increases	41,346
Disposals	0
Balance 31 Dec 2022	1,475,649
Depreciated value	
Balance 1 Jan 2022	840,486
Eliminations	0
Depreciation	24,309
Balance 31 Dec 2022	864,795
Undepreciated value	
Balance 1 Jan 2022	593,817
Balance 31 Dec 2022	610,854

Balance and movement in investment property in 2021

In EUR	31 Dec 2021
Acquisition value	
Balance 1 Jan 2021	1,423,794
Increases	13,559
Disposals	3,049
Balance 31 Dec 2021	1,434,304
Depreciated value	
Balance 1 Jan 2021	818,701
Eliminations	2,302
Depreciation	24,087
Balance 31 Dec 2021	840,486
Undepreciated value	
Balance 1 Jan 2021	605,093
Balance 31 Dec 2021	593,818

Investment property in 2022

In EUR	Value	Revenue	Costs
Holiday facilities	562,337	126,301	126,275
Dwellings	48,517	12,077	2,490
Total	610,854	138,378	128,765

Investment property in 2021

In EUR	Value	Revenue	Costs
Holiday facilities	545,589	86,585	113,546
Dwellings	48,229	10,867	3,947
Total	593,818	97,452	117,493

Financial investments

Note 4

Investments are classified in the fair value through other comprehensive income group, except for the investment in shares of EUR 56,594, which is carried at cost, as we were unable to estimate fair value.

Non-current financial investments of the Group

In EUR	31 Dec 2022	31 Dec 2021
Non-current financial investments other than loans	263,639	263,639
– Other non-current financial investments in shares and holdings	56,594	56,594
– Non-current investment in investment fund	207,045	207,045

Investments in associates

Note 5

In the separate financial statements, investments in subsidiaries, jointly controlled entities and associates are accounted for at cost.

In the consolidated financial statements, investments in group companies are eliminated, while investments in associates are accounted for using the equity method.

The Group recognises the investment in the associate Energija plus d.o.o. from 1 June 2022. The Elektro Maribor Group recalculated the value of the investment in the remaining 49% interest to fair value, which is based on the gain on sale as the difference between the fair value, the purchase consideration received and the net asset value as at 31 May 2022. The Group tested the investment for impairment in accordance with IAS 36. The Group performed the review in the manner required by paragraphs 12 to 14 of IAS 36. In doing so, the Group took into account the approved annual business plan of Energija plus d.o.o. for 2023 with projections for 2024 and 2025 and adjusted these projections by extending them to 2037, which shows that Energija plus d.o.o. continues to maintain a positive trend in its business in the future. The future business projections also take into account the results of the analysis of the industry and the competitors in the industry. Specific valuation assumptions were also used, which means that the value estimate is determined by the change in the given circumstances, which are:

- Energija plus d.o.o.'s business plan, which foresees the extension of price regulation for an additional 4 months;
- The annual business plan assumes that, in order to achieve a positive zero, the missing electricity for the regulated segments will be acquired at a discounted price;
- A nominal discount rate of 2% is taken into account, implicitly taking into account the inflation rate;
- The required pre-tax rate of return on total capital, which varies depending on the scenario between 11.11% and 12.49%.

Four scenarios are considered in calculating the value, namely:

- Lower selling prices, lower margins;
- Lower selling prices, higher margins;
- Higher selling prices, lower margins;
- Higher selling prices, higher margins.

Changes in the assumptions used may have a material impact on the estimate of future value.

Sensitivity analysis - most likely value of 49.0% ownership (in thousand euro)

Growth / WACC	1.5%	2.0%	2.5%
10.6%	11,765	11,795	11,828
11.1%	11,259	11,279	11,300
11.6%	10,803	10,815	10,827
12.1%	10,388	10,393	10,399
12.6%	10,008	10,010	10,010

Status and movement of investments in associates in 2022

In EUR	Balance 31 Dec 2021	Reclassification to investments in associates	Translation to fair value	Impairment of investment	Increase in holding	Distributions of profit interests	Allocation of gains/losses	Balance 31 Dec 2022
Investment in Informatika d.o.o.	433,092	0	0	0	0	66,136	74,681	441,637
Investment in Eldom d.o.o.	26,564	0	0	0	80,000	0	10,859	117,423
Investment in Moja energija d.o.o.	316,252	0	0	0	0	0	578,795	895,047
Investment in Energija plus d.o.o.	0	7,492,840	9,284,376	9,927,049	0	0	3,949,833	10,800,000
Total	775,908	7,492,840	9,284,376	9,927,049	80,000	66,136	4,614,168	12,254,107

Status and movement of investments in associates in 2021

In EUR	Balance 31 Dec 2020	Payment of profit shares	Allocation of gains/losses	Balance 31 Dec 2021
Investment in Informatika d. o. o.	295,315	0	137,777	433,092
Investment in Eldom d. o. o.	25,860	0	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

Trade receivables

Note 6

Non-current trade receivables comprise receivables arising from the accumulation of funds in the reserve fund for owned residential buildings.

The Group's receivables are not pledged as collateral for debt.

Deferred tax assets

Note 7

In 2022, the Group recognised deferred tax assets for temporary deductible tax differences on past and current unrecognised tax expense on provisions for jubilee awards and retirement benefits, on unrecognised tax expense on accounts receivable, on non-current accrued liabilities and on unused credits in the corporate income tax return.

In calculating deferred tax assets, a tax rate of 19% was applied, which is expected to continue to apply in future financial years.

In 2022, the Group increased the deferred tax assets provided for by EUR 389,297 (EUR 167,323 in 2021). The balance of deferred tax assets at 31 December 2022 is reported at EUR 1,628,569.

