Elektro
Celje

New Energy in the Network of New Opportunities

Annual Report
of Elektro Celje for **2022**

We overcome new challenges with a well-defined strategy

At Elektro Celje, we encountered numerous new challenges in 2022, which we promptly addressed while successfully achieving the planned goals of our long-term strategy.

Content

Strategic and Fundamental Business Indicators

Key operating indicators showing deviations from the planned values for 2022

Electricity losses in the network
4.21%
by 0.03 ppt more affordable

Number of documents issued for space interventions
26,068
+ 5.1%

Number of remote reading measurement points
172,965
+ 2.02%

Investments
EUR 20.3 million
+ 5.1%

SAIFI (planned outages—own cause)
0.91 interruptions/ consumer
by 5.5% more affordable

SAIDI (unplanned outages—own cause)
24.4 min./ consumer
by 23% more affordable

MAIFI (short outages)
2.03 short interruptions/ consumer
by 47.8% more affordable

SAIFI (unplanned outages—own cause)
0.59 interruptions/ consumer
by 18.6% more affordable

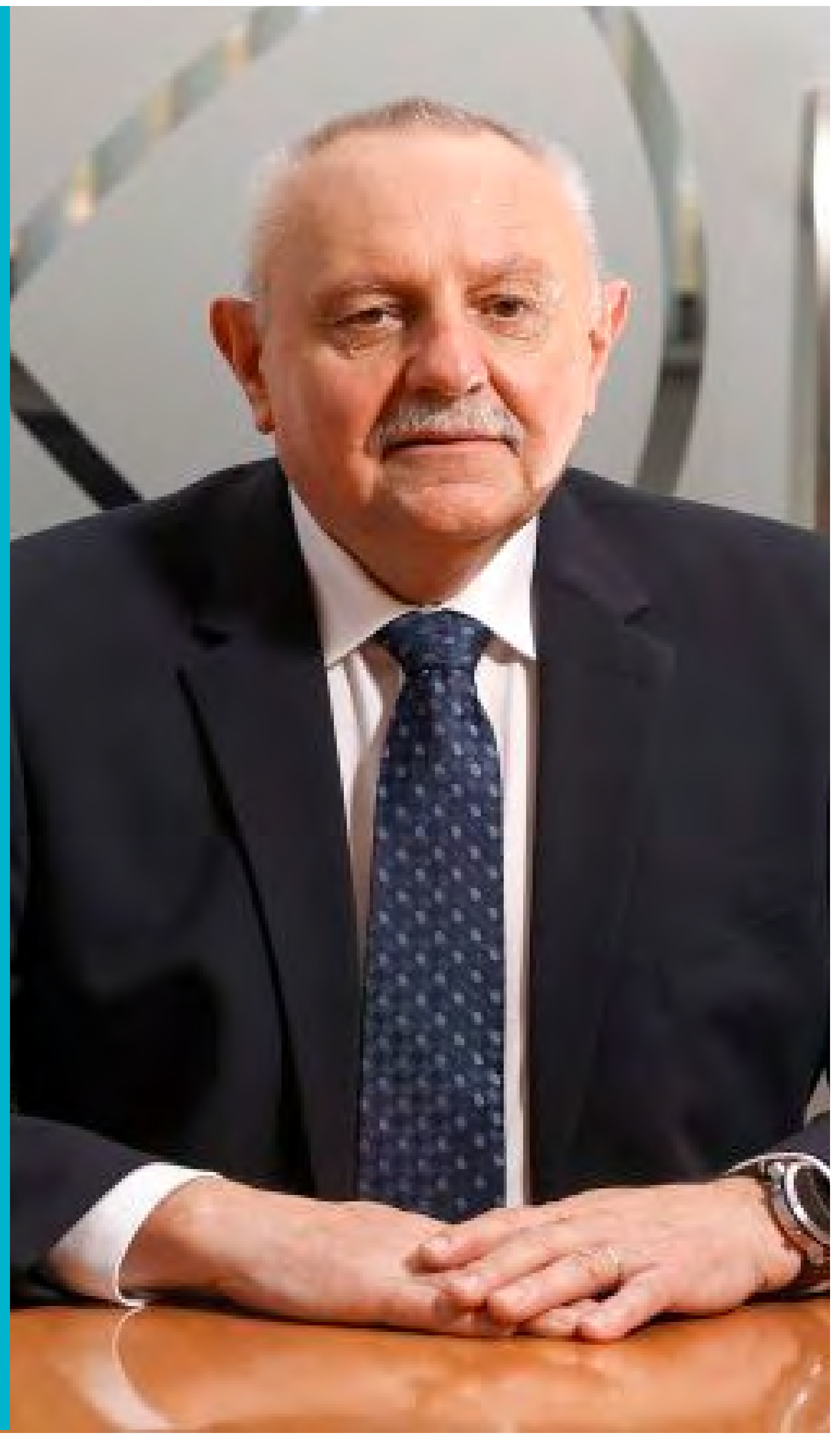
SAIDI (planned outages—own cause)
142.87 min./ consumer
by 4.6% more affordable

ECONOMIC INDICATORS AND KEY OPERATING DATA	Achieved					Graphical comparison
	2018	2019	2020	2021	2022	
NET SALES REVENUE (in EUR)	50,512,707	50,831,032	47,072,367	52,368,583	40,639,370	
EBITDA (in EUR)	28,994,302	27,536,024	24,511,297	28,582,243	13,962,710	
EBIT (in EUR)	11,504,499	9,478,479	6,463,861	9,874,586	-5,480,807	
EBITDA margin (in %)	42.75	40.90	36.79	39.72	25.32	
NET PROFIT OR LOSS (in EUR)	10,428,778	9,252,820	5,535,289	13,983,238	-4,226,339	
CAPEX TO NET REVENUE FROM SALES RATIO (in %)	46.86	48.52	55.20	52.91	49.89	
GROSS VALUE ADDED (in EUR)	51,742,861	50,488,030	48,356,804	53,070,361	39,226,166	
EQUITY as of December 31 (in EUR)	214,215,726	219,909,447	222,482,388	234,602,568	228,725,997	
ASSETS as of December 31 (in EUR)	284,080,642	290,471,682	293,952,609	305,377,920	307,201,721	
FINANCIAL LIABILITIES as of December 31 (in EUR)	37,676,913	39,589,797	39,324,681	37,874,384	47,448,292	
FINANCIAL DEBT/EQUITY (in EUR)	0.179	0.182	0.178	0.166	0.205	
NET FINANCIAL DEBT/EBITDA as of December 31 (in EUR)	1.282	1.423	1.580	1.275	3.358	
ROA (in %)	3.70	3.22	1.89	4.67	-1.38	
ROE (in %)	4.95	4.26	2.50	6.12	-1.82	

Foreword by the Chairman of the Management Board

The European Union has adopted ambitious legislation to implement its climate change commitments: the European Green Deal, a flagship strategy that provides a plan and a timeline for achieving climate ambitions (increasing resource efficiency through the transition to a clean, circular economy, restoring biodiversity, and reducing pollution). It has pledged to decrease greenhouse gas emissions by at least 55 per cent by 2030, compared to 1990, and to become the first carbon-neutral continent by 2050. Unfortunately, the uncertain situation in the energy and food markets caused by the Ukraine war and, of course, the 2022 drought led to a temporary loosening of these environmental standards. Furthermore, despite the measures taken, greenhouse gas emissions keep increasing and moving us away from the planned climate and social justice targets.

Renewable energy sources, energy storage, e-mobility, digitalisation, consumption management, and smart networks are just a few of the challenges that electricity distribution companies face, and they represent a significant professional and technical challenge for us.



Employees at Elektro Celje are aware of their share of responsibility and, as a result, are investing in the development and strengthening of the distribution network. We are paving the way for the use of renewable energy sources such as sun, water, wind, and atoms, as well as ecologically neutral consumers connected to our distribution network. We are aware that the network's capabilities are limited, as it was not designed or built to handle such a wide range of loads. Managing network peak power and current loads presents a significant professional challenge, which is solved by increasing the volume of investments, automation, and digitization of processes. We collaborate with every stakeholder in the electricity sector as well as distribution network users. We are developing new innovative services to raise user awareness about the possibilities of becoming active participants in the regulation of the electricity consumption diagram.

> Elektro Celje's revenues amounted to EUR 55,480,691, which is 1.8% more than planned.

We are firmly committed to the path of sustainable development and the achievement of goals that connect and unite us economically, socially, and environmentally. We are determined to contribute to the healing and preservation of our planet, where we want to live with dignity, equality, and in a healthy environment free of poverty and deprivation. We wish to contribute to long-term economic growth and the use of all natural resources, as well as the sustainable development and implementation of new technologies that are suited to climatic conditions and biodiversity.

This is also a period of exceptional opportunities. We have made significant progress on a number of development issues. The meteoric rise of information and communication technologies, as well as interconnection, has greatly accelerated development, allowing for the bridge of digital divides and the transition to a knowledge society, as well as scientific and technological innovation.

Nonetheless, in 2022, we found ourselves in an unusual time and space. We faced the energy challenges of the coming decade, which required us to invest more. On the other hand, Elektro Celje's operations were particularly affected by the adoption of the Law on Urgent Measures to Mitigate the Consequences of High Energy Prices, which resulted in a decrease in the recognised regulated return on assets and, as a result, lower revenues. The announced development intensity further dictates suitable financing sources, but there was a discrepancy between the provided and necessary financing sources. We attempted to compensate for the revenue loss as much as possible by reducing expenses. We were unable to adhere to the network development plans, investment plans, and, most importantly, the commitments to the NEPN (National Energy and Climate Plan), so we deviated significantly from the planned actions. As a result, we postponed non-urgent investments for the upcoming years. We cut back on our investments and focused our efforts in areas where we could primarily handle them ourselves and where doing so would improve the quality of electricity supplied to consumers.

We have established active communication with employees, who are one of the most important success factors for any company. By strengthening the Company's partnerships, we were able to increase creativity and innovation at work and find solutions to problems at both the strategic and operational levels. We build the company's future and sustainability through intergenerational cooperation and knowledge and skill transfer.

The principles of sustainable development are integrated into the Company business, products, services, and field of activity in a way that meets today's needs without compromising future generations' ability to meet their own needs. Global responsibility, intergenerational justice and solidarity, the integration of social and environmental goals, and precautionary and cooperative principles are all our responsibilities, as we are well aware.

At Elektro Celje, we are mindful of our responsibility to all stakeholders. We are proud to hold the Family Friendly Company Certificate as well as the ISO 9001, ISO 14001, ISO 45001, and ISO 27001 Certificates. As part of the Company's management, we have a system in place to ensure that our operations comply with legislation, regulations, and internal acts, as well as a risk management and internal control system. Continuous adaptation and improvement efforts are the driving force on the path to excellence and long-term business success.

The Management Board Responsibility Statement

The Management Board is responsible for preparing the Annual Report in such a way that it presents a true and fair picture of the Company's assets and operating results for the fiscal year ended on December 31, 2022, and hereby confirms the Financial Statements, Explanations, and Disclosures in the Annual Report.

The Management Board confirms that appropriate accounting directions were consistently applied and that accounting estimates were made on the basis of the prudence principle and sound management, as well as the assumption of the Company's continued operations in accordance with applicable Slovenian legislation and Slovenian accounting standards.

The Management Board is also responsible for proper accounting and taking appropriate measures to secure property, as well as the prevention and detection of fraud and other irregularities.

The Annual Report was approved by the Company's Management Board on April 14, 2023.

The Chairman of
the Management Board
Boris Kupec, MSc.

In the world of a new energy reality

The energy crisis caused by Ukraine's war exposed the vulnerability of the entire European system and showed that only international cooperation can provide efficient energy solutions.

Rapid increase in the number of prosumers

The energy crisis has accelerated the growing trend of prosumers, or small consumers who are also producers of electrical energy, resulting in even more demanding management conditions.

Required larger investments for the transformation

In 2022, the Emergency Measures Act to Mitigate the Consequences of High Energy Prices limited electricity distribution revenues, delaying the implementation of some development projects for which we are acquiring appropriate new sources of financing.

Important Events

FEBRUARY

On February 22, 2022, the Government of the Republic of Slovenia passed the Law on Urgent Measures to Mitigate the Consequences of High Energy Prices, which determined that the tariff lines of electro-operators for billing power and assumed labour energy are reduced to zero for all consumer groups from February 1 to April 30, 2022.

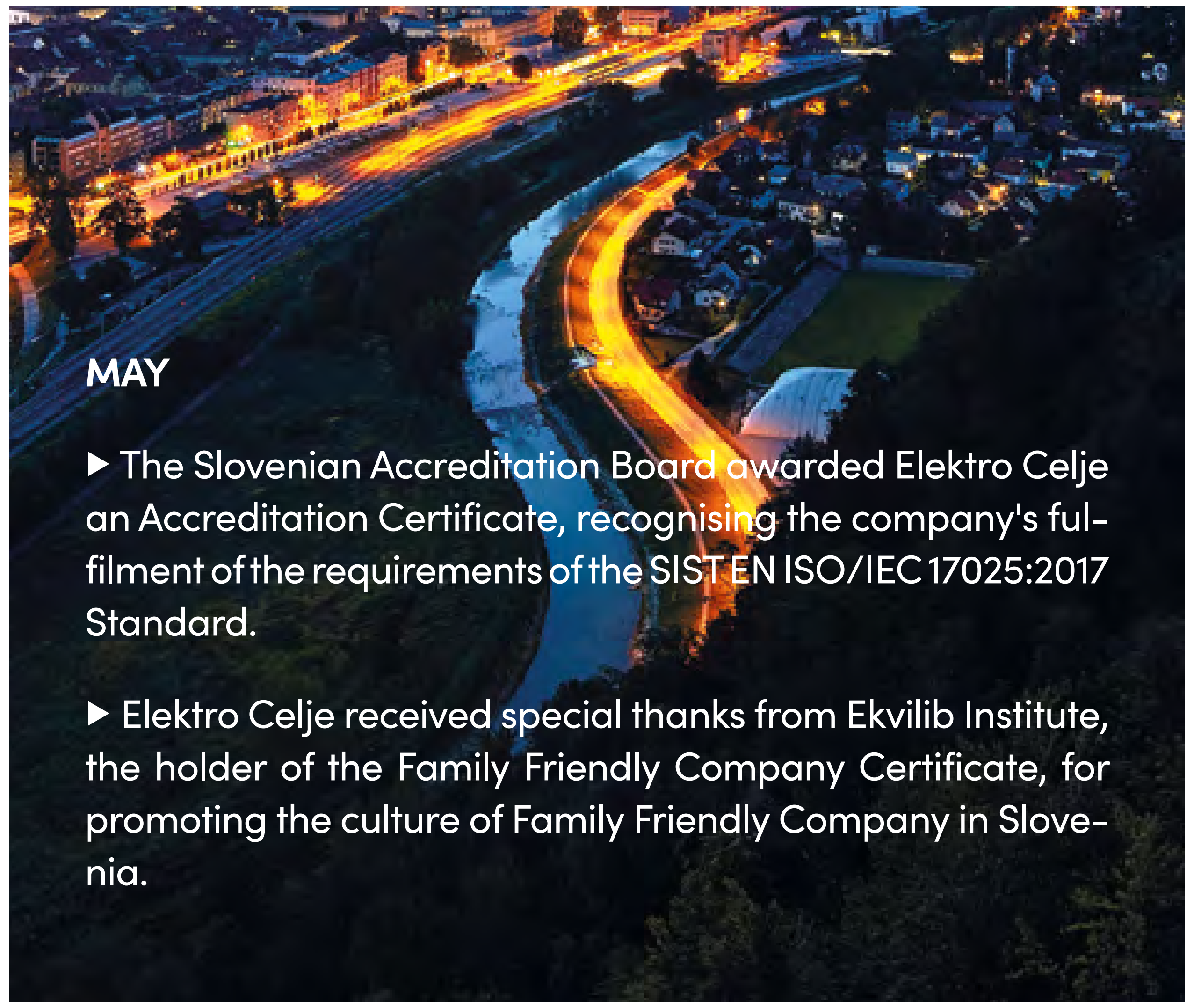
With the stipulation that the network fee deficit for 2022 be covered at the expense of a decrease in the recognised regulated return on assets, Elektro Celje's revenues are anticipated to decrease by EUR 12.1 million.

MARCH

- On March 29, 2022, Annex 4 to the Contract for the Lease of Electrical Distribution Infrastructure and the Implementation of Services for the Distribution Operator was signed with SODO (Distribution Network System Operator), which established an amount of 20% of the contractually agreed value for the issuance of monthly invoices for February, March, and April 2022.
- On March 29, 2022, the Company entered into a Loan Agreement for EUR 3 million in framework credit to provide liquidity for 3 years.

APRIL

On April 13, 2022, the Company signed a Loan Agreement worth EUR 15.2 million with a commercial bank to finance investments.



MAY

- The Slovenian Accreditation Board awarded Elektro Celje an Accreditation Certificate, recognising the company's fulfilment of the requirements of the SIST EN ISO/IEC 17025:2017 Standard.
- Elektro Celje received special thanks from Ekvilib Institute, the holder of the Family Friendly Company Certificate, for promoting the culture of Family Friendly Company in Slovenia.

JUNE

The shareholders were acquainted with the 2021 Company's operations in the Elektro Celje Group as well as the report on the remuneration of the Management and Supervisory Board members at the 27th Regular Meeting of the Elektro Celje's d.d. Assembly, which took place on June 29, 2022, at the Company Head Office in Celje. The shareholders decided, among other things, on the use of the Balance Sheet of Distributable Profits for 2021 and the release of the Company Management Board and Supervisory Board from liability for the previous year's work. At the general meeting, Elektro Celje's shareholders decided to allocate EUR 2,147,271.84 of the remaining EUR 4,410,425.93 in distributable profit for the payment of dividends, which, before treasury shares were taken into account, equalled EUR 0.09 gross per share to be paid to shareholders on July 29, 2022. The remaining Balance Distributable Sheet Profit of EUR 2,263,154.09 remained unallocated.