Movement in deferred tax assets in 2022

In EUR	Trade receivables	Provisions for post-employment and other employee benefits	Non-current deferred income for fixed assets acquired free of charge	Investment allowances	Allowances for donations	Allowances for tax losses	Total
Balance 1 Jan 2021	1,262,157	609,882	339,417	0	0	0	2,211,456
Derecognition in the income statement	36,502	-98,771	19,642	0	0	0	-42,627
Recognised in the statement of comprehensive income	0	107,900	0	0	0	0	107,900
Reclassification to assets held for sale	-956,038	-59,611	0	0	0	0	-1,015,649
Balance 31 Dec 2021	269,617	658,171	319,775	0	0	0	1,247,563
Balance 1 Jan 2022	269,617	658,171	319,775	0	0	0	1,247,563
Recognised in the income statement	0	0	0	493,450	5,491	27,384	526,325
Derecognition in the income statement	44,337	72,471	19,642	0	0	0	136,450
Recognised in the statement of comprehensive income	0	-8,868	0	0	0	0	-8,868
Balance 31 Dec 2022	225,280	576,832	300,133	493,450	5,491	27,384	1,628,570

Inventories

Note 8

Inventories

In EUR	31 Dec 2022	31 Dec 2021
Raw materials and supplies	3,974,941	2,654,949
Fuel and lubricants	11,192	13,791
Office supplies	7,925	9,364
Stocks of small inventories and packaging	129,016	108,661
Total	4,123,074	2,786,766

Inventories include stocks of materials for installation in own-account investments, stocks of materials for the provision of services on the market and stocks of spare parts for the maintenance of fixed assets.

The management of the group company estimates that the carrying amount of inventories is at the level of net realisable value.

The Group has inventories of EUR 146,868 as at 31 December 2022, where there was no movement between 1 January 2019 and 31 December 2022, but which are classified as operating reserves.

Value of inventories

In EUR	31 Dec 2022	31 Dec 2021
Gross value of inventories of materials and merchandise	4,123,074	2,786,765
Value adjustments	0	0
Net value of inventories of materials and merchandise	4,123,074	2,786,765

All inventories are owned by the Group and are not pledged as collateral for debt.

Trade receivables

Note 9

Trade receivables

In EUR	31 Dec 2022	31 Dec 2021
Current trade receivables from customers, of which:	10,737,271	16,616,458
- receivables for energy products sold	2,691,312	2,449,162
- receivables for lease and services under SODO d.o.o. contract.	0	12,533,273
- receivables for other services billed	8,043,673	1,631,964
- receivables for accrued interest	2,286	2,059

Customers mostly settle their claims on time or with a small delay. When payments are delayed, customers are charged contractually agreed interest on late payments.

The Group's receivables are mainly secured by bills of exchange. The Group has no receivables pledged as collateral.

At the end of the financial year, the Group does not recognise any receivables from management and supervisory board members.

Value of trade receivables

In EUR	31 Dec 2022	31 Dec 2021
Gross receivables	12,022,908	18,066,524
Value adjustment	1,285,637	1,450,066
Net receivables	10,737,271	16,616,458

Income tax receivable

Note 10

The Group's income tax receivable amounts to EUR 635,262 (EUR 8,869 in 2021) and represents overpayments of income tax advances for 2022 mainly from Elektro Maribor d.d..

Other assets

Note 11

Other assets

In EUR	31 Dec 2022	31 Dec 2021
Other trade receivables	1,265,348	592,152
Current deferred charges	134,147	45,723
VAT on advances received	42,772	41,795
Total	1,442,267	679,670

Other assets mainly represent value added tax receivables from Elektro Maribor d.d. arising from credits issued for the preliminary accounts for 2022.

Assets under contracts with customers

Note 12

Assets under contracts with customers are shown at EUR 370,944 (EUR 395,503 in 2021), mainly representing unbilled lease payments for telecommunications equipment bases and construction services provided.

Cash and cash equivalents

Note 13

Cash

In EUR	31 Dec 2022	31 Dec 2021
Assets in accounts	14,893,263	7,906,390
Total	14,893,263	7,906,390

Equity

Note 14

The Company's share capital amounts to EUR 203,932,511 and is divided into 33,345,302 ordinary registered bulk shares.

The Group's share capital is represented by the share capital of the parent company, divided into 33,345,302 ordinary registered bulk shares, which is also the weighted average number of ordinary shares in issue during the period.

Capital reserves show the capital surplus fully paid up.

Equity

In EUR	31 Dec 2022	31 Dec 2021
Share capital	203,932,511	203,932,511
Capital reserves	75,384,316	75,384,316
Statutory reserves	7,270,252	7,068,802
Other profit reserves	21,253,401	18,735,768
Fair value reserves	-609,216	-1,058,467
Net operating result carried forward	2,048,093	2,494,117
Net operating result for the year	3,046,738	1,554,694
Total	312,326,095	308,111,741

The fair value reserve reflects the actuarial loss arising from the calculation of the provision for jubilee awards and retirement benefits for group companies.

Statutory reserves and other profit reserves are built up from the net profit for the current years since 2003. The Group achieved a net profit of EUR 5,859,172 in 2022 (EUR 9,582,373 in 2021). Earnings per share from group operations amount to EUR 0.18 (EUR 0.29 in 2021), and earnings per share from continuing operations are calculated at EUR 0.36 (EUR 0.27 in 2021).

The book value of a Group share is EUR 9.37 (EUR 9.24 in 2021).