JULY

▶ On July 1, 2022, a budget rebalancing of the Business Plan for 2022 was approved, which included a decrease in investments from the original EUR 30.3 million to EUR 19.3 million and additional borrowing worth EUR 2.5 million in order to maintain the Company's liquidity in light of the passed Emergency Measures Act.

▶ On July 1, 2022, we began using mobile supports in the Maintenance and Engineering Sector to carry out inspections and audits at power facilities, as well as digitising and visualising data entry from the field.

▶ The Government of the Republic of Slovenia provided the Minister of Energy with instructions to prepare preventive and preparatory measures with the system and distribution operators for the implementation of crisis scenarios of electricity supply and to prepare a plan to increase the capacity of electricity generation from solar energy by 1,000 MW until 2025 at suitable locations.

▶ The Government of the Republic of Slovenia issued a Decree on the Determination of Electricity Prices, which defined the maximum allowable retail electricity price for household customers, small businesses, and consumption in common areas of flat buildings and mixed flat-office buildings.

▶ The Government of the Republic of Slovenia issued a Decree on the Determination of the Number of Excise Duties on Energy Products and Electricity. The measure maintained the applicable lower excise duties in place in order to decrease the expense of energy.

SEPTEMBER

▶ The Regulation of electricity and natural gas prices for protected consumer groups entered into force on September 1, 2022. Consumers of electricity are households and small businesses, and customers of gas are basic social services. At the same time, the value-added tax rate for consumers of electricity, natural gas, district heating, and firewood was reduced to 9.5%.

▶ The Act on Measures for the Management of Crisis Conditions in the Field of Energy Supply (ZUOKPOE) was passed on September 13, 2022, and it provides for temporary measures to manage increased energy supply risk, measures to secure energy supply, reduce import dependency, and reduce pressure on energy prices due to energy market volatility. In the event of actual or anticipated outages in the supply of electricity and gas in Slovenia, the Government has the authority to declare a lower or higher level of risk.

▶ Given the current state of the energy markets, distribution companies have prepared a plan, in collaboration with the system operator and the Ministry of Infrastructure, to increase the capacity of solar power plant electricity generation by 1,000 MW until 2025. A review of the connecting potential of larger ME on SODO's MV (medium-voltage) distribution network revealed that the estimated technical potential of the potential integration of larger production facilities into the distribution network at locations where investments in the network were not necessary or were necessary on a smaller scale amounts to 795 MW. A cartographic overview of the suitable sites' technical potential has been developed for all five areas of the Republic of Slovenia distribution system. The SODOKart web application, developed by SODO in collaboration with all five electrical distribution companies, provides a geographical indication of potential connection points from the perspective of the existing network potential for connecting larger production facilities (above 50 kW) directly to the existing electrical distribution network and excludes connecting production facilities for individual self-supply that connect to the system users' internal network.

▶ On September 21, 2022, an Act on the Methodology for Determining the Regulatory Framework for Electro-Operators was adopted, specifically for the regulatory periods from 2024 to 2028 and the regulatory period for 2023.

OCTOBER

The 2023 Business Plan was approved on October 13, 2022, with starting points in 2024 and 2025. The planned investments in 2023 total EUR 30.2 million, while the planned borrowing investments total EUR 17 million.

NOVEMBER

On November 16, 2022, the Energy Agency Council passed an Act on the Methodology for Accounting for Electro Operators' Network Charges.

DECEMBER

▶ The members of the National Assembly approved the Emergency Intervention Law to Manage High Energy Prices on December 9, 2022, which includes provisions for conservation of energy, encourages investments in renewable energies, allows heating price regulation, and subsidises pellet purchases, among other things. The law also requires that network charges be kept at the 2022 level in order to prevent the 2023 network charge for the transmission and distribution system from increasing. Regardless of the provisions of the Electricity Supply Act, the Agency determines the planned deficit of the network charge and does not take into account the network charge deficit that will be determined after 2023 when determining the regulatory framework and the tariff items for the period beginning January 1, 2024.

▶ On December 16, the National Assembly passed the Law on Assistance to the Economy to Mitigate the Consequences of the Energy Crisis, which includes two measures to preserve jobs and measures to ensure company liquidity in addition to subsidies for high electricity, natural gas, and technological steam prices.

▶ On December 30, 2022, the Government of the Republic of Slovenia adopted a regulation that establishes the maximum retail price of a limited quantity of electricity for micro, small, and medium-sized enterprises that are final customers, as defined by the Electricity Supply Law.

Events After the End of the Fiscal Year

JANUARY

▶ With effect from January 1, 2023, a new advanced Data Analytics Sector was established within the Operations and Development Service to implement new data services that demand in-depth knowledge of the Company's data processes and content. With the development of advanced data services, new possibilities for using advanced machine learning and artificial intelligence methods will emerge.

▶ In order to properly manage and optimally organise work, the Network Billing Service established two departments: the Billing Department and the Consulting Department for System Users.

▶ The Development Plan of the Electricity Distribution Network for the Years 2023–2032 was approved on January 10, 2023. The latter includes the challenges posed by decarbonization, decentralisation of production, and the widespread implementation of electrification, or the use of electricity as the primary energy source in transportation and heating. The strategic document is in accordance with the objectives of the NEPN (National Energy and Climate Plan), which recognises the electricity distribution network as a crucial infrastructure. The ten-year Development Plan until 2032 specifies investments in Slovenian electricity distribution totaling EUR 3,534 million.

FEBRUARY

The Government adopted a draft of the Law on the Introduction of Electricity Production Facilities from Renewable Energy Sources, which regulates the establishment of priority placement areas for electricity production facilities from renewable energy sources (RES) and defines some peculiarities of the placement of solar and wind power plants in these areas, as well as the specifics of spatial planning, comprehensive assessment, and environmental impact assessment.

Business Report

Company Presentation

Basic data about Elektro Celje

Company:	Elektro Celje, Electricity Power Distribution PLC
Abbreviated name:	ELEKTRO CELJE, d. d.
Head Office:	Vrunčeva 2a, 3000 Celje
Telephone:	+386 (0)3 420 10 00
E-mail address:	info@elektro-celje.si
Website:	http://www.elektro-celje.si
Entry in the Companies Register:	Register of Companies of the District Court of Celje, Reg. No. 1/00600/00
Registration number:	5223067000
VAT identification number:	SI62166859
Company size (according to the provisions of the Companies Act, ZGD-1):	Large company
Company's share capital:	EUR 150,955,089.64
Number of shares:	24,192,425
Number of employees as of December 31, 2022:	612
Chairman of the Management Board:	Boris Kupec, Msc.
Chairman of the Supervisory Board:	Boštjan Leskovar, Msc.

Mission, Vision and Values

MISSION

By providing reliable, high-quality, cost-effective and environmentally friendly electricity and modern services, we enable network users to develop and progress.

VISION

Elektro Celje, d.d., is an efficient and innovative company with a technologically advanced electricity network, making us a reliable partner in ensuring sustainable development.

VALUES

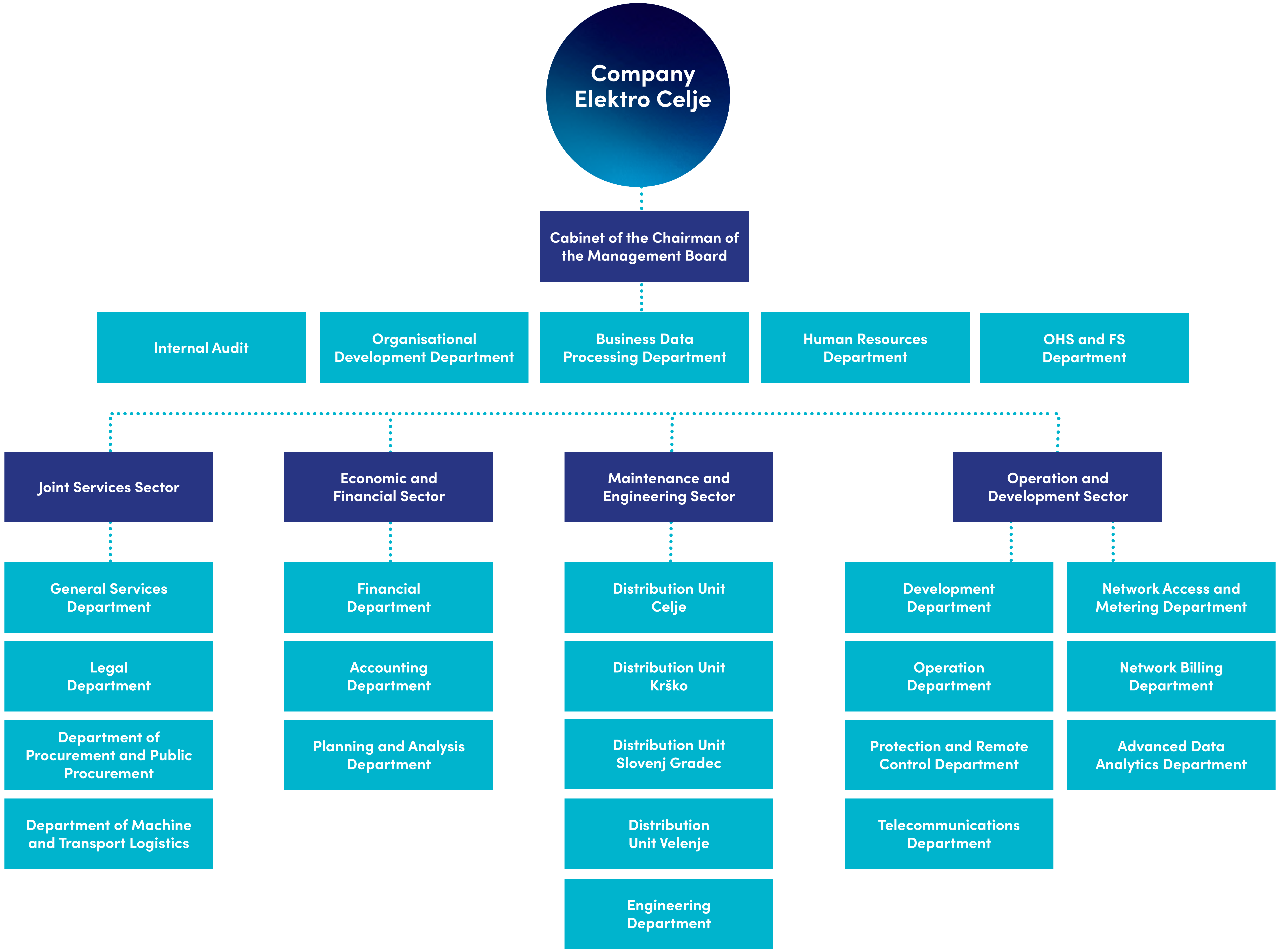
At Elektro Celje, we respect and encourage activities that ensure the following principles and values are upheld:

- responsibility and reliability,
- dialogue and cooperation,
- knowledge and excellence.

Organizational Structure

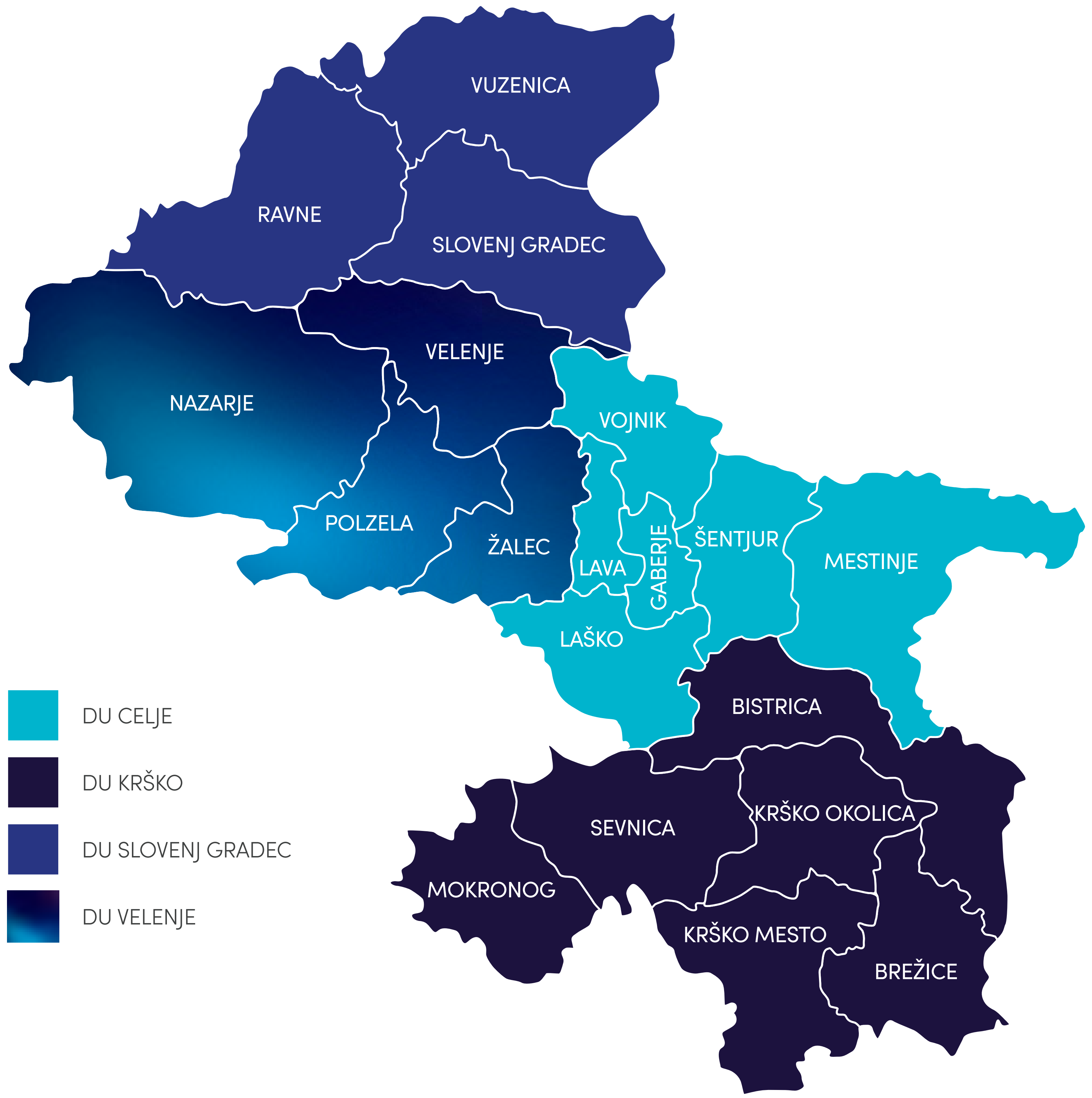
The organisational structure of Elektro Celje, based on the applicable Rules on Organisation and Job Classification, ensures professional, efficient, and rational implementation of the Company's activities as well as effective internal control.

Elektro Celje's Organisational Chart on January 1, 2023



Activity Area

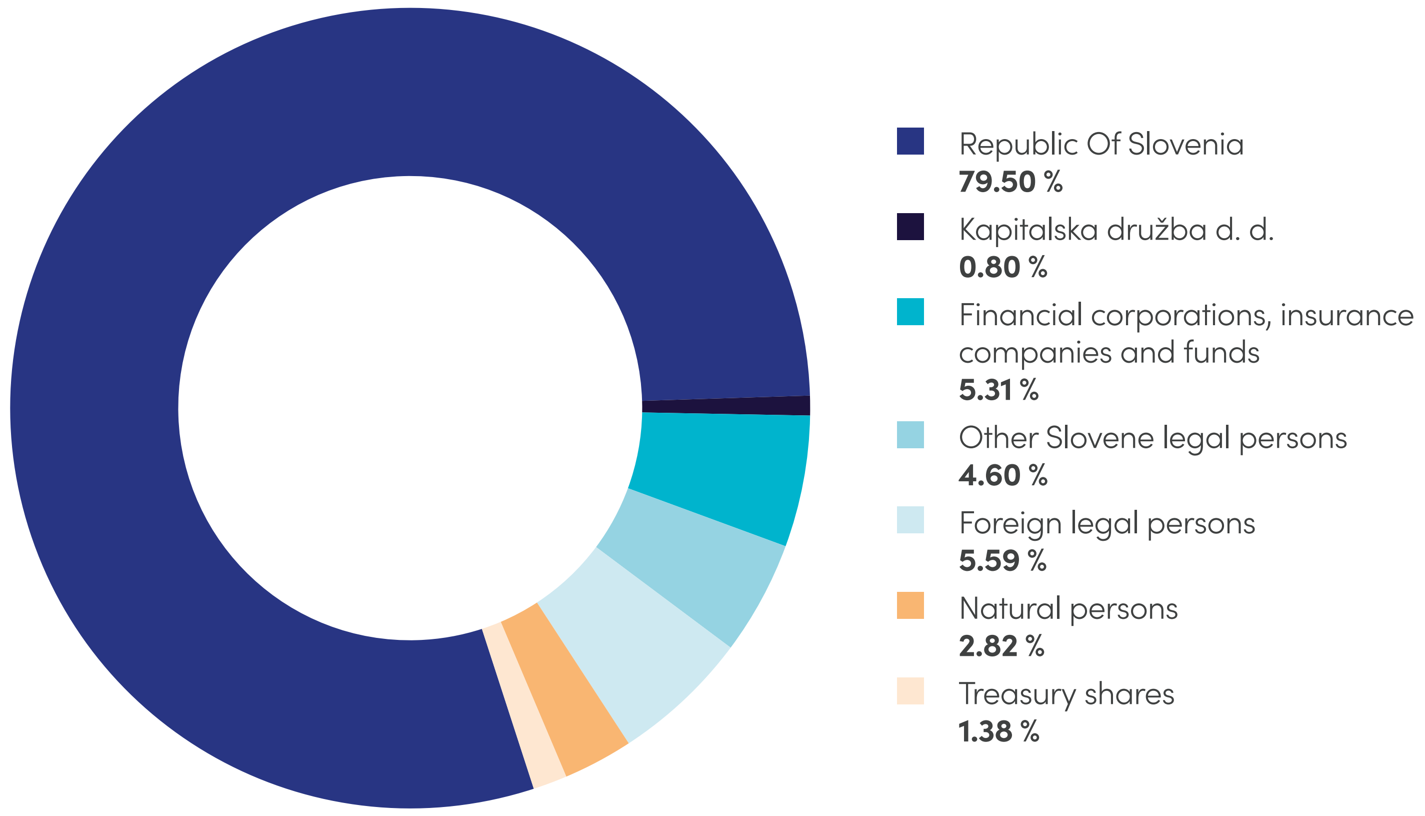
Elektro Celje's Distribution and Supervisory Units



Ownership Structure

Elektro Celje is a joint stock company with a share capital of EUR 228.7 million as of December 31, 2022. The Republic of Slovenia is its largest shareholder with a 79.5% stake; it owns 333,849 of the Company's shares for an overall purchase value of EUR 886,371.