Provisions

Note 15

Provisions in 2022

In EUR	Balance 31 Dec 2021	Consumption	Increases	Release	Elimination	Balance 31 Dec 2022
Provisions for jubilee awards	1,789,955	273,403	469,318	6,267	0	1,979,603
Provisions for pensions	4,222,131	489,447	228,285	10,876	0	3,950,093
Provisions for guarantees given	50,683	0	0	0	3,941	46,742
Provisions for accrued expenses	664,411	0	71,589	0	0	736,000
Total	6,727,180	762,850	769,192	17,143	3,941	6,712,438

Provisions in 2021

In EUR	Balance 31 Dec 2020	Consumption	Increases	Transfer to disposal group	Balance 31 Dec 2020
Provisions for jubilee awards	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 given	25,285	0	25,399	0	50,683
Provisions for accrued expenses	476,079	6,946	195,278	0	664,411
Total	6,946,062	458,537	872,928	633,273	6,727,180

Sensitivity analysis 2022

	Discount rate		Wage growth		Staff turnover	
Percentage point change	0.5	-0.5	0.5	-0.5	1.0	-1.0
Impact on liabilities in euro	-67,668	72,192	71,724	-67,874	-140,968	158,345

Sensitivity analysis 2021

	Discount rate		Wage growth		Staff turnover	
Percentage point change	0.5	-0.5	0.5	-0.5	1.0	-1.0
Impact on liabilities in euro	-220,480	285,724	290,821	-227,967	-464,454	584,225

Provisions for guarantees given are made in the event that the Group grants a guarantee period of five years to foreign customers to remedy defects in the construction of facilities. The Group makes these provisions at an estimated 10% of the total exposed contract value.

The amount of the provision for litigation liabilities is EUR 736,000 (EUR 476,079 in 2021) and is a best estimate of the expenditure needed to settle them. In arriving at the best estimate, we took into account the risks and uncertainties that inevitably accompany the litigation for which the provision is being made.

The amount of the provision is equal to the present value of the expenditure expected to be required to settle these commitments.

Deferred income

Note 16

Deferred income shows the balances of tangible fixed assets taken over free of charge and the balances of co-financed assets. The Group uses these non-current accrued liabilities to cover the depreciation costs of these assets at an annual depreciation rate of 2.93%.

For the purpose of generating deferred income from 2010 onwards, amounts corresponding to the actual rate of depreciation of each fixed asset are drawn to cover depreciation charges.

Movement in non-current deferred income in 2022

In EUR	Balance 31 Dec 2021	Decreases	Increases	Elimination	Balance 31 Dec 2022
Non-current deferred income from house connections taken over free of charge	19,074,953	848,408	0	0	18,226,546
Non-current deferred income from fixed assets taken over free of charge	7,484,680	311,029	402,745	0	7,576,396
Non-current deferred income from average connection costs	2,960,109	174,357	0	0	2,785,752
Non-current deferred income from co-financing	0	2,630	44,513	0	41,883
Non-current deferred income from contributions for disabled persons	2,754,121	150,708	159,897	0	2,763,310
Non-current deferred income – EU projects	1,321,377	1,622,997	0	301,620	0
Total	33,595,241	3,110,130	607,155	301,620	31,393,885

Movement in non-current deferred income in 2021

In EUR	Balance 31 Dec 2020	Decreases	Increases	Elimination	Balance 31 Dec 2021
Non-current deferred income from house connections taken over free of charge	19,296,096	840,139	618,996	0	19,074,953
Non-current deferred income from fixed assets taken over free of charge	7,605,050	306,899	186,529	0	7,484,680
Non-current deferred income from average connection costs	3,134,467	174,357	0	0	2,960,109
Non-current deferred income from co-financing	2,941,575	187,454	0	0	2,754,121
Non-current deferred income – 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

Financial liabilities

Note 17

Non-current financial liabilities mainly relate to long-term loans received from commercial banks. The Group took out long-term debt of EUR 11,000,000 in 2022 to finance investments.

The maturity of the loans received varies between 8 and 11 years. The interest rate varies between 3 and 6-month EURIBOR, with a mark-up of 0.5% to 0.7%, or at a fixed rate of between 0.184% and 1.198% per annum.

The carrying amount of long-term debt is equal to its fair value. The Company's long-term debt is not exposed to specific currency and credit risks. The exposure to interest rate risk is only represented by adverse movements in the EURIBOR benchmark interest rate.

The Company's loans with banks in Slovenia are secured by bills of exchange.

Over a period of more than five years from the balance sheet date, EUR 20,050,000 of principal amounts become due. The Company pays all principal and interest instalments due on a regular and timely basis.

Other non-current financial liabilities relate to liabilities for rights to use assets.

Non-current financial liabilities

In EUR	31 Dec 2022	31 Dec 2021
Non-current financial liabilities	60,810,006	55,895,137
Current portion of non-current financial liabilities	-8,842,288	-7,019,381
Total	51,967,718	48,875,756

Trade payables

Note 18

The Group's non-current trade payables mainly represent long-term securities received as a guarantee for the performance of works by the supplier.

Financial liabilities

Note 19

Current financial liabilities amount to EUR 8,842,288 (EUR 7,019,381 in 2021) and show the balance of the current portion of long-term loans receivable maturing within one year from the balance sheet date amounting to EUR 8,387,500 (EUR 6,637,500 in 2021) and the current portion of the liability for rights to use assets amounting to EUR 454,788 (EUR 71,881 in 2021).

Trade payables

Note 20

Current trade payables

In EUR	31 Dec 2022	31 Dec 2021
Current trade payables to suppliers for fixed assets	3,866,350	5,019,513
Current trade payables for working capital	3,384,189	3,452,473
Current trade payables to SODO d.o.o.	3,187,941	3,043,189
Current trade payables to employees	3,255,137	3,068,497
Current trade payables to government and other institutions	512,634	1,111,080
Current trade payables on advances	712,168	1,014,217
Other current trade payables	101,715	170,568
Total	15,020,134	16,879,536

Income tax liabilities

Note 21

The Group's income tax liability shows the calculated liability based on the 2022 tax return, which is already net of any prepayments. In 2022, the Group recorded a tax loss of EUR 144,129 for Elektro Maribor d.d.

Other liabilities

Note 22

Other liabilities show accrued expenses and deferred income. They include receivables and payables that are expected to arise within one year and for which it is probable that they will arise and the amount can be estimated with a high degree of certainty.

Other liabilities

In EUR	31 Dec 2022	31 Dec 2021
Accrued costs for untaken annual leave	999,082	932,164
Accrued litigation costs	331,751	0
Accrued costs of deviations	2,208,332	180,951
Other accrued costs	0	3,053
Total	3,539,165	1,116,168

Movement in other liabilities in 2022

In EUR	Balance 31 Dec 2021	Formation	Consumption	Elimination	Balance 31 Dec 2022
Accrued costs for untaken annual leave	932,166	1,002,173	891,060	44,218	999,061
Current deferred income	180,951	331,751	0	180,951	331,751
Other accrued costs	3,053	2,208,332	3,031	0	2,208,354
Total	1,116,170	3,542,256	894,091	225,169	3,539,166

Movement in other liabilities in 2021

In EUR	Balance 31 Dec 2020	Formation	Consumption	Elimination	Balance 31 Dec 2021
Accrued costs for untaken annual leave	811,062	924,362	791,635	11,624	932,164
Current deferred income	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

Potential liabilities and other off-balance sheet records**Contingent liabilities**

In EUR	31 Dec 2022	31 Dec 2021
Contingent liabilities	234,102	484,387
Total	234,102	484,387

Other off-balance sheet assets and liabilities

In EUR	31 Dec 2022	31 Dec 2021
Securities to secure payments – guarantees	70,918	171,587
Securities to secure payments – bills of exchange	15,312,500	13,500,000
Bank guarantees given	3,549,942	3,893,214
Performance bonds received	217,161	410,557
Performance bonds given	256,126	410,557
Small inventories in use	1,465,372	232,997
Average connection costs SODO d.o.o., transfer of assets 1 Jul - 31 Dec 2009	2,804,472	2,962,428
Average connection costs SODO d.o.o., transfer of fixed assets from 1 Jan 2010	838,552	875,023
Assets for holiday accommodation – Eldom d. o. o.	184,870	184,870
Total	24,699,911	22,641,234

The Group's management estimates that the likelihood of expenditures and receipts from the above receivables and payables is remote and therefore the Group discloses the recorded amounts on an informational basis only. The Group does not recognise off-balance sheet contingent liabilities as defined in ZGD-1.

Determining fair value

Fair values and carrying amounts of assets and liabilities

In EUR	31 Dec 2022	31 Dec 2022	31 Dec 2021	31 Dec 2021
	Book value	Fair value	Book value	Fair value
Investments at fair value through other comprehensive income	207,044	207,044	207,044	207,044
Non-current trade receivables	3,190,182	3,166,895	67,683	67,683
Loans received	59,487,500	59,487,500	55,125,000	55,125,000
Non-current trade payables	381,734	381,734	41,992	41,992
Total	63,266,460	63,243,173	55,441,719	55,441,719

The table includes assets and financial liabilities for which fair value is disclosed, while only investments at fair value through other comprehensive income are measured at fair value. Current trade receivables, cash and current trade payables are not shown as they are considered to be a good approximation of fair value in accordance with IFRS.

Assets and liabilities are classified into the following levels for the purpose of determining their fair value: Level 1 – assets at market price, Level 2 – assets whose value is determined from comparable market data, and Level 3 – assets and liabilities whose value is not observable from market data.

Assets and liabilities according to their fair values

	31 Dec 2022				31 Dec 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale investments	207,044	0	0	207,044	207,044	0	0	207,044
Non-current trade receivables	0	0	3,166,895	3,166,895	0	0	67,683	67,683
Non-current trade payables	0	0	381,734	381,734	0	0	41,992	41,992
Loans received	0	0	59,487,500	59,487,500	0	0	55,125,000	55,125,000

6.2 Notes to the items in the consolidated income statement

Types of revenue

In EUR	2022	2021
Operating revenue	71,116,090	88,236,181
Financial revenue	27,155,600	155,121
Other revenue	191,044	36,189
Total	98,462,734	88,427,491

Net turnover

Note 23

Net turnover

In EUR	2022	2021
Sales of electricity and other energy products	556,849	242,526
Rent charged	17,941,553	32,190,709
- SODO d. o. o. – rent	17,473,527	31,751,443
- Other	468,026	439,266
SODO d. o. o. contractual services	26,118,753	26,248,523
Charged services	4,979,303	5,069,945
Sale of waste material	185,110	186,016
Total	49,781,568	63,937,719

Taking into account SODO regulatory settlements in 2022

In EUR	Revenues achieved 2022	Final settlement 2021	Elimination of refunds 2021	Preliminary 2022	Final 2022 accrued	Total 2022
Rent	26,992,598	2,312	0	-9,116,437	-404,947	17,473,527
Services	19,391,254	14,976	180,951	6,458,377	73,196	26,118,753
Total	46,383,852	17,288	180,951	-2,658,060	-331,751	43,592,280

Taking into account SODO regulatory settlements in 2021

In EUR	Revenues achieved 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

Capitalised own products and services

Note 24

Capitalised own products and services

In EUR	2022	2021
Capitalised products	17,044,495	20,884,742
Capitalised services	398,162	528,806
Total	17,442,657	21,413,549

Captive own products and services represent investments carried out in-house and revenues from in-house services (finishing of equipment).

Other operating income

Note 25

Other operating income

In EUR	2022	2021
Reversal of provisions and accrued liabilities	55,267	11,990
Drawdown of long-term accrued liabilities	1,487,133	1,494,378
State support funds received for Covid-19	51,775	103,669
Compensation received from insurance company	471,947	305,285
Gain on sale of fixed assets	56,006	48,136
Recoveries of receivables from previous years	48,908	91,555
Other operating income	1,720,830	829,900
Total	3,891,865	2,884,913

Other operating income mainly relates to income from the utilisation of non-current deferred income for amounts to cover the depreciation costs of tangible fixed assets acquired free of charge and co-financing in electricity facilities, insurance premiums received for damages to the electricity system, and recoveries of receivables for electricity and network use, as well as income from the reversal of impairments of current trade receivables.