Ownership structure of the company Elektro Celje as of December 31, 2022



Associated Companies

Elektro Celje holds a capital stake in its entirely owned subsidiary, **Elektro Celje OVI**. The primary activity of Elektro Celje OVI is the production of electricity from renewable energy sources.

Additionally, Elektro Celje owns a 36.42% stake in **ECE**, a company that deals in the purchase and sale of electricity and other energy products, and a 16.57% stake in **Informatika, informacijske storitve in inženiring, d. o. o.**

Strategic Directions and Objectives

for the implementation of Elektro Celje's strategic orientations, we have identified **four strategic objectives** and **eight strategic projects** with responsible institutions in charge of achieving the objectives within the timeframes specified. We would like to highlight the following key orientations for the coming period: **Development of New Services, Business Digitalization, Quality and Security of Supply.**

We conduct a semi-annual evaluation of our business to ensure that our strategic goals are met. On the basis of a careful analysis of changes in the external and internal environment, as well as a SWOT analysis, strategic orientations were proposed and adopted, which are aimed at the preparation and definition of strategic goals, activities, and tasks, as well as sustainable development, which is an integral part of Elektro Celje's business processes:

- **providing quality services to customers by strengthening the distribution network, introducing new technologies and services,**
- **optimising and increasing the efficiency of business processes and ensuring profitability for owners,**
- **sustainable development.**

By incorporating sustainable development and social responsibility principles into business processes, added value is created; the Company operates in accordance with the quality policy, works within the framework of legal provisions and ethical norms, improves employee care and efforts to increase employee satisfaction, protects the environment, and promotes efficient electricity use among customers. The promotion of employees' personal growth enables the development of their potentials and capabilities, and the organisational culture moves in the direction of improving employees' awareness of the importance of user satisfaction at all levels, enabling the Company's future growth and development. We will be a high-quality, trustworthy, and desirable business partner for all participants in the value chain. We will quickly and efficiently adapt to all modern challenges, trends, and various external factors.

The Sustainable Business Model depicts the interrelationships between strategic projects (understanding the cause-effect relationship) and strategic goals, with the primary goal of visualising and better understanding the strategy.

> Despite decreased revenues, Company Elektro Celje carried out the majority of the activities from the 2021–2025 Strategic Business Plan that were planned in 2022, and the deviations in achieving the set strategic activities are largely due to the adopted Intervention Law to Mitigate the Consequences of the Rise in Energy Prices.

Despite the uncertain situation in 2022, the activities planned were mostly carried out, with those that were not necessary or related to the electricity infrastructure being postponed for future years due to decreased revenues. Our business guiding principle is the timely identification of distribution system investments that will meet the growing needs of all electricity users, from households to businesses, in a constantly changing environment and with appropriate network development. To maintain high network capacity and thus supply high-quality electricity, it will continue to be necessary to address the challenges posed by increasing electricity consumption and peak loads, ageing infrastructure, environmental concerns, distributed generation, new technologies, and so on.

Due to all of the changes in the operating environment, we approached the review of the Strategic Business Plan for the period 2021–2025 in January 2023. The strategic tasks that were not accomplished during the 2021–2022 strategic period will be carried over to the new strategic period (2023–2027) after an analysis of the reasons why they were not accomplished and an assessment of their relevance.

Elektro Celje's Business Goals

To improve strategic performance, the Company must increase investments by 2025, both in total value and in sales revenue ratio. With increased investments, we will pursue several orientations and objectives, ranging from network modernization and capacity expansion to increased electricity supply security. Better business performance requires the optimal use of other options provided by the Energy Agency regulation, in addition to increasing investment and rationalising costs, the most important of which are labour costs. One of these possibilities is the implementation of new development projects that may result in new services.

	AMP 2022	Plan 2022	Achieved 2022	Plan 2023	Plan 2024
Strategic goals					
SAIDI (System Average Interruption Duration Index)	≤ 30.00	30.00	24.40	28.00	28.00
Share of distributed electricity loss (in %)	≤ 4.30	4.24	4.21	4.19	4.25
OPEX per electricity distributed (in EUR/MWh)	≤ 20.27	22.72	23.67	25.46	25.46
SAIFI (System Average Interruption Frequency Index)	≤ 0.70	0.70	0.59	0.68	0.68
MAIFI (Momentary Average Interruption Frequency Index)	≤ 3.00	3.00	2.03	2.90	2.90
Economic indicators					
ROA (in %)	≥ 2.87	-1.8	-1.38	1.72	1.65
ROE (in %)	≥ 3.81	-2.41	-1.82	2.36	2.31
EBITDA margin (in %)	≥ 39.90	25.51	25.32	34.26	34.26
Net financial debt/EBITDA (in EUR)	≤ 1.71	3.49	3.36	2.41	2.43
CAPEX to net revenue from sales ratio (in %)	≥ 58.35	48.57	49.89	56.87	62.93
Value added per employee (in EUR 000)	≥ 85.07	63.64	63.08	85.97	87.29
Net profit or loss (in EUR)		-5,502,720	-4,226,339	5,411,200	5,423,100
Investment realisation (in EUR)		19,300,000	20,276,367	30,200,000	34,000,000
Self-made investment realisation (in EUR)		12,335,773	12,186,760	20,042,168	21,200,993
Realisation of customer services (in EUR)		1,829,079	2,644,553	2,016,549	2,037,746

With advanced solutions, we improve reliability

We are constantly upgrading existing infrastructure and increasing network capacity through innovative solutions that ensure stability and safety (also) through the use of artificial intelligence.

Electricity Distribution

Distribution Network

Elektro Celje is the owner of the electrical distribution infrastructure, which it designs, constructs, maintains, and leases to the concessionaire of the amenities of the Electricity Distribution Network System Operator (SODO).

In 2022, we operated 17,038.3 km of lines, a supply area of 4,345 km2, 20 distribution transformer substations (DTSs), 16 distribution substations (DSs), and 3,611 transformer substations (TSs). The aforementioned electricity infrastructure serves 175,982 electricity customers.

Voltage-based length of cable lines under Elektro Celje's management in 2022*

By 2025, the Company has set a strategic goal of renewing the electricity network at a rate of 60% (for the MV network, 48%, and the LV network, 63%), as detailed in the section Distribution Network Development Plan.

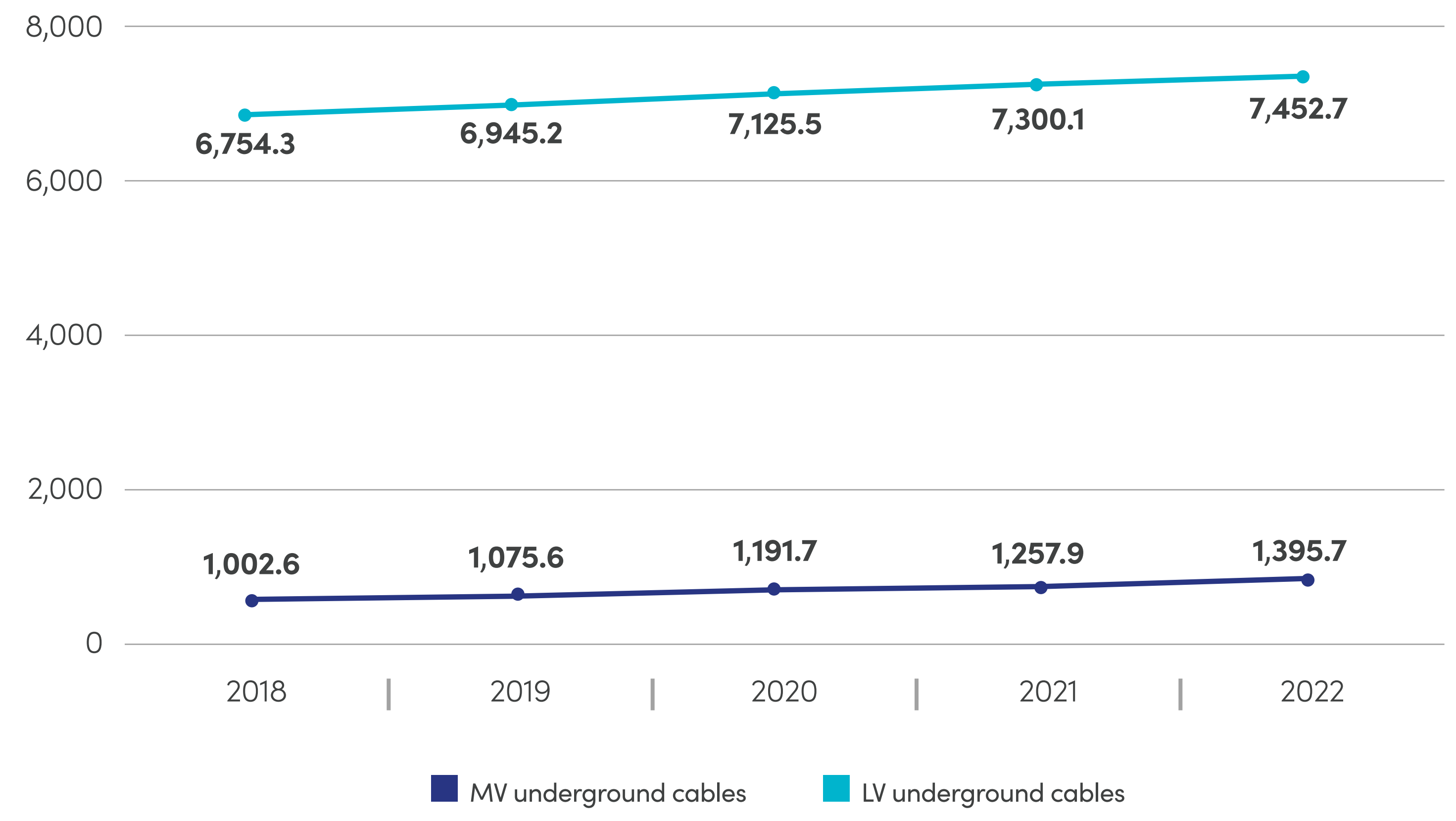
In 2022, 1,395.7 km of MV cables were cabled (137.8 km more than in 2021), representing 36% of the MV network, and 7,452.7 km of LV cables (152.6 km more than the previous year), representing 57% of the LV network.

The increase in electricity consumption and the connection of new users are reflected in the increased load on existing TSs and the construction of new TSs. We grew the TSs population by 97 over the previous five years.

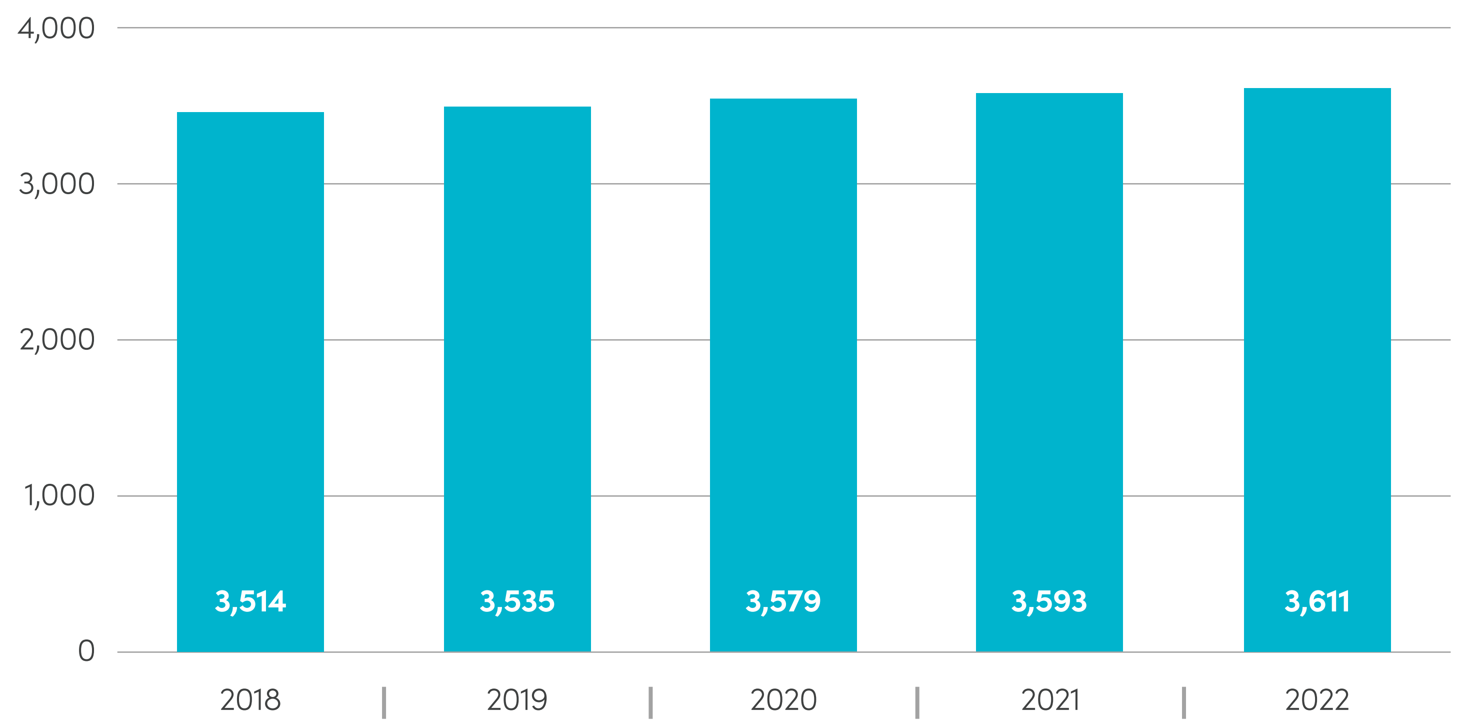
Length of lines under Elektro Celje's management in 2022 by voltage

Voltage	HV 110 kV	MV 20 kV	MV 10 kV	LVN (0.4, 1 kV)	Total
Length (in km)	72.3	3,731.2	149.4	13,085.4	17,038.3

Lenght of underground cables MV and LV (in km)



Number of TSs



Electricity Flows

The total electricity purchase in Elektro Celje's distribution network in 2022 was 1,994,352 MWh, which was 3.1% less than in 2021, while the maximum peak load reached in January was 352.4 MW. The total amount of electricity distributed to final customers was 1,913,720 MWh (3.1% less than the previous year).

Electricity losses in the distribution network amounted to 80,626 MWh, or 4.2% of distributed quantities.

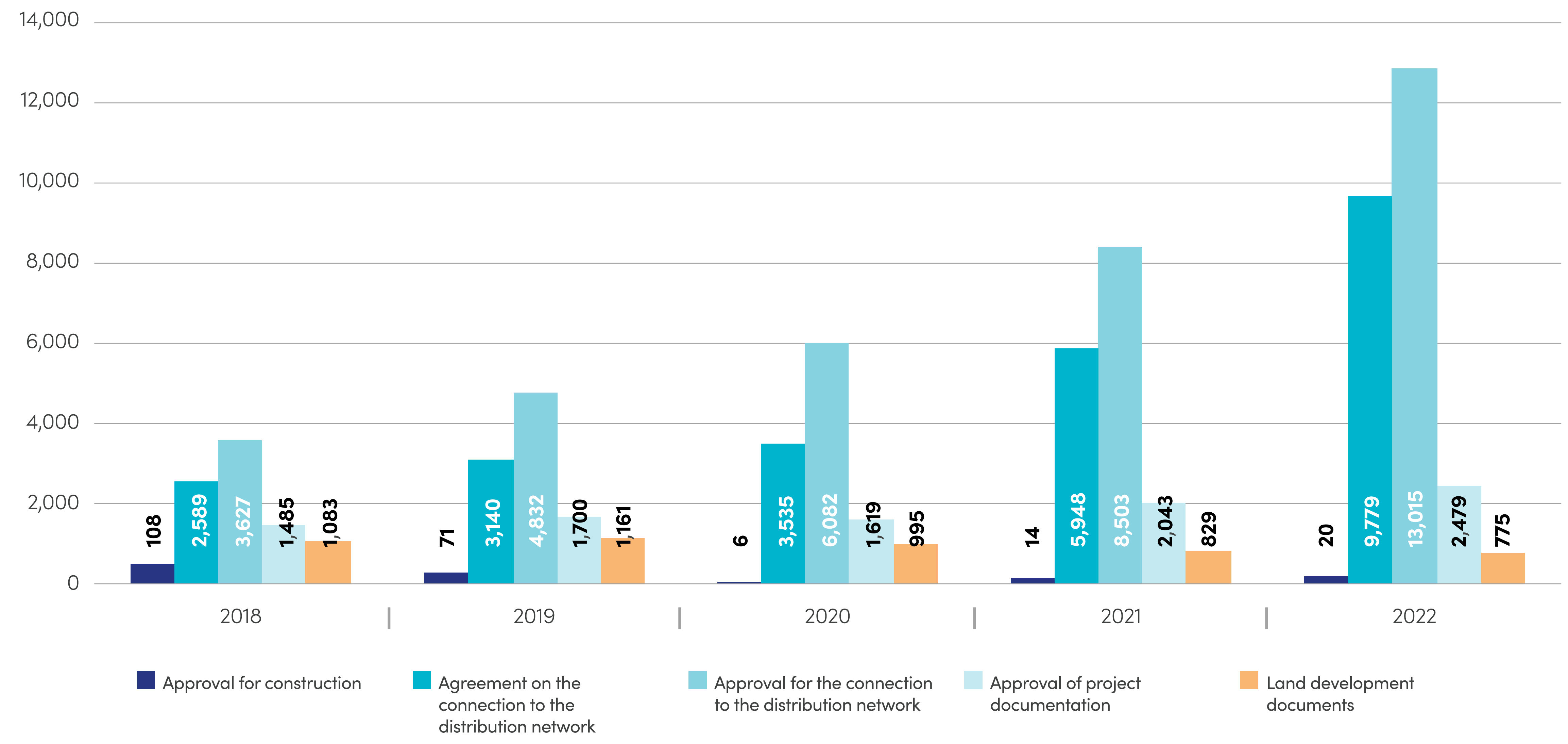
Network Access

In addition to the implementation of the connection of users' measuring points to the distribution network, the connection process includes the issuance of a complete set of legally prescribed documentation.