Other revenue related to business effects (State aid for Covid-19)

In EUR	2022	2021
Revenue based on exemption from employer's contribution	0	3,537
Revenue based on crisis allowance – refund	1,031	31,739
Revenue from the allowance – force majeure – childcare	18,245	17,806
Revenue based on the allowance – quarantine Covid-19	17,051	28,282
Revenue based on allowance – short-term sick leave and cohabitation	15,448	22,305
Total	51,775	103,669

Cost of goods, materials and services

Note 26

Cost of goods, materials and services

In EUR	2022	2021
Cost of materials	12,082,625	13,799,909
Cost of services	8,051,886	7,452,317
Total	20,134,511	21,252,226

Cost of materials mainly represents the cost of materials for investment and construction works in the parent company.

Cost of services mainly reflects the amounts of services for the maintenance of fixed assets, insurance premiums and IT.

The audit contract for the audit of the Annual Report for the financial year 2022 was concluded for an amount of EUR 22,845 excluding VAT. This amount also includes the cost of the audit of the consolidated annual report for an amount of EUR 985. The selected auditor also produced reports on agreed procedures and assurance engagements in 2022 at a cost of EUR 6,045. There were no other engagements with the selected auditor in 2022.

Labour costs

Note 27

Labour costs

In EUR	2022	2021
Wage costs	21,627,905	22,511,664
Employee supplementary pension insurance costs	1,089,441	1,065,428
Cost of employer's contributions and other payroll levies	3,537,565	3,673,098
Other labour costs	4,718,332	4,693,557
Total	30,973,243	31,943,747

In paying wages, the companies followed the provisions of the sectoral and company collective agreements and employment contracts.

Other staff costs include the cost of annual leave allowance, reimbursements to employees for material costs and the amount of provisions made for jubilee awards and retirement bonuses.

Gross benefits for specific groups of persons in 2022

In EUR	2022	2021
Members of company management boards	170,131	276,083
- mag. Boris Sovič, President of the Management Board of Elektro Maribor d.d.	0	107,559
- Jože Hebar, President of the Management Board of Elektro Maribor d.d.	107,838	5,121
- Bojan Horvat, Director of Energija plus d.o.o.	0	121,735
- Neven Lisica, Director of OVEN Elektro Maribor d.o.o.	24,564	49,438
- Aleš Kumpersčak, Director of OVEN d.o.o.	37,729	0
Of which deferred revenue	0	-7,770
Other employees on a contract not covered by the tariff part of the collective agreement	833,801	1,183,310
Members of the Supervisory Board of companies of the Elektro Maribor d.d. group	81,700	128,371
SB commissions	27,585	21,024
Total	1,113,217	1,608,788

The Supervisory Board of the Group is held by the parent company Elektro Maribor d.d., the names of the members of which are disclosed in the section II. Management Report, where the names of the members of the management boards of group companies are also disclosed.

The Group companies have no outstanding receivables and payables from members of the management and supervisory boards, except for the amounts of the December payroll, attendance fees and remuneration for performance of duties, which were paid in January 2023.

The Group did not make any advances or loans to employees under a contract not covered by the tariff part of the collective agreement, to the management of individual Group companies nor to members of supervisory boards and their committees.

Depreciation and amortisation

Note 28

Depreciation and amortisation

In EUR	2022	2021
Amortisation of intangible assets	1,718,343	1,865,896
Amortisation of intangible assets – easements	23,653	23,653
Amortisation of tangible fixed assets	21,503,950	20,560,381
Amortisation of investment property	24,309	24,087
Total	23,270,255	22,474,017

Write-downs and other operating expenses

Note 29

The Group's allowances for receivables mainly relate to receivables for which doubt as to their recoverability has been identified, arising from the use of the network and the services provided.

Write-downs and other operating expenses

In EUR	2022	2021
Operating expenses for tangible and intangible fixed assets	399,786	233,664
Operating expenses relating to inventories	0	0
Operating expenses on accounts receivable, of which:	204,617	54,828
- from the use of the network and the sale of electricity	191,756	45,978
- from services rendered	12,861	8,850
- from interest	0	0
Other operating expenses	0	0
Total	604,403	288,492

Other operating expenses

Note 30

Other operating expenses

In EUR	2022	2021
Provisions for guarantees given	0	25,399
Provisions for litigation	71,589	195,278
Building land use charge	358,221	328,416
Other charges and expenses	241,718	189,116
Total	671,528	738,209

Financial revenue

Note 31

Financial revenue

In EUR	2022	2021
Financial revenue from investments	27,137,563	138,481
Financial revenue from the sale of the investment E+	22,523,395	0
Financial revenue of associates, of which:	4,614,168	138,481
- Profit attributable to Energija plus d.o.o.	3,949,833	0
Financial revenue from trade receivables	18,037	16,640
Financial revenue from trade receivables due from others	18,037	16,640
Total	27,155,600	155,121

The financial revenue from the sale of an investment records the gain on the sale of the 51% interest as the difference between the fair value of the remaining investment, the purchase price received and the net asset value.

Financial expenditure

Note 32

Financial expenditure

In EUR	2022	2021
Financial expenditure on financial liabilities	503,055	354,838
Financial expenditure on loans received from others	445,064	347,081
Financial expenditure on other financial liabilities	57,991	7,757
Financial expenditure on accounts payable	526,686	24,143
Financial expenditure on trade payables	471,428	184
Financial expenditure on other payables	55,258	23,959
Financial expenditure on impairment of investments	9,927,049	691,280
Total	10,956,790	1,070,261

Income from share of profits of associates

Note 33

The table below shows the attribution of profits of associates amounting to EUR 4,614,168.

Share in profits of associates

In EUR	2022	2021
Share in profits of associates	4,614,168	138,481

Among the imputed profits in the shareholdings of associates, the highest attribution is that of Energija plus d.o.o. for the period from 1 June 2022 to 31 December 2022, amounting to EUR 3,949,833.

Other revenue and expenditure

Note 34

Other revenue and expenditure

In EUR	2022	2021
Other revenue	191,044	36,189
Other expenditure	369,540	95,678

Deferred taxes

Note 35

Deferred taxes

In EUR	2022	2021
Deferred tax on provisions for jubilee awards and severance payments	-72,471	98,771
Deferred tax on valuation allowances on receivables	-44,337	-36,502
Deferred tax on non-current accrued liabilities	-19,642	-19,642
Deferred tax on investment allowances	493,450	0
Deferred tax on donation allowances	5,491	0
Deferred tax on tax losses	27,384	0
Total	389,875	42,627

In 2022, the Group recognised deferred tax assets for temporary deductible tax differences arising from past and current unrecognised tax expenses in respect of provisions made for retirement and jubilee bonuses, unrecognised tax revaluation expenses in respect of accounts receivable, non-current accrued liabilities and unused tax credits. In calculating deferred tax assets, a tax rate of 19% was applied, which is expected to continue to apply in future financial years.

The receivables thus created increased the Group's profit for the year 2022 by EUR 389,875.

6.3 Notes to the items in the consolidated cash flow statement

The consolidated cash flow statement is prepared using the direct method from the turnover and account balances of the individual group companies.

The consolidated cash flow statement does not include items of intercompany receipts and payments.

Operating income

Note 37

Operating income of EUR 219,390,958 (EUR 335,296,563 in 2021) represents 74 % of the Group's total income and mainly relates to income from the sale of services, rent for electricity infrastructure and for services rendered to SODO d.o.o.

Operating expenses

Note 38

Operating expenses of EUR 231,145,554 (EUR 328,658,997 in 2021) represent 79% of the Group's total expenses and mainly relate to expenditure on the purchase of materials and services.

Investment income

Note 39

Investment income of EUR 17,586,425 (EUR 154,162 in 2021) mainly relates to proceeds from the disposal of long-term investments and tangible fixed assets.

Investment expenditure

Note 40

Investment expenditure of EUR 13,107,755 (EUR 12,128,065 in 2021) represents 4% of the Group's total expenditure and mainly relates to expenditure on the acquisition of tangible fixed assets.

Financing income

Note 41

Financing income of EUR 58,800,000 represents 20% of the Group's total income and mainly relates to the long-term loan received for the financing of the construction of electricity facilities in the amount of EUR 11,000,000 and to the proceeds from the increase in the current financial liabilities of Energija plus d.o.o. in the period until 31 May 2022.

Financing expenses

Note 42

Financing expenses of EUR 47,242,188 (EUR 10,304,559 in 2021) represent 16% of the Group's total expenses and relate mainly to expenses for repayments of financial liabilities, dividend payments and interest paid.

Cash result

Note 43

The cash result for the period for the Group is positive at EUR 4,281,886.

6.4 Related persons

Related parties of the Elektro Maribor Group are companies in which the Elektro Maribor Group has significant influence or companies in which it and other owners jointly control the operations of the company, as well as companies that are majority state-owned. The parent company Elektro Maribor d.d. is 79.9% owned by the Republic of Slovenia, which also paid dividends in 2022.

The Elektro Maribor Group conducted its business with related parties on the basis of concluded sale and purchase agreements. Sales and purchases include the turnover of all transactions (net of VAT), including financial income. The most significant transactions with related parties include the following:

- Transactions with group companies and associates; and
- Transactions with the Republic of Slovenia and legal entities directly majority owned by the Republic of Slovenia in 2022 that are significant for the Elektro Maribor Group in terms of the level of materiality of the transactions according to the transaction size criterion (revenues or expenses exceeding EUR 100,000).

Information on related party transactions in 2022

In EUR	Sales	Purchases	Receivables 31 Dec 2022	Payables 31 Dec 2022
Group companies	126,729	143,104	4,216	0
Associated companies	75,771	1,378,338	17,431	244,387
TOTAL	202,500	1,521,442	21,647	244,387

Information on related party transactions in 2021

In EUR	Sales	Purchases	Receivables 31 Dec 2021	Payables 31 Dec 2021
Group companies	1,442,939	101,467	35,414	53,040
Associated companies	112,269	1,434,212	580	536,923
TOTAL	1,555,208	1,535,679	35,994	589,964

Transactions with the Republic of Slovenia and legal entities directly majority owned by the Republic of Slovenia in 2022

In EUR	Outstanding receivables 31 Dec 2022	Outstanding payables 31 Dec 2022	Revenue I-XII 2022	Expenditure I-XII 2022
Zavarovalnica Sava d. d.	54,480	10,116	456,904	1,145,659
Telekom Slovenije d. d.	129,178	34,208	105,883	96,664
Pošta Slovenije d. o. o.	0	20,464	1,004	200,221
SODO d. o. o.	9,785,161	3,187,941	43,846,797	0
Elektro Celje d. d.	12,609	0	139,172	0
ELES d. o. o.	636,640	0	636,640	0
Stelkom d. o. o.	52,502	0	124,636	0
TOTAL	10,670,569	3,252,729	45,311,037	1,442,544

Transactions with the Republic of Slovenia and legal entities directly majority owned by the Republic of Slovenia in 2021