The number of approvals issued for connection to the distribution network has increased significantly due to an increase in the number of applications for dispersed resources (a method of self-sufficiency connection). At the end of 2022, 13,015 approvals for connection were issued, with 7,019 for connection of self-sustaining power plants, a 34.4% increase over the previous nine-month period, when 5,223 approvals for connection of self-sustaining power plants were issued.

In 2022, Elektro Celje received 8,140 applications for the connection of self-sustaining power plants. On December 31, 2022, the number of pending applications was 746, while the number of rejected applications was 803.

Land development documents issued



Input and output balance

	Year 2018 (in MWh)	Share (in %)	Year 2019 (in MWh)	Share (in %)	Year 2020 (in MWh)	Share (in %)	Year 2021 (in MWh)	Share (in %)	Year 2022 (in MWh)	Share (in %)
Transmission network	1,928,955	91.93 %	1,944,017	91.75 %	1,858,719	91.25 %	1,880,678	91.36 %	1,821,724	91.35 %
Producers	149,636	7.13 %	155,556	7.34 %	160,910	7.90 %	159,209	7.73 %	155,197	7.78 %
Unregulated supply	19,703	0.94 %	19,216	0.91 %	17,243	0.85 %	18,777	0.91 %	17,431	0.87 %
Total input into the distribution network	**2,098,294**	**100.00 %**	**2,118,789**	**100.00 %**	**2,036,872**	**100.00 %**	**2,058,664**	**100.00 %**	**1,994,352**	**100.00 %**
Total output of electricity	**2,006,905**	**-**	**2,036,262**	**-**	**1,952,512**	**-**	**1,975,237**	**-**	**1,913,720**	**-**
Unregulated output	55	-	9	-	323	-	61	-	7	-
Losses	91,334	4.55 %	82,518	4.05 %	84,008	4.30 %	83,366	4.22 %	80,626	4.21 %

Network Users and Meter Measurements

At the end of 2022, the distribution network of Elektro Celje was connected to 175,982 electricity users (including users with generation facilities and self-sufficiency). 10,160 customers changed their electricity supplier, 931 more than the previous year.

In 2022, the number of power plants increased by 3,828 over the previous year.

By the end of 2022, there were 3,425 data concentrators/collectors (97.7% of all TSs) installed in local TSs and 3,027 control metres (86.4% of all TSs) in the remote metering system.

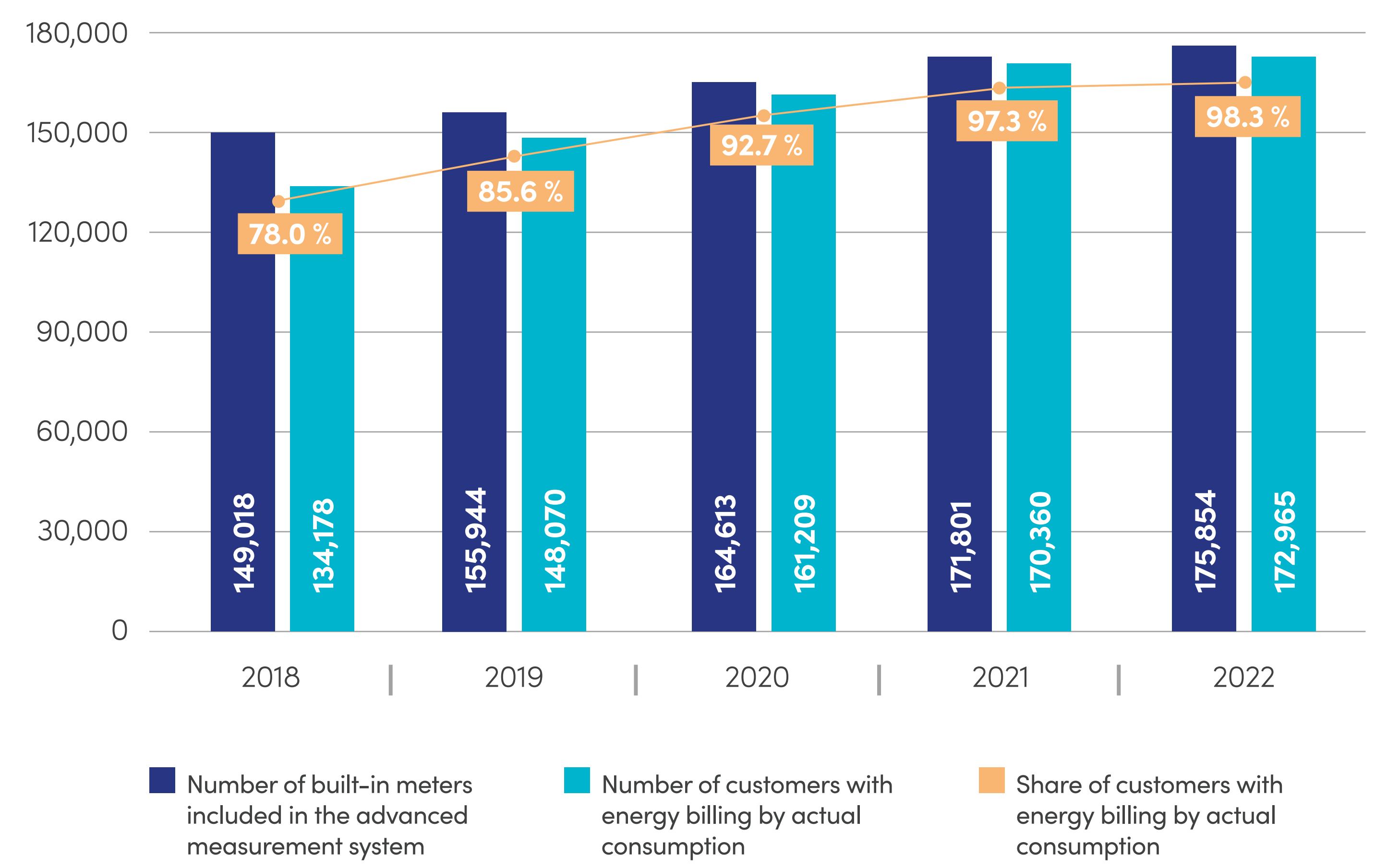
Reasons for rejection of applications for connection approvals of self-sustaining power plants

	Number of rejections
Deviation of the network voltage profile from the SIST 50160 standard	780
Generation facility is already connected in the Px3 scheme	4
The application was not completed	19
Total	**803**

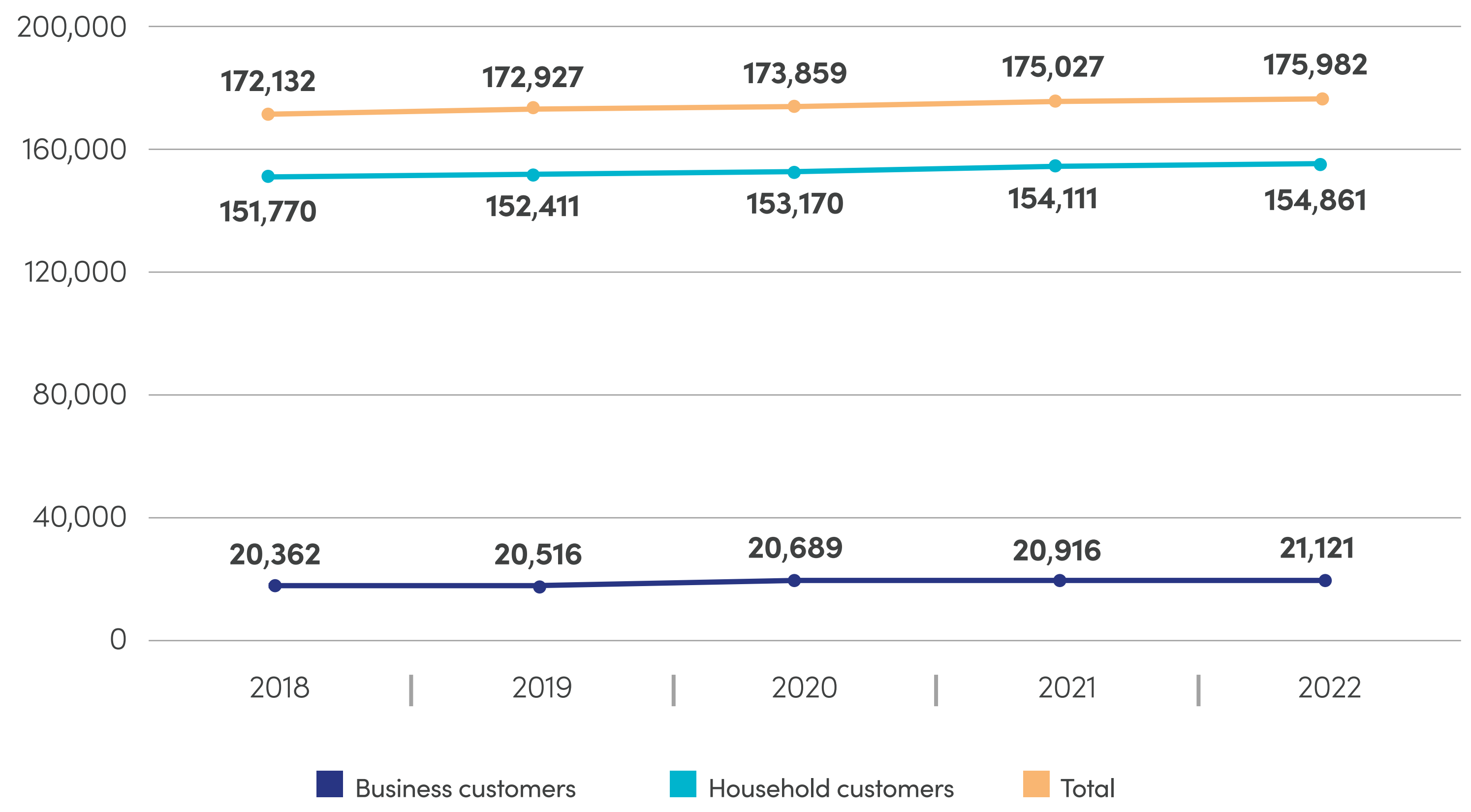
Number of operating power plants in 2022 by energy source

Energy source	Number of power plants	Production (in MWh)
Sun	9,180	69,998
Water	126	23,992
Biomass	11	38,028
Municipal waste	1	21
Gas	88	23,160
Wind	3	0
Total	**9,409**	**155,199**

Dynamics of the integration of measuring points into the advanced measuring system



Number of electricity consumers connected to the Elektro Celje network



Network Charge Calculation

Pursuant to the Agreement with SODO, Company Elektro Celje is invoicing network charges to those customers who are not billed for the network charge by their electricity suppliers.

The network charge and contributions levied on SODO amounted to EUR 68,169,517, which is 95.1% of the planned ones for theyear 2022.

With the Act on the Transmission of Data on the Quality of Electricity Supply, the Energy Agency has committed us to monitoring certain activities with which we ensure the quality provision of services for electricity consumers in the Elektro Celje's distribution area.

Network charge service	2018	2019	2020	2021	2022
Agreements on access to the distribution network	12,214	13,346	13,150	15,344	17,053
Manual meter reading – annual reading	50,673	31,994	17,443	6,291	5,251
Manual meter reading — monthly reading	20,745	14,607	24,333	19,403	14,377
Remote meter reading – household and business consumption	1,531,041	1,686,040	1,843,925	1,965,517	2,006,952
Manual meter reading due to change of supplier	2,630	2,278	1,213	310	67
Remote meter reading due to change of supplier	7,507	10,185	12,660	8,919	10,597

Commercial quality indicators	2018	2019	2020	2021	2022
Time needed to respond to written questions, users' complaints and requirements (in days)	1	2	2	1	2
Average time to restore power supply at the metering point, after the conditions for reconnecting have been established (in hours)	8.47	8.74	9.07	9.23	6.28
Average time to eliminate meter failure (in days)	4.19	5.23	5.78	4.45	3.34
Number of meter readings in one year by type of census (annual)	42,632	31,994	17,066	6,667	5,251
Number of meter readings in one year by type of census (monthly)	20,673	19,548	24,354	19,403	14,377
Average call hold time in the call centre, (in seconds)	38.67	37.83	34.33	28.68	30.64
Indicator showing the call centre service level (%)	90.69	92.75	93.47	92.95	93.29

We are expanding the potential of green energy through network development

We encourage the transition to renewable energy sources by providing comprehensive professional support and up-to-date involvement of new electrical energy suppliers, with domestic solar power plants leading in terms of number.

Distribution System Operations

Distribution Network Operation

In 2022, the greatest emphasis was placed on the comprehensive transition of management and control in the Management Distribution Centre to the new SCADA ADMS v3 (writing documents for safe work in the Work Order Management module, adjusting the view to facilitate dispatchers' work, training dispatchers to work on the new software tool, calculating power continuity indicators in the new Outage Management System module, editing and preparing daily reports on network events and sending them from the new SCADA, etc.). Only by correctly entering changes on the network can dispatchers reliably control and carry out switching manipulations for regular maintenance, investment, and breakdown elimination.

For 2023, additional work trainings in SCADA ADMS v3 and the use of other advanced features of this software tool are planned, with the goal of increasing efficiency and expanding ADMS v3 use in the Company.

Protection and Remote Control

In 2022, we carried out assessments of adequate protection performance, measurements of earthing resistance, galvanic connections, short-circuit loops, electrical energy quality, assessments of flawless operation and cable line diagnostics, maintenance of rotary uninterruptible power supply (RUPS) systems, and parameter setting of protection and remote control relays.

In DS Vransko and DTS Mokronog, we replaced the uninterruptible RUPS system, and in DTS Velenje, we upgraded the remote control that was carried out as part of the integration and testing of the transmission lines' primary and secondary equipment. In DTS Brežice, we carried out inclusion and start-up testing when replacing the secondary equipment of the transformer cabinets, and 20 remotely controlled separation points were upgraded with communication equipment that enables remote oscillograph capture.

In 2022, we began carrying out certified measurements of electromagnetic radiation (EM radiation), which are displayed in the section Management Systems.

In the following years, we will primarily invest in remotely controlled transformer substations.

Telecommunications Support

Elektro Celje maintains an optical network, an Ethernet IP/MPLS network in several redundant rings, a digital radio system for speech and narrowband data connections, a telephone system with a call centre and a Customer Relationship Management (CRM) system, a microwave connection system, a corporate videoconferencing system, and a wireless Wi-Fi network. We handle cybersecurity, the marketing of excess telecommunications capacity via the company Stelkom, and the rental of the remaining TC infrastructure.

In 2022, we installed an additional core router in the secondary data centre to handle all network traffic routing in the event of a catastrophic event at the primary data centre, where two core routers of the same type are already installed.

We completed the implementation of the ADS, Anomaly Detection System, for the process network with the help of Artificial Intelligence and visibility over services, protocols, and devices, and we continued constructing our own optical connections between distribution units and more important TPs. We have made investments in cybersecurity hardware and services, as well as active telecommunications hardware for Ethernet/IP and IP/MPLS networks. In this area, the integration of advanced cyber and information security mechanisms with constant investment in hardware, software, and licences is essential. As a result, care must be taken to guarantee that staff members receive the necessary training to master cybersecurity systems.

Maintenance Quality

at Elektro Celje, we are planning the network to ensure a reliable electricity supply while also allowing for the inclusion of new customers and production sources. We perform network analyses with appropriate software to meet the needs of integrating larger customers and dispersed resources. By monitoring the power supply reliability indicators (SAIFI, SAIDI, and MAIFI) that are included in the set of strategic indicators for Elektro Celje, we can monitor the attainment of one of the main strategic objectives, "Reliability and Safety of Network Operation," as well as the strategic actions taken to achieve the objectives that follow: ensuring the reliability of network operation, efficient management of voltage conditions, upgrading and cabling of the MV network, and upgrading of optical connections.