In EUR	Outstanding receivables 31 Dec 2021	Outstanding payables 31 Dec 2021	Revenue I-XII 2021	Expenditure I-XII 2021
Zavarovalnica Sava d. d.	95,951	12,440	292,935	1,157,579
Telekom Slovenije d. d.	0	99,744	105,944	119,087
Pošta Slovenije d. o. o.	0	19,100	0	207,753
SODO d. o. o.	12,564,297	3,043,189	58,057,687	0
Elektro Celje d. d.	9,425	0	107,542	0
ELES d. o. o.	913,250	210	1,289,763	6,525
Stelkom d. o. o.	60,958	0	124,058	3,255
TOTAL	13,643,881	3,174,683	59,977,929	1,494,198

7 FINANCIAL RISKS

Financial risks are potential events that (adversely) affect the achievement of the Group's strategic and annual financing objectives and include the following:

- Credit risk as the risk of loss (benefit) arising from the (non-)fulfilment of a debtor's obligations to a group company.
- Market risk as the risk of loss (benefit) from changes in the prices of commodities, currencies or financial instruments, or changes in interest rates.
- Liquidity risk as the risk of loss (benefit) due to short-term (in)solvency.
- Capital risk as the risk that a group entity does (not) always have sufficient long-term sources of funding in relation to the volume and types of business it carries on and the risks to which it is exposed in carrying on that business.

Risk management, risk management processes and risk controls are explained in the business section of the report, in the Risk Management chapter.

7.1 Credit risk

In 2022, the Group actively monitored the status of trade receivables and implemented appropriate collection processes accordingly.

The Group actively manages its exposure to credit risk by monitoring and financially securing outstanding receivables on an ongoing basis, actively collecting overdue and unpaid receivables and charging interest on late payments.

Breakdown of current trade receivables by maturity

In EUR	31 Dec 2022	Structure in %	31 Dec 2021	Structure in %
Outstanding receivables	7,439,908	69.3	15,340,092	92.3
Up to 30 days past due	353,022	3.3	232,461	1.4
31-60 days past due	41,545	0.4	49,187	0.3
61-90 days past due	2,689	0.0	187,730	1.1
Over 90 days past due	2,900,107	27.0	806,988	4.9
Total	10,737,271	100.0	16,616,458	100.0

Movement in the allowance for doubtful receivables in 2022

In EUR	Balance 31 Dec 2021	Decreases	Increases	Balance 31 Dec 2022
Allowances for current trade receivables:				
- Decrease in valuation allowances due to payments	0	43,104	0	0
- Decrease in valuation allowances due to write-offs	0	325,943	204,617	0
Total	1,450,066	369,047	204,617	1,285,636

Movement in the allowance for doubtful receivables in 2021

In EUR	Balance 31 Dec 2020	Decreases	Increases	Balance 31 Dec 2021
Allowances for current trade receivables:				
- Decrease in valuation allowances due to payments	0	79,253	0	0
- Decrease in valuation allowances due to write-offs	0	165,230	0	0
Total	1,644,685	244,483	49,864	1,450,066

Credit risk is assessed to have a moderate impact on the business. The probability of an (un)desirable event occurring is between 25 and 50%. The probability of an impact on the Group's revenue or expenses ranges from EUR 10,000 to EUR 100,000.

7.2 Market risk

The carrying amount of long-term debt is equal to its fair value. The Group's long-term debt is not exposed to specific currency and credit risks. The exposure to interest rate risk is limited to potential adverse movements in the EURIBOR benchmark interest rate. The Group does not specifically hedge interest rate movements with financial instruments. In fact, the Group's exposure to interest rate risk is assessed as low, as only 14.1% of its assets are financed by bank loans.

The cash flow sensitivity analysis is based on the sensitivity of the change in the EURIBOR reference rate for floating rate borrowings. Given the volume of variable rate borrowings at 31 December 2022 and assuming all other variables remain constant, a 1.0 percentage point (100 basis points) change in the EURIBOR reference rate would result in higher expenditure of EUR 289,298, a 1.5 percentage point (150 basis points) change in the interest rate would result in higher expenditure of EUR 355,219, and a change of 2.0 percentage points (200 basis points) in the interest rate would mean higher expenditure of EUR 421,140.

7.3 Liquidity risk

Liquidity risk is the mismatch between the maturity of financial assets and the payments of liabilities that may cause the Group to become insolvent, which is manifested by the Group's inability to settle its liabilities at a

given point in time. The Group manages its exposure to liquidity risk by planning and monitoring weekly realised inflows and outflows and by taking a timely approach to forecast borrowings.

In order to finance its investments, the Group will proceed in a timely manner to obtain the opinions and necessary consents for the debt from the line ministries and SODO d.o.o.

Loans to finance investments are shown according to contractual cash flows, which include the principal amount plus interest.

Liabilities maturing on 31 December 2022

In EUR	Book value at 31 Dec 2022	Maturity		
		up to 1 year	1 to 5 years	over 5 years
Loans for investment financing	59,487,500	9,188,612	33,086,857	20,521,790
Non-current payables	381,734	0	381,734	0
Non-current lease liabilities	1,292,872	425,154	343,438	524,280
Current trade payables	14,975,854	14,975,854	0	0

Liabilities maturing on 31 December 2021

In EUR	Book value at 31 Dec 2021	Maturity		
		up to 1 year	1 to 5 years	over 5 years
Loans for investment financing	55,125,000	7,025,343	30,408,011	19,675,324
Non-current payables	41,992	0	41,992	0
Non-current lease liabilities	500,219	53,561	267,803	178,855
Current trade payables	16,847,225	16,847,225	0	0

Liquidity risk is managed by monitoring key indicators of the horizontal financial composition.

Key liquidity risk indicators

	31 Dec 2022	31 Dec 2021
BASIC INDICATORS OF HORIZONTAL FINANCIAL COMPOSITION		
Capital coverage ratio of fixed assets =capital/fixed assets	0.82	0.83
Quick ratio (direct current liabilities coverage ratio) =liquid assets/current liabilities	0.62	0.16
Accelerated ratio (ratio of accelerated coverage of current liabilities) =liquid assets+current receivables/current liabilities	1.15	0.50
Current ratio (ratio of current coverage of current liabilities) =current assets/current liabilities	1.33	1.44

Liquidity risk is assessed to have a low impact on the business. The probability of an (un)desirable event occurring is less than 25%. The probability of an impact on the Group's revenue or expenses is up to EUR 10,000.

7.4 Capital risk

The main purpose of capital management is to ensure capital adequacy, financial stability, long-term solvency and maximise shareholder value.

Key capital risk indicators

	31 Dec 2022	31 Dec 2021
KEY FINANCING INDICATORS		
Share of equity financing in % = equity / liabilities to sources of funds	72.60	68.67
Long-term financing ratio in % = equity + long. debts + provisions + long-term accrued liabilities / liabilities to sources of funds	93.63	88.56
KEY INDICATORS OF HORIZONTAL FINANCIAL COMPOSITION		
Capital coverage ratio of fixed assets = equity / fixed assets	0.82	0.83
KEY PROFITABILITY INDICATORS		
Net return on equity in % = Net profit/(loss)/average equity (excluding profit/(loss) for the period)	3.86	3.03

Lenders require that the financial covenants defined in loan agreements are met, and the consequences of non-achievement could lead to early repayment of loans. As at 31 December 2022, the Group was in partial compliance with its financial covenants with its lenders. The Emergency Measures Act resulted in Elektro Maribor d.d. having lower revenues in the regulated business and lower EBITDA in 2022 than planned in the 2022 Annual Business Plan. Due to this objective circumstance, the Elektro Maribor Group is for the first time failing to meet one of its contractual financial covenants under the EIB contract, i.e. debt to EBITDA, as at 30 December 2013. In December 2022, Elektro Maribor d.d. entered into an agreement with EIB regarding the forgiveness of the non-performance of the financial covenants as at 31 December 2022, which, in accordance with IAS 1, did not require the non-current portion of the loan to be reclassified as a current financial liability.

Capital risk is estimated to have a low impact on the business. The probability of an (un)desirable event occurring is less than 25%. The probability of an impact on the Group's revenue or expenses is up to EUR 10,000.

IV. Contact information

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- 080 21 05 – 24-hour service for reporting network faults and disruptions
- 080 21 01 – general information

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Email: info@elektro-maribor.si

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RU Maribor and surrounding area

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RU Slovenska Bistrica

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RU Gornja Radgona

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RU Murska Sobota

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RU Ptuj

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Service units

SU Ljutomer

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GLOSSARY OF ABBREVIATIONS

AAC	Active accruals
ABP	Annual business plan
AC	Audit Committee
ADMS	Advanced Distribution Management System
ALB	Accrued liabilities
AMI	Advanced Metering Infrastructure
AMP	Annual management plan
CAPEX	Capital Expenditure
CHPG	Combined heat and power generation
CL	Cable line
COSO	Committee of Sponsoring Organizations of the Treadway Commission
DP	Development plan
DS	Distribution station
DTS	Distribution transformer station
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, a semi-conductive layer around the insulation and a polyvinyl chloride outer sheath
EIA	Economic Interest Association
EIB	European Investment Bank
EMAG	Code for shares of Elektro Maribor d.d.
ERP	Enterprise Resource Planning
EU	European Union
EURIBOR	Euro Interbank Offered Rate
GDP	Gross domestic product
GRI	Global Resource Planning
GWh	Gigawatt hours
HPP	Hydroelectric power plant
HSE	Holding Slovenske elektrarne d.o.o.
HSW	Health and safety at work
HV	High voltage
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	Reference interest rate
ICT	Information and communication technology
IEC	International Electrotechnical Commission
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IIS	Integrated information system
ISO	International Organization for Standardization
JLA	Yugoslav People's Army
KDD	Centralna klirinško depotna družba, d.o.o.
kV	Kilovolt
LV	Low voltage
LVN	Low-voltage network
MOR	Maintenance operating reserve
MP	Measuring points

MV	Medium voltage
MVA	Megavoltamper
MW	Megawatt
MWh	Megawatt hours
NEPN	National Energy Climate Plan
NIJZ	National Institute of Public Health
NMS	Network Management System
NSP	National spatial plan
OHSAS	Occupational Health and Safety Advisory Services
OPEX	Operating expense
PL	Power line
PLC	Power Line Carrier
RCS	Remote controlled switch
RCSP	Remotely controlled separation points
RE	Regional unit
RL	Road lighting
ROA	Return on Assets
ROE	Return on Equity
RS	Republic of Slovenia
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SB	Supervisory Board
SCADA	Supervisory Control and Data Acquisition
SHPP	Small hydroelectric power plant
SiOC	Slovenian organisational climate
SIST	Slovenian Institute for Standardisation
SODO	Distribution network operator
SONDSEE	System operating instructions for the electricity distribution system
SPPP	Small photovoltaic power plant
SRS	Slovenian Accounting Standards
SSH	Slovenian Sovereign Holding
SU	Service unit
TR	Transformer
TRR	Transaction account
TS	Transformer station
TSS	Transformer substation
TWh	Terawatt hours
UMAR	Office of the Government of the Republic of Slovenia for Macroeconomic Analysis and Development
VAT	Value added tax
XHP	Power cable with cross-linked polyethylene insulation, a semi-conductive layer around the insulation and a polyvinyl chloride outer sheath
ZGD-1	Companies Act
ZJN-3	Public Procurement Act
ZOEE	Electricity Supply Act
ZUOPVCE	Act Determining Emergency Measures to Mitigate the Consequences of the Impact of High Energy Commodity Prices

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