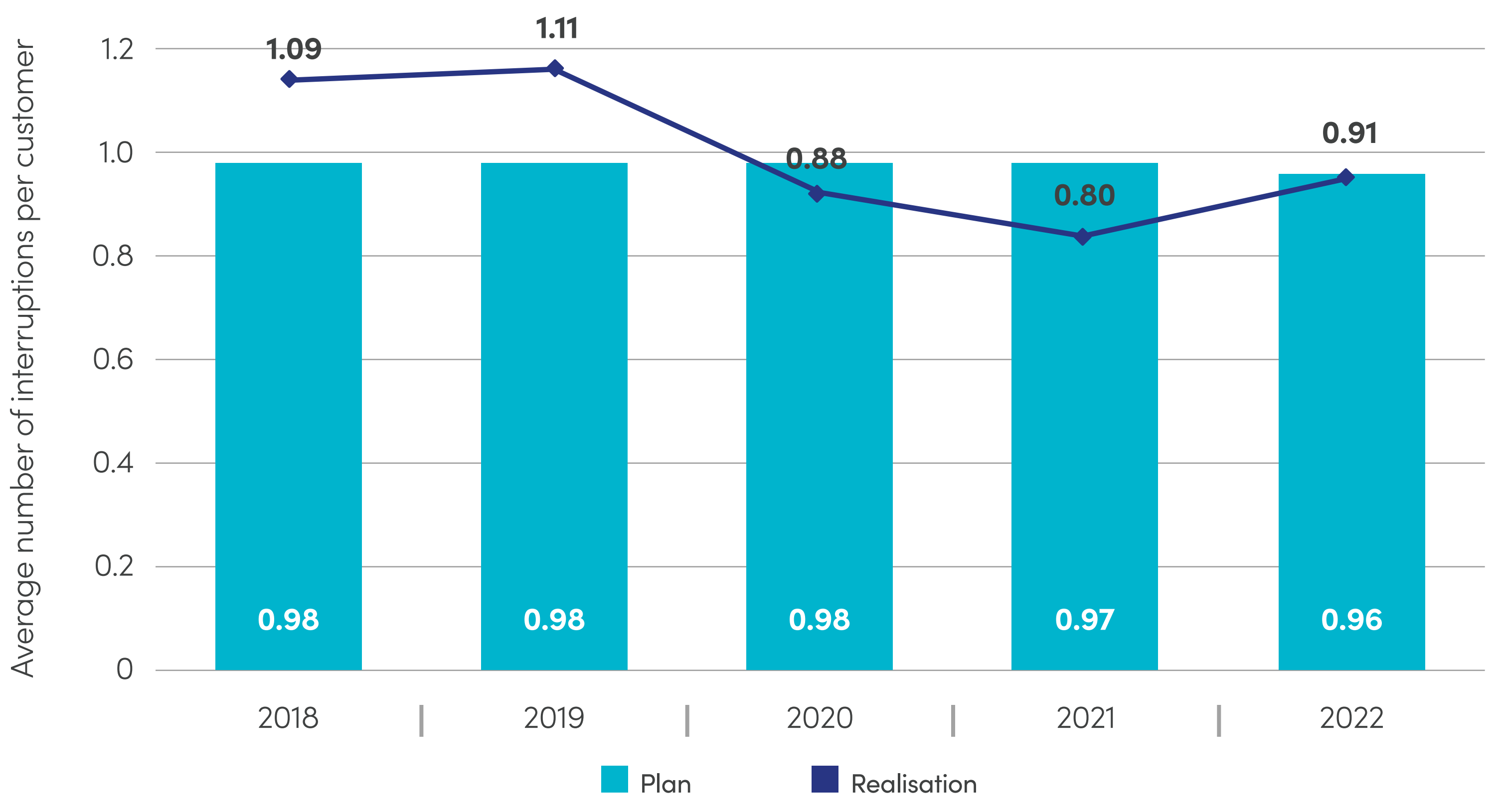
In 2022, Elektro Celje received 148 complaints about voltage quality from users (137 in 2021), 100 of which were justified (107 in 2021).

The table displays the total values of the SAIFI and SAIDI indicators in relation to the outage's occurrence cause for 2022.

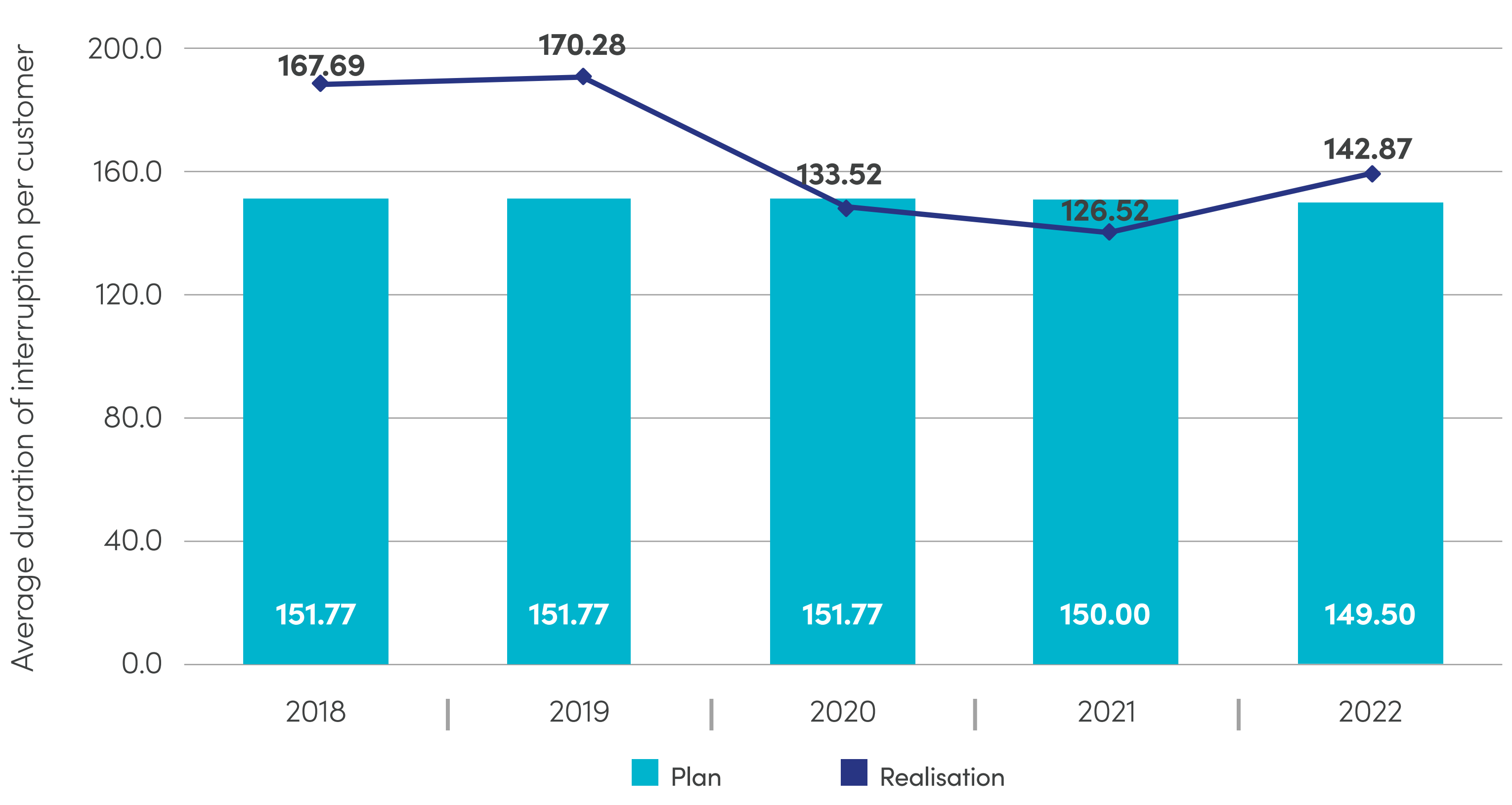
SAIFI/SAIDI reliability indicators

	UNPLANNED INTERRUPTIONS						PLANNED INTERRUPTIONS	
	OWN CAUSE		THIRD-PARTY CAUSE		FORCE MAJEURE			
	SAIFI	SAIDI	SAIFI	SAIDI	SAIFI	SAIDI	SAIFI	SAIDI
	[int./cust.]	[min./cust.]	[int./cust.]	[min./cust.]	[int./cust.]	[min./cust.]	[int./cust.]	[min./cust.]
Planned interruptions	**0.59**	**24.40**	**0.49**	**26.42**	**0.19**	**14.28**	**0.91**	**142.87**

SAIFI: planned interruptions – own cause



SAIDI: planned interruptions – own cause



Planned outages for Elektro Celje in 2022 amounted to:

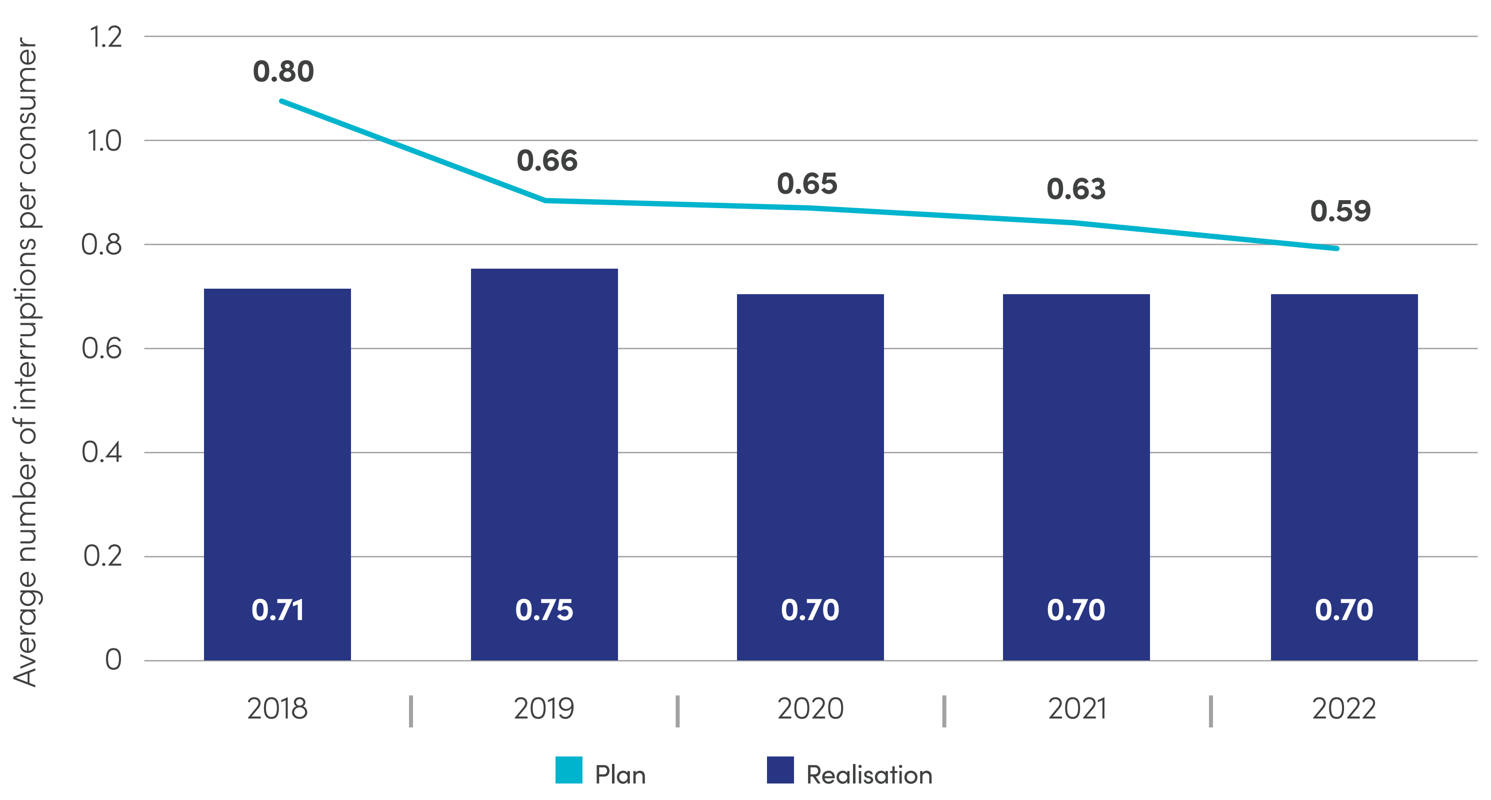
- SAIFI indicator: 0.91 outages/customer, representing 19.2% more than the average Electricity Distribution Company (0.76 outages / customer),
- SAIDI indicator: 142.87 minutes/customer (Electricity Distribution Company average is 95.47 minutes/customer).

Unplanned outages are classified into three types based on the cause of occurrence: own cause, third-party cause, and force majeure. Unplanned outages due to the Company's own causes indicate system age and a problem with maintenance (frequency, quality of work execution, etc.). Unplanned outages for which the distributor is not responsible or did not occur due to his fault are classified as third-party causes and force majeure. In both cases, the distributor must prove the causes of the outages, which must be kept as supporting documentation for individual out-of-control outages. SAIFI and SAIDI parameters are calculated at various observation levels: an MV copy of a particular DTS or DS level, DTS or DS, and Company levels.

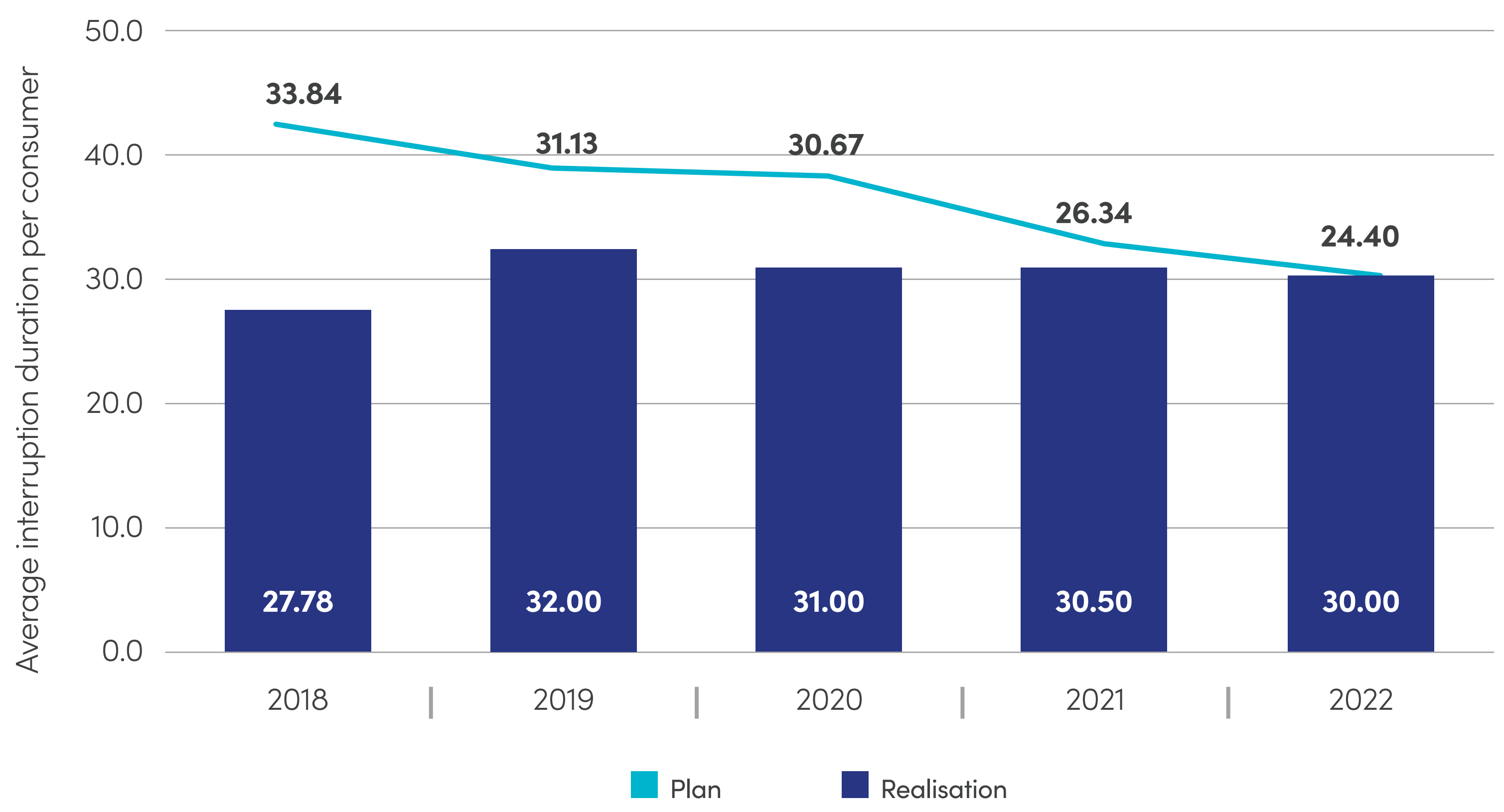
Unplanned outages at Elektro Celje for 2022 amounted to:

- SAIFI indicator (own cause): **0.59** outages/customer,
- SAIDI indicator (own cause): **24.40** minutes/customer.

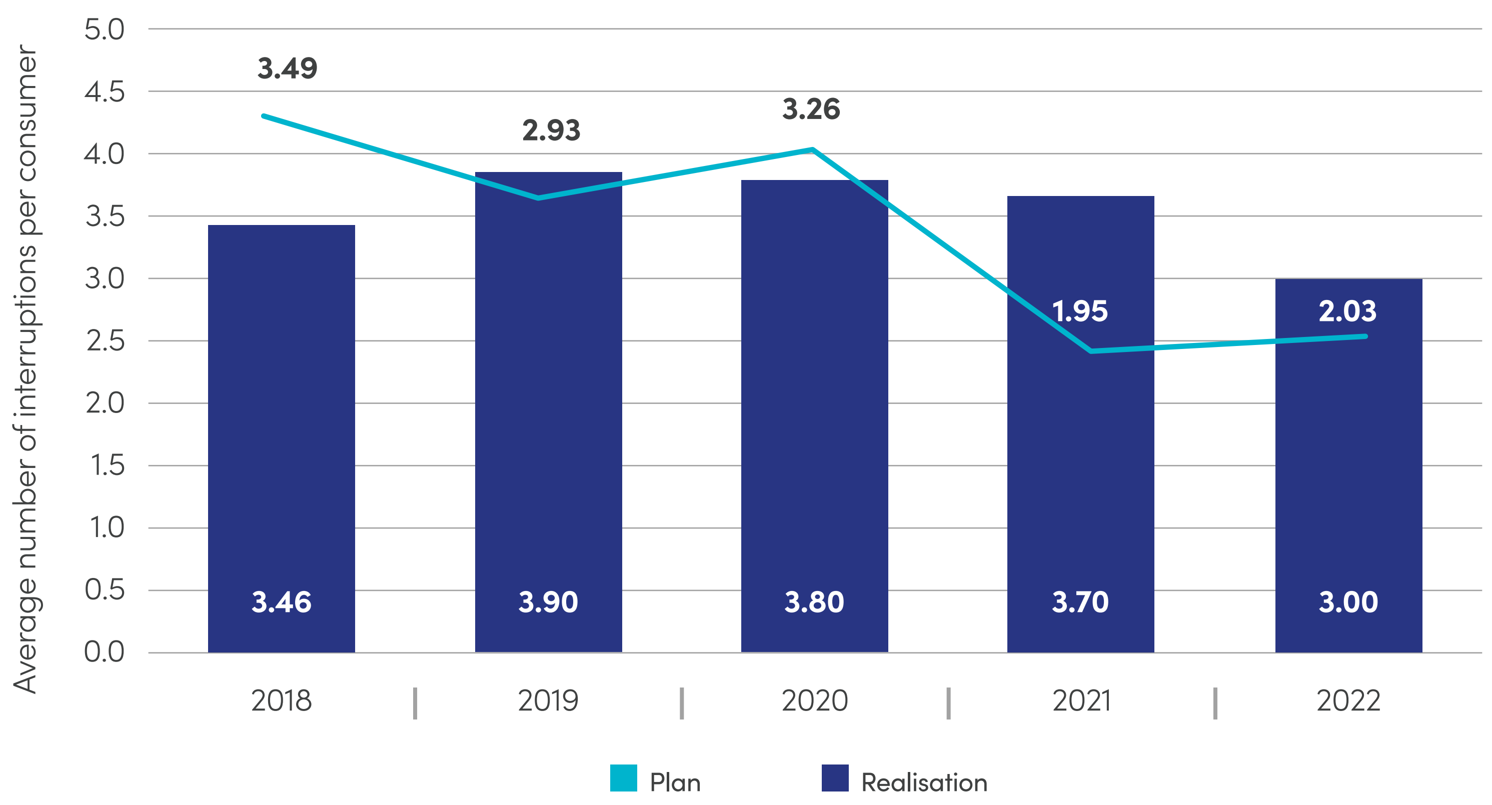
SAIFI: unplanned interruptions – own cause



SAIDI: unplanned interruptions – own cause



MAIFI: unplanned short-term interruptions



We manage dispersed sources

Even when the number of connections to self-sufficient sources of electricity production increases significantly, we maintain the distribution network's stability and resistance.

We are planning a network for new consumers

In addition to quality supply, distribution network planning and development allow for the inclusion of new consumers as well as new production sources.

We monitor reliability indicators

To accommodate large new consumers and dispersed sources, we conduct expert network analyses and regularly monitor power supply reliability indicators.

Distribution Network Development

Distribution Network Development Plan

The development of Elektro Celje's distribution network is defined by:

- Electricity Distribution Network Development Plan for the period 2023–2032 for Elektro Celje's distribution network area, which specifies EUR 613.9 million in investments over a ten-year period.
- Elektro Celje's investment plan for 2024–2028 (EUR 48,2 million in 2024, EUR 58,2 million in 2025, EUR 64 million in 2026, EUR 69,2 million in 2027, and EUR 69.6 million in 2028).
- Elektro Celje's Business Plan for 2023, with starting points for 2024 and 2025, which includes investments totaling EUR 99.2 million (EUR 30.2 million in 2023, EUR 34 million in 2024, and EUR 35 million in 2025).

The Electricity Distribution Network Development Plan 2023–2032 specifies EUR 613.9 million in distribution system investments. Among these, 58.2% of the resources will be allocated for new construction (including project documentation and infrastructure purchase), and 41.8% of the resources are predicted for reconstructions, which also aim to improve the infrastructure's capability.

The majority of investments in the ten-year development plan are devoted to the construction of a new network. The integration of dispersed sources, heat pumps, and charging stations for electric vehicles will require the interpolation of numerous new 20(10)/0.4 kV TSs with MV connection cable lines.

The majority of resources for new construction will be allocated to MV facilities (38.8% of investments over a ten-year period). The MV network is being built to accommodate new MV/LV TSs as well as to cable MV overhead lines and loop the network. 18.1% of investments are planned for new LV facilities, while 13.4% are for secondary equipment.

In the case of reconstructions, the LV network will receive the most resources (57.8% of total resources over a ten-year period). The cause is the degraded LV network and the resulting cabling of the overhead LV network.

30% will be allocated for reconstructions without increasing capacity and 70% for reconstructions with increasing capacity.

The Development Plan is based on new insights and orientations, as well as the National and European Energy Policy. The electricity system is facing significant challenges as a result of an increase in energy share from dispersed renewable sources and new electricity-using methods. The connection of newly built electric charging stations for vehicles, increased use of heat pumps, an increase in the energy share from renewable sources in final energy consumption, and active participation of users in the roles of customer and producer necessitate, in addition to investments in primary electricity infrastructure, the renewal and replacement of the low-voltage network (LVN renewal and cabling, construction of new TSs MV/0.4 kV), as well as new construction and renovation at higher voltages (MV and HV). For optimal power system utilisation, it is also necessary to update the distribution network with new technologies and install modern measuring systems to obtain accurate and more explicit data on EE consumption in the network. Active network users have a big impact on the concept of network design and operation because they can manage the devices and systems for energy generation, storage, and use in a way that prevents network overloads.

Basic Objectives of Effective Distribution Network Planning:

- meeting the planned and actual EE consumption and electricity requirements,
- meeting the needs of integrating EE dispersed production and other system users,
- ensuring that the network and its state correspond to the technical state,
- ensuring a long-term increase or maintenance of the quality of supply in relation to the target quality level,
- ensuring long-term stability, reliability, and availability of the distribution network,
- providing a cost-effective network,
- ensuring environmental protection in accordance with the legislation,
- meeting the Slovenian Energy Concept requirements,
- meeting the needs dictated by the National Energy Climate Targets.

Based on an analysis of the distribution network state, planned development of individual regions, predicted higher loads, and forecasted growth in electricity consumption in the years to come, the following new and renovation investments were identified as priority projects in the preparation of the Company's Development Plan:

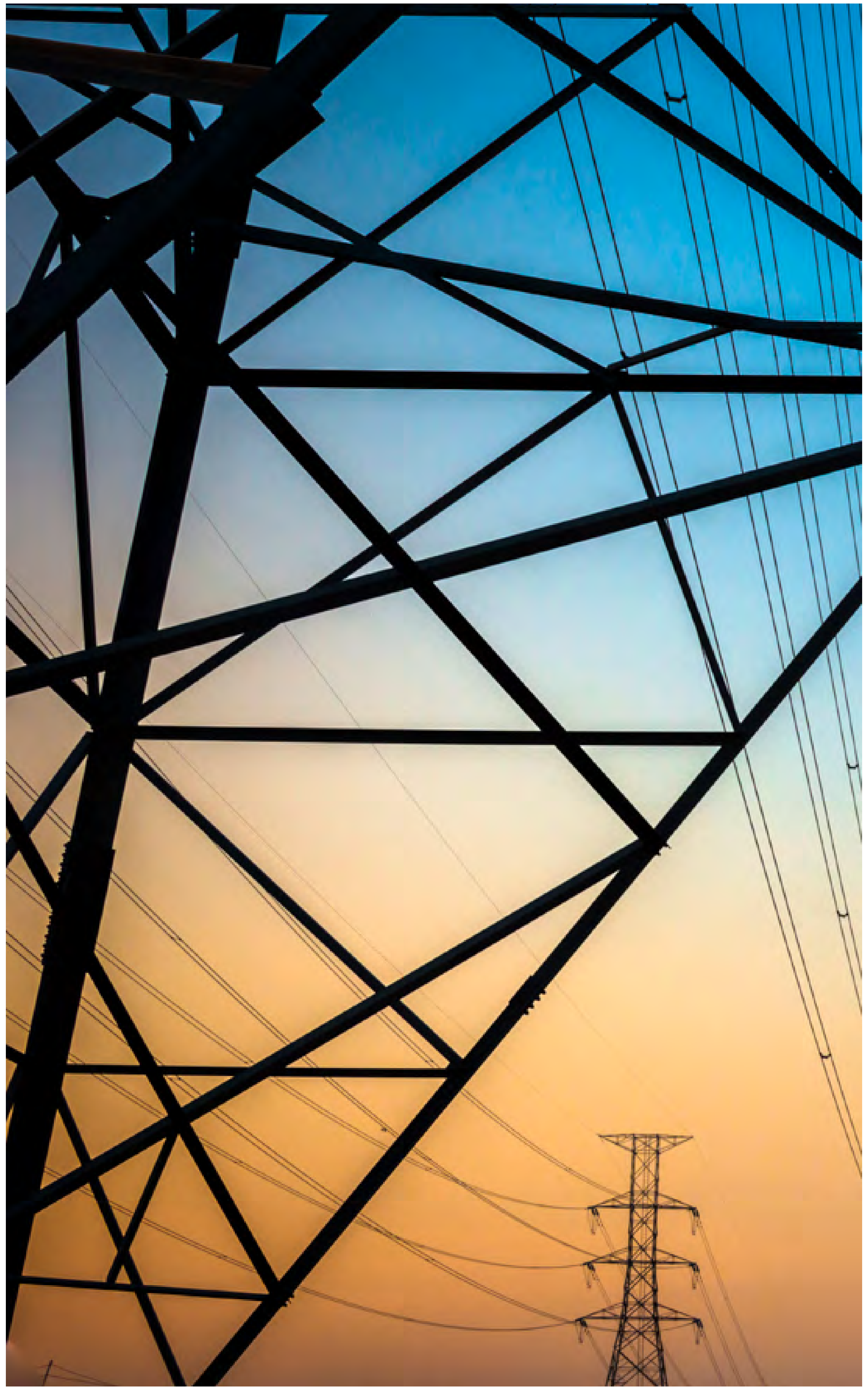
- Construction of 2 x OPL (DV) 110 kV DTS Trebnje––DTS Mokronog (about 9 km) and 2 x KB (cables) 110 kV DTS Trebnje—DTS Mokronog (0.4 km) in 2024.
- Construction of 110/20 kV DTS Mokronog by 2025.
- Major renovations and reconstructions are planned for DTS Velenje (conversion of 110 kV switchgear in GIS, Geographic Information System, implementation). Replacement of 110/20 KV transformers is planned for DTS Krško, DTS Brežice, DTS Sevnica, DTS Trnovlje, DTS Selce, DTS Laško, and DTS Velenje. Replacement of primary and secondary equipment, own use of the control system, RUPS, and AKU batteries will be done at individual DTSs depending on operational age or unreliability. Construction work will be performed according to re-

quirements (anti-corrosion protection of metal parts, foundation, facade, oil pit, and roof restoration).

- It is planned to convert the operating conditions on the 110 kV OPL of DTS Podlog––DTS Lava––DTS Šentjur, thereby converting the lines.
- In light of the projected growth in EE consumption, the state of the installed technology, adequate quality assurance of supply, increased requirements for connecting renewable EE sources, environmental protection requirements, and consent givers' conditions, investments in existing TSs and MV, as well as water and LV installations, are anticipated.
- Investments in the MV and LV networks will be made in accordance with the forecasted growth in EE consumption, the development of new commercial and residential areas, adequate quality assurance of supply, and increased requirements for connecting renewable EE sources. The majority of new lines will be built with underground cables.
- Continued transition from 10 to 20 kV voltage in the Celje area.
- Remote control and protection device upgrade (DCV), replacement of uninterruptible RUPS systems and batteries, and network automation (advanced technological solutions for control and protection systems in DTSs, DSs, remote-controlled TSs, and remote-controlled separation points).
- The completion of the construction of an advanced metering system consisting of system metres, associated information and communication infrastructure, and IT systems (new system metres will be installed, allowing customers to calculate according to actual electricity consumption; the benefits of modernising electricity metering will also be seen in a more active role of end users, more efficient use of existing infrastructure, active management of EE, and at the same time, support for consumers who produce electricity for their own needs).
- Investments in telecommunications infrastructure include the extension of its own optical network in redundant rings throughout the power system of DTSs and DSs facilities up to key TSs. Cyber and information security will receive a lot of attention, both in IT and OT (process networks and systems): in addition to all the measures already taken, the introduction of advanced security mechanisms with the support of Artificial Intelligence (including SCADA protocols) and the establishment of a joint (inter) sector Security Operations Centre.

Ecological investments will focus on regulating ecological islands for waste, treating wastewater and faeces, and connecting facilities to public sewer networks. To ensure facility energy efficiency, investments will continue in the renovation and reorganisation of commercial, operation, and storage buildings, the reorganisation of heating using renewable energy sources, the reduction of light pollution in commercial and electrical power facilities, and the insulation of facades and roofs.

The planned distribution network investments will ensure that the distribution network develops in accordance with the expected trends in electricity consumption. The development of a modern and powerful distribution network is outlined in the Company's Strategic Business Plan for the period 2020–2025, which calls for an increase in the share of the underground network over the next five years. The increased proportion of underground cables will increase network transmission capacity and operational reliability, which will result in more favourable values for the Saidi and SAIFI indicators and, as a result, stimulate the calculation of deviations from the regulatory framework. The increased extent of underground cabling will also reduce the impact of weather events on power network operations, which will help reduce the cost of repairing damage. The Company set a Strategic Goal for itself to reach a 60% share of the electricity network cabling by 2025 (48% for the MV network and 63% for the LV network), which will be accomplished by increasing the total volume of investments from 2024 to 2026.



Investments and Projects

In the field of investments, Elektro Celje plans, oversees, and manages investments. It additionally prepares project documentation as well as analyses and reports for various stakeholders. We manage investments for new MV and LV facilities, DSs, DTSs, and 110 kV cable lines from project task preparation to facility implementation. We invest a lot of time in the integration of facilities into the surroundings, impacts on the environment, land and legal issues, coordination of power line routes and power plant locations with landowners, negotiations of the compensation value for easements, and the conclusion of easement contracts.

Project Planning

The total investment value of the completed project documentation for securing a building permit (DGD: project documentation for obtaining opinions and a building permit, DNZO: documentation for obtaining a building permit for unpretentious buildings) and executing the PZI (Detailed Design) construction works in 2022 amounted to EUR 12,226,952.

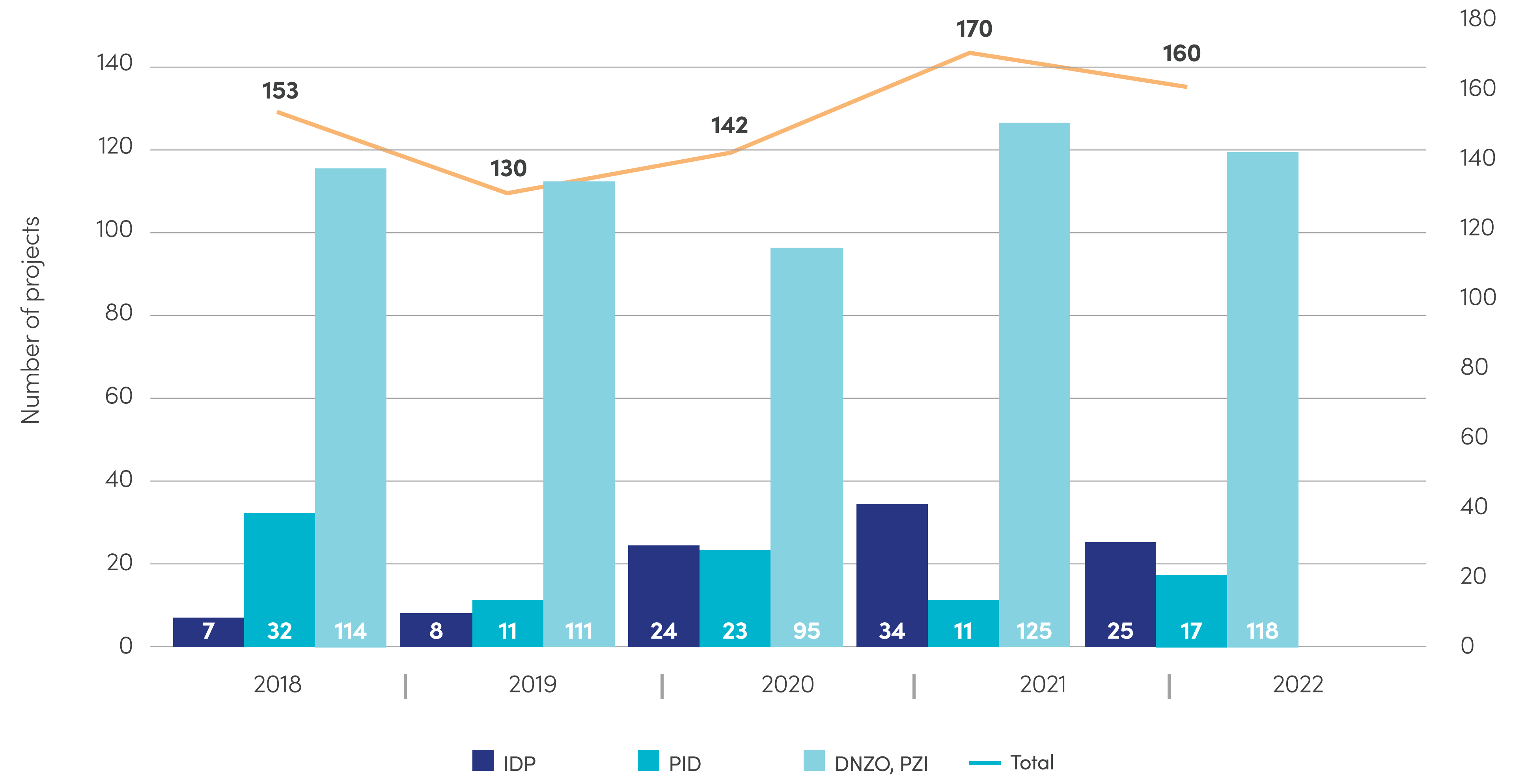
Investments

The investments undertaken by Elektro Celje in 2022 totaled EUR 20.3 million, or 105.1% of the annual plan, which had been reduced from EUR 30.3 million to EUR 19.3 million due to the RS Government's measures (exemption from network charges). Due to the increased demands of external stakeholders for the connection of solar power plants as well as the altered method of execution and financing of the new connections' implementation, the planned values for the new MV and LV facilities as well as the reconstruction of these facilities were exceeded by EUR 1.2 million. In the group of non-energy investments, planned investments in office buildings exceeded EUR 413,000. Due to smaller investments in 2 x 110 kV OPL in DTS Trebnje––DTS Mokronog––DTS Sevnica and in measuring devices, the realisation in the group of other energy investments is EUR 584,000 less than planned.

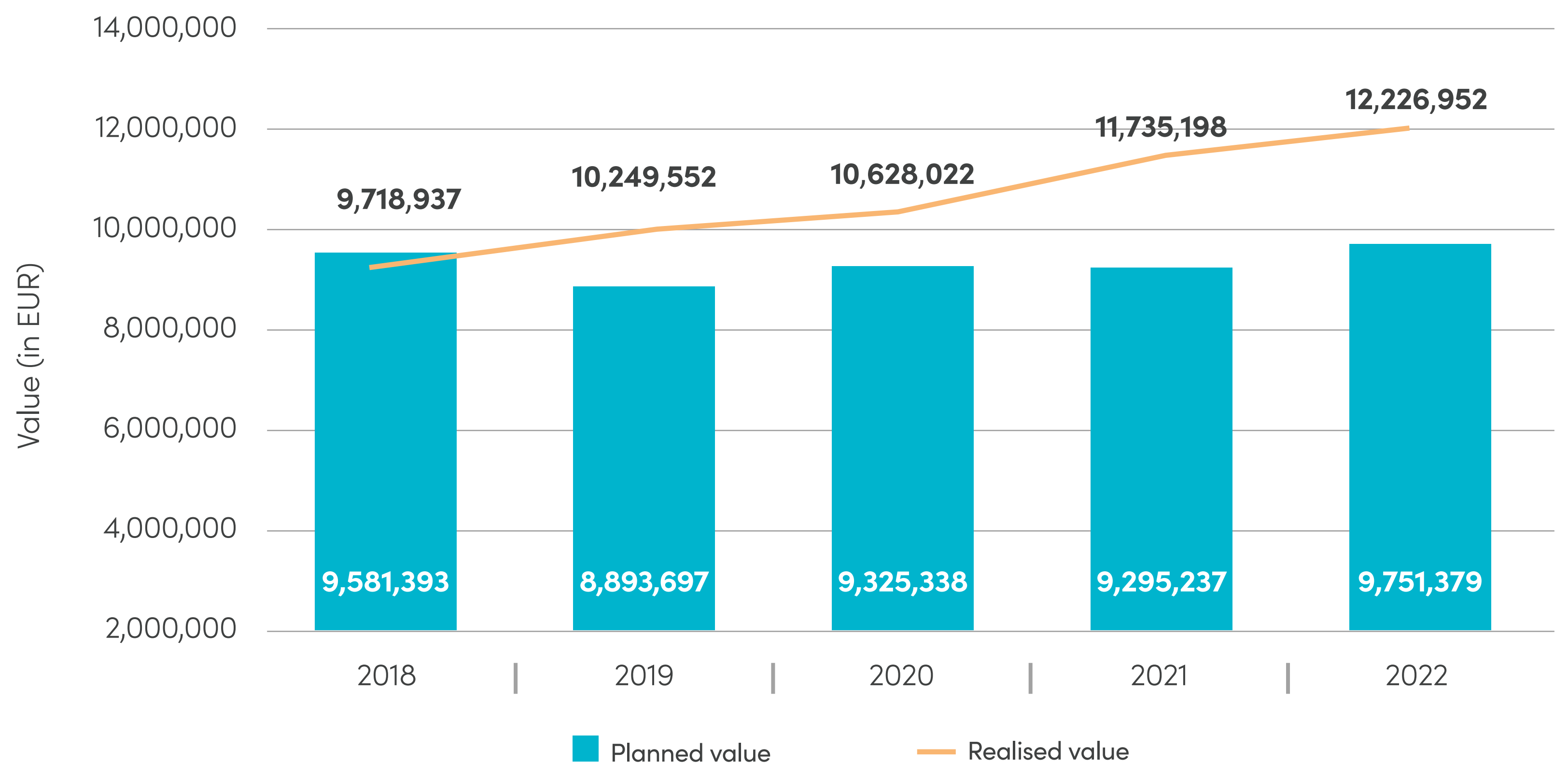
Realisation of investments in 2022 (in EUR)

	Plan	Achieved	Index ach. /plan
NEW MV AND LV INFRASTRUCTURE	5,443,651	6,136,955	112.7
RECONSTRUCTIONS OF MV and LV INFRASTRUCTURE – R/R and R&IC	6,417,516	6,914,025	107.7
Other energy investments	3,104,000	2,520,074	81.2
Other non-energy investments	4,334,833	4,705,313	108.5
TOTAL	**19,300,000**	**20,276,367**	**105.1**

Number of completed projects by year



Plan and realisation of completed projects according to estimated value of investment



Major Investments in 2022

110/20 kV DTS Sevnica––TR2 replacement

The power transformer at 110/20 KV DTS Sevnica was replaced. The work is complete. The realisation, which totals EUR 659,000, is 4.6% higher than originally projected as a result of a significant rise in the price of installation materials and equipment.

MV KB (Cables) Vodarna (waterworks facility)—Gramoznica—IGM Griček—OPL 76

In the context of flood protection measures, the existing 20 kV overhead power line in Medlog pri Celju was cabled. In 2022, a total of EUR 323,000 was invested. The construction is expected to be completed in March 2023.

110/20 kV DTS Velenje—HV primary and secondary equipment

Equipment replacement in DTS 110/20 kV was completed. The cost of replacing equipment was EUR 312,000.

TS Mariborska cesta 1 (replacement) and power lines

A replacement transformer substation (TS), which uses electricity to power up existing and intended customers along the Mariborska cesta in Dravograd, was built as a result of the deterioration of the existing transformer substation and the increased demand. The investment amounted to EUR 284,000.

TS Motnik (replacement) with power lines

Due to market regulation, the cabling of the 20 kV overhead power line, and the LV network, a replacement TS was built. The investment amounted to EUR 241,000.

TS Tovsto and power lines

Due to low voltage conditions, a new TS with a connecting 20 kV cable line and the existing cabled LV network were built in the village of Tovsto pri Laškem. The investment amounted to EUR 223,000.

Cabling TS Peskokop (gravel pit)—TS Zg. Paka (replacement)––OPL D50 Paka, Section 111 and TS Zg. Paka (replacement)

A backup cable sewer was built as part of the construction of the cycling connection between Velenje and Mislinja for the intended cabling of the OPL 20 kV Paka. In 2022, the cost of construction was EUR 212,000. In 2023, the investment will continue.

TS LVN infrastructure Lončarjev dol—LV network renewal and MV cable

Cabling of the deteriorated LV overhead network was completed in the settlement of Lončarjev dom. At the same time, a 415-metre-long 20-kV underground cable line was laid for the planned new TS, for which documentation is still being prepared. In 2022, the total cost of the construction work amounted to EUR 165,000.

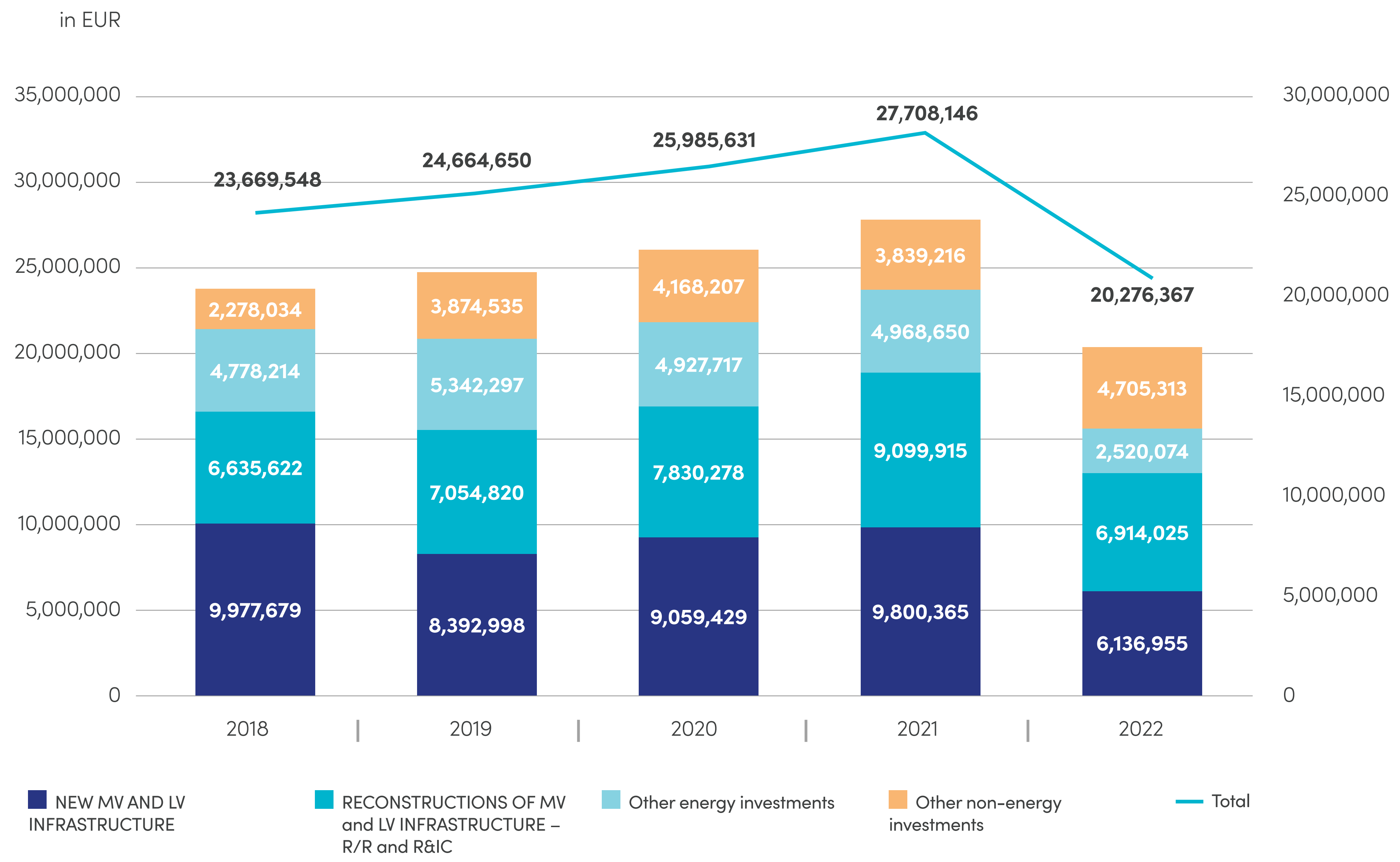
TS Latkova vas, fire station (replacement) and electrical power lines

Due to increased electricity demand and the cabling of the existing 20 kV OPL, a replacement TS is under construction in Latkova vas. The facility is nearing completion, with all activities scheduled to be completed by March 2023. The investment of EUR 139,000 was made in 2022.

2 x 110 kV OPL DTS Trebnje—DTS Mokronog—DTS Sevnica

In 2022, we began obtaining easement contracts and preparing project documentation in order to obtain a building permit for the planned 110 kV connection. The investment, which will be continued in 2023, was worth EUR 125,000 in 2022.

Value and structure of investments



Network Maintenance

At Elektro Celje, we are responsible for the maintenance and technically flawless condition of electricity installations, as well as the execution of interventions and the elimination of the consequences of breakdowns.

In addition, maintenance quantitative and value data for electricity infrastructure are shown for 2022 by asset type and work type.

In 2022, maintenance costs for the EEI (Energy Efficiency Index) reached EUR 17.6 million, 9.5% higher than planned.

Maintenance by class of asset and type of work (physical realisation)

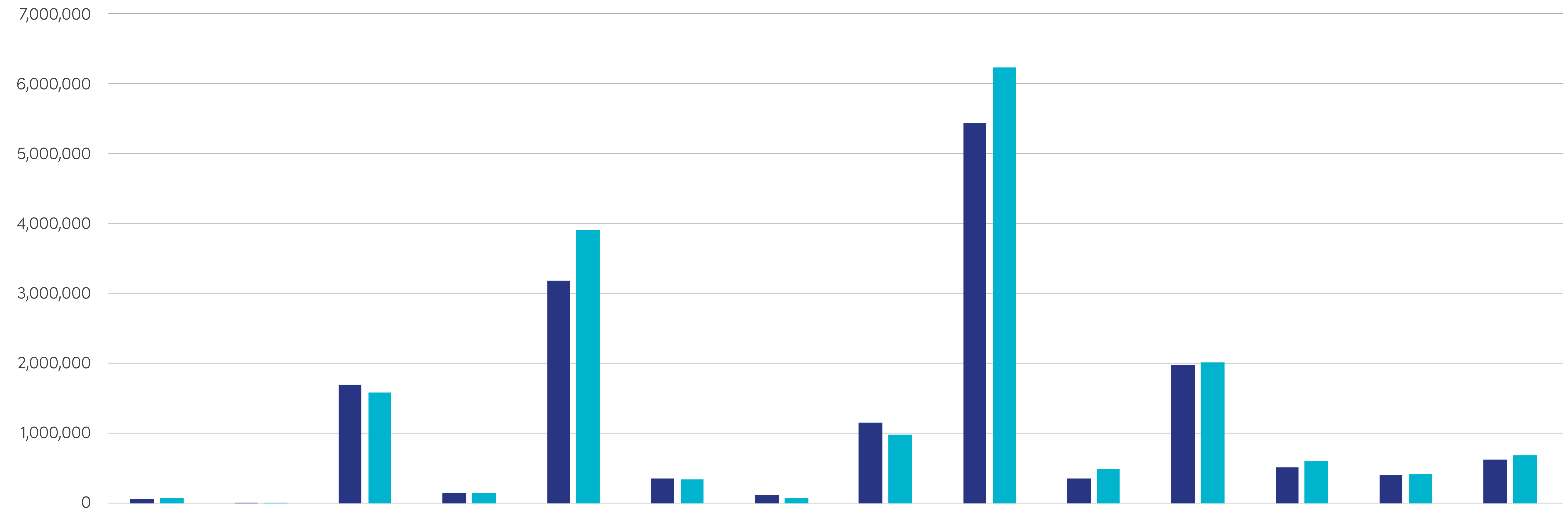
	Type of work	Unit of measurement	DU Celje	DU Krško	DU Slovenj Gradec	DU Velenje	Other	Total Elektro Celje
110 kV infrastructure								
HV overhead power lines	inspection	km	79.9	–	–	6.6	–	86.4
	clearance	km	15.9	–	–	–	–	15.9
HV underground cables	inspection	km	–	–	–	0.6	–	0.6
	clearance	km	–	–	–	–	–	0.0
DTS 110/MV kV, DS 110 kV	inspection	number	90	68	54	52	–	264
	revision	number	101	69	68	86	20	344
MV infrastructure								
MV overhead power lines	inspection	km	636.2	786.5	382.4	576.5	–	2,381.5
	clearance	km	113.7	44.2	33.2	91.7	–	282.8
MV underground cables	inspection	km	45.5	62.1	35.8	25.0	–	168.4
	clearance	km	0.9	0.2	–	–	–	1.1
DTS MV/MV, DS MV with control and protection	inspection	number	48	50	40	60	–	198
	revision	number	34	7	13	34	11	99
TS MV/0.4 kV, TS MV/0.95 kV, TS 0.95/0.4 kV	inspection	number	1,060	1,008	799	876	–	3,743
	revision	number	333	254	255	278	1	1,121
LV network	inspection	km	836.9	528.2	344.2	580.9	–	2,290.1
	clearance	km	30.9	16.8	2.2	56.4	–	106.3

In 2022, various influences caused disturbances or faults on the power equipment, which the personnel at the distribution units repaired as quickly as possible, restoring the network's normal operation.

Strong winds accompanying weather storms and southern snow at higher elevations caused the majority of network failures in November.

In 2022, we recorded 3,548 interventions due to fuse overheating at customers' homes and 880 interventions due to fuse overheating in TS. 24 transformers were replaced due to increased demand or the need to connect dispersed sources, and 5 were replaced due to malfunctions. To improve voltage conditions, 694 LV connectors and 69 LV conductors were restored.

MAINTENANCE OF ENERGY INFRASTRUCTURE (in EUR)



	HV overhead power lines	HV underground cables	MV overhead power lines	MV underground cables	LV network	DTS 110 kV	DTS MV, DS MV	TS MV/0.4 kV, TS MV/0.95 kV, TS 0.95/0.4 kV	General and operating costs, EEI insurance	Organisation and provision of emergency services	Implementation of operation	Management and maintenance of protective devices	Process management	TC System Management
Plan 2022	52,000	200	1,700,000	150,000	3,200,000	350,000	120,000	1,160,000	5,470,000	350,000	1,990,000	510,000	410,000	630,000
Achieved in 2022	72,315	24	1,589,034	140,660	3,927,617	345,197	64,256	984,611	6,274,692	494,479	2,026,166	600,859	417,829	688,140

Number of interruptions and the time required to repair the faults

	DU Celje	DU Krško	DU Slovenj Gradec	DU Velenje	Total Elektro Celje
Number of interruptions on the 110 kV infrastructure	0	0	0	1	1
Duration of interruptions on the 110 kV infrastructure	0.00	0.00	0.00	0.90	0.90
Number of interruptions longer than 3 minutes on the MV infrastructure	85	82	48	78	293
Number of hours required to repair the faults on the MV infrastructure	3,533	1,776	3,402	3,483	12,194
Number of faults on the LV network	1,184	418	234	975	2,811
Number of hours required to repair the faults on the LV network	11,369	3,813	3,262	13,064	31,508

Marketing Services

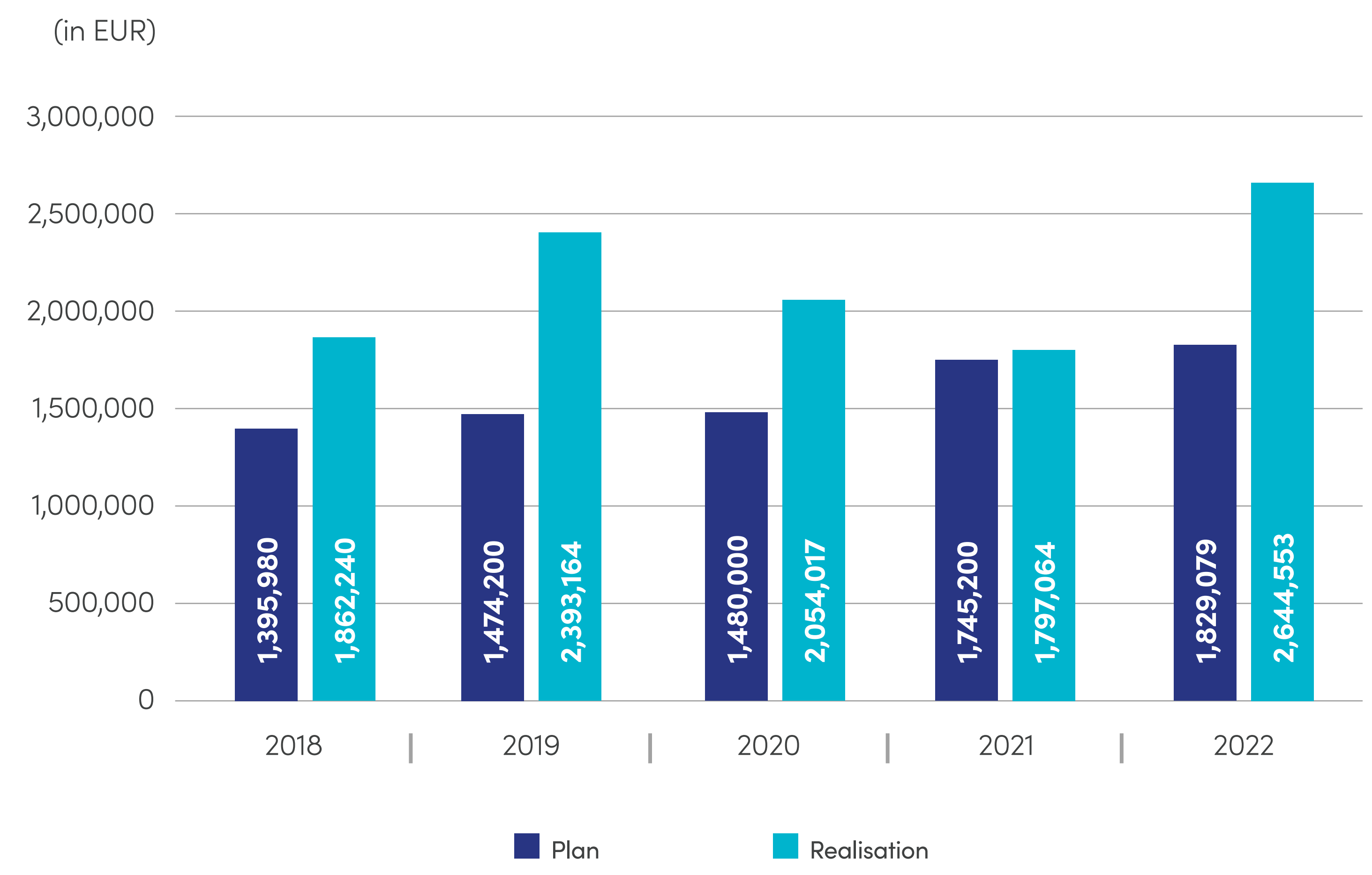
Services provided to the market by Elektro Celje are divided into the following categories:

- creation of project documentation;
- construction and electrical installation work in the construction of MV and LV lines and transformer substations;
- maintenance of third-party devices;
- various measurements for customers; and other
- non-energy marketing activities (network switchover, supervision during the construction of infrastructure buildings, setting out maintenance works on public lighting, data transmission, etc.).

In 2022, revenues from the sale of services to customers totaled EUR 2.6 million, which is EUR 44.6% higher than what was projected for 2022. The largest portion was dedicated to the construction of new, major MV and LV facilities for customers, the construction of LV connections, other work on non-energy marketing initiatives, and project planning for customers.

The planned revenue was exceeded, owing primarily to the planned implementation of offer preparation and communication with potential subscribers to our services.

Revenue from customer services



We shape digital progress through development projects

We have knowledge that we enhance by participating in international projects. We are actively involved in testing new technologies and innovative systems for future sustainable energy supply.

Research and Development Projects

H2020 iFLEX

Duration: November 1, 2020–October 31, 2023
Estimated value: EUR 6,271,549
Coordinator: TEKNOLOGIAN TUTKIMUSKESKUS VTT OY (Finland)

The project's key goals are:

- empowering electricity users and enabling them to participate in the electricity market as easily as possible. The focus is primarily on households and the response to the demand for supporting high penetration of renewable energy sources;
- overcoming the widespread state of so-called silos, where different energy information and automation systems are poorly connected to one another;

providing integrated energy management that optimises various types of energy in a unified manner.

As part of the project, the so-called iFLEX Assistant, a new software tool that will work between consumers and their energy systems to achieve mutual benefits through local energy and demand management, will be established.

H2020 X-FLEX

Duration: October 1, 2019–September 30, 2023
Estimated value: EUR 9,463,658
Coordinator: ETRA INVESTIGACION Y DESARROLLO SA (Spain)

The project's key goals are to:

- create and connect synergies between energy flexibility resources and technologies;
- encourage collaboration between smart network and energy market actors in a cost-effective manner;
- create the best possible combination of decentralised flexibility assets along the entire energy value chain while offering benefits to smart network actors.

Elektro Celje, as the project partner, will support pilot testing in the field of TS Luče Urtelj.

H2020 BD4OPEM

Duration: January 1, 2020–June 30, 2023
Estimated value: EUR 9,865,590
Coordinator: UNIVERSITAT POLITECNICA DE CATALUNYA

The project will develop specific tools for the energy sector to increase added value, functionality, and capacity.
The project's goal is to extract more value from available data and open up new markets for existing and new solutions. Customised marketing solutions will be implemented as part of an open innovation strategy that connects secure data flows from data providers to solution providers.
With the help of the BD4OPEM project, we will establish an environment for the development and utilisation of software and analytical services that will enable electricity operators to operate, maintain, and plan electricity networks more optimally and cost-effectively based on the use of large amounts of data. Methods for artificial intelligence will be used to develop data and analytical services.

Project H2020 OneNet

Duration: October 1, 2020–September 30, 2023
Estimated value: EUR 27,900,419
Coordinator: FRAUNHOFER GESELLSCHAFT ZUR FOERDERUNG DER ANGEWANDTEN FORSCHUNG E.V. (Germany)

The project's goal is to ensure the actors' unnoticeable integration into the power system in near real time. The project will create the conditions for synergistic operation or optimisation of overall energy management using an open IT architecture that will ensure interoperability at the continental level, while also creating an open and fair market structure.

The foundation of Project OneNet will consist of three main pillars:

- the definition of a common market organisation model for Europe;
- the definition of common IT architecture and common IT interfaces;
- the verification of proposed solutions in larger-scale pilot tests;
- the verification of proposed solutions in larger scale pilot tests.

Elektro Celje has joined the project as part of a consortium to accelerate the green transformation.

Project CEF GREENSWITCH

Duration: March 1, 2023–December 31, 2028
Estimated value: EUR 73,100,000
Coordinator: ELES, d. o. o.

The project's goal is to optimise the use of existing electricity infrastructure while also enabling the integration of new technologies and advanced functionalities into transmission and distribution networks in Austria, Croatia, and Slovenia.

As part of the project, the partners will invest in primary infrastructure and introduce various technologies, platforms, and functionalities for the development of smart networks that will be combined with battery-operated electricity storage systems and highly digitised information systems.

Project AMBER

Duration: January 1, 2023–December 31, 2024
Estimated value: EUR 192,500
Coordinator: ELEKTRO CELJE, d. d.

The project's goals, which will deal with the advanced use of battery electric storage systems (BESS) in the TS Gimnazija Velenje area, are as follows:

- enable a new approach to the use of system services for the distribution operator by leveraging innovative ADMS technology;
- ensure the best possible network stability and, as a result, a better quality and cost-effective supply of electricity to final customers.

Project Europe EV4EU

Duration: June 1, 2022–November 30, 2025
Estimated value: EUR 8,989,682
Coordinator: INESC ID – INSTITUTO DE ENGENHARIADE SISTEMAS E COMPUTADORES, INVESTIGACAO E DESENVOLVIMENTO EM LISBOA (Portugal)

The project's goals are as follows:

- implementation of the Management Strategy V2x, implementation of 'bottom-up' and application for electric vehicles when charging in the network and its impacts; looking into the requirements for widespread use of electric vehicles.

To maximise V2X flexibility, system operators will assess the V2X distribution level impact and propose new services..

Four demonstration pilots will be conducted as part of the project. The demonstration will take place in two locations in Slovenia. The first is a Krško office building with already integrated demo equipment. Services include limiting consumption at connecting points and maximising consumption of locally produced energy from photovoltaic power plants located on the building roof. The second location will be dedicated to existing GEN-I customers within a pre-selected local TS (in the Elektro Celje area). For participating households, a smart V2X station will be installed.

Horizon Europe ENERSHARE

Duration: July 1, 2022–June 30, 2025
Estimated value: EUR 7,999,712
Coordinator: ENGINEERING INGEGNERIA INFORMATICA SPA (Italy)

The project's goal is to create a reference architecture that will enable adequate data security in the European energy sector as well as the establishment of a standardised European data space.
The demonstration will take place in the Šaleška dolina valley in the Elektro Celje area, for which the Energy-Climate Atlas platform will be created, which will represent a unique set of innovative methodological approaches and tools. These will make it possible for cities, local communities, and operators of the energy system to take an important step in energy planning, guarantee a reliable and secure energy supply, and ensure a high standard of living.

Horizon Europe RESONANCE

Duration: January 1, 2023–December 31, 2025
Estimated value: EUR 10,230,323
Coordinator: TEKNOLOGIAN TUTKIMUSKESKUS VTT OY (Finland)

The project will explore new networking opportunities for power network operators, software solution developers, service and data providers, aggregators, and end users.

The project's goals are as follows

- cost-effective implementation of CEM (Customer Energy Manager) and their integration solutions in various industries;
- common interface and automated modelling tool development;
- provision of secure and interoperable interfaces and automated flexibility management services that enable cost-effective replication of user energy managers on a large scale;
- development of CEM (Construction Engineering and Management) integration solutions, sustainable markets, and business models that support extensible deployment of CEM solutions across markets and geographic environments;
- the establishment of a catalogue of solutions and services in the field of energy flexibility management (demand/distributed generation) for residential and business customers.

The project is extensive and involves a number of stakeholders, which enables the development of new services that will contribute to improved utilisation of the resources across the entirety of the electricity infrastructure.

Environment Analysis and Business Performance

Macroeconomic Environment

Following the first evaluation, Slovenia recorded a growth rate of 5.4% in **gross domestic product in 2022**. GDP growth in most components was stronger in the first half of the year than in the second half. The slowdown in activity continued in the final quarter. In the year-over-year comparison, the GDP increased by 0.2%. Growth came in slightly above UMAR's (Office of the Republic of Slovenia for Macroeconomic Analysis and Development) expectations, illustrating the economy's resilience and the effect of the laws and policies put in place to tackle the energy crisis. According to the Bank of Slovenia's assessment, such a year's end should also provide encouraging signs for 2023, when growth would otherwise be expected to slow down.

The average registered unemployment rate dropped from 7.6% in 2021 to 5.8% in 2022. According to the RS Employment Service, 53,181 unemployed people were registered in Slovenia at the end of December 2022, which is 19.4% less than in December 2021.

In 2022, annual **inflation** was 10.3% (4.9% in 2021), while average annual retail price increases were 8.8% (1.9% in 2021). Food and non-alcoholic beverage price increases (up 18.6%) contributed the most to annual inflation, accounting for 3.1 percentage points. Electricity, gas, and other energy products, which rose in price by 18%, had a 1.4 percentage point impact on the rise in inflation. The 12.9% increase in housing and household equipment and current housing maintenance prices increased inflation by 1 percentage point.

In Slovenia, the **average monthly gross salary** for 2022 was EUR 2,023.92. It was nominally 2.8% higher than the 2021 salary, but in real terms it was 5.5% lower, owing primarily to COVID-19 epidemic-related measures in effect in 2021.

Economic trends indicators

	2018	2019	2020	2021	2022
GDP, real growth (in %)	4.4	3.2	-4.2	8.2	5.4
Average registered unemployment rate (in %)	8.2	7.7	8.7	7.6	5.8
Inflation, annual average (in %)	1.7	1.6	-0.1	1.9	8.8
Inflation, Dec./Dec. (in %)	1.4	1.8	-1.1	4.9	10.3
Gross salary in the Republic of Slovenia, nominal growth (in %)	3.4	4.3	5.8	6.1	2.8
Gross salary in the Republic of Slovenia, real growth (in %)	1.7	2.7	5.9	4.1	-5.5

Source: Statistical Office of the Republic of Slovenia and Employment Agency of the Republic of Slovenia

Energy Regulatory Environment

With their power distribution networks, electricity distribution companies are regarded as key infrastructure, making up 95% of the electricity networks in Slovenia. In the area of electricity distribution, increased capacity and interference resistance are expected, as well as progress and the effective exploitation of the network's resources and limitations in accordance with the sustainable requirements of its users, who are guaranteed a high-quality and reliable supply. The development of the electricity distribution network, with the consumer's active participation, will enable the transition to a low-carbon society with electricity produced from renewable energy sources.

The role of distribution in the Slovenian EES is defined by the Electricity Supply Act in conjunction with the Comprehensive National Energy and Climate Plan (NEPN), which sets goals and defines mechanisms for the transition from the provision of energy products and electricity to a reliable, competitive, and environmentally friendly supply of energy services.

The goal of the Energy Policy is to ensure conditions for a safe and reliable supply of energy services to customers based on marketing and sustainable development principles while taking into account its efficient use, economical use of renewable energy sources, and environmental protection conditions. NEPN is a strategy document that outlines goals, policies, and measures for the Energy Union in the following five domains for the period up to 2030 (with an eye towards 2050): decarbonization (GHG and RES emissions), energy efficiency, energy security, the internal market, research, innovation, and competitiveness.

The implementation of the public utility service of electricity distribution is also defined in the ten-year Development Plan of the Electricity Distribution System in the Republic of Slovenia, for which prior approval is required from the Energy Agency and the corresponding Ministry of Infrastructure. The Guidelines are mainly aimed at guaranteeing long-term, reliable, high-quality, efficient, and competitive electricity supply to distribution system users, as well as enabling them to play an active role in the distribution system and empowering them for the energy transition.

The Energy Agency has the authority to determine the methodology for calculating network charges and eligible costs for system operator providers. The Legal Act on the methodology for determining the Regulatory Framework and the methodology of network charging for electricity operators outlines the elements of the Regulatory Framework, types of eligible costs, criteria for the determination and the method for calculating individual RF, criteria and how to determine them, rules and the methodology for determining deviations from the RF, and how to take the deviations ascertained into account. It also defines the parameters of the individual quality dimensions, their reference values and methods, as well as the Standards for their calculation. It also establishes rules for calculating the impact of quality on eligible costs, minimum quality standards for various services provided by electricity operators, and the level of compensation, as well as the methods and deadlines for paying compensation for breaches of the guaranteed Quality Standards. The Energy Agency established the Regulatory framework for electric operators for the 2023 regulatory period at the end of 2022. The tariff headings for the 2023 network charges, which were published in the Official Gazette of the Republic of Slovenia, No. 161/22, are the same as those for 2022.

In September 2022, the Act on Crisis Management Measures in the Field of Energy Supply (Official Gazette of the Republic of Slovenia, No. 121/22-ZUOKPOE) was enacted. It aims to adopt measures to manage crisis situations in the field of electricity and gas system operations by adopting measures to manage increased risk in the field of electricity and gas system operations, measures to reduce import dependence, measures for the security of energy supply, and measures to reduce pressure on energy prices due to volatility in the energy markets.

This was followed by the adoption of the Law on Assistance to the Economy Due to High Increases in Electricity and Natural Gas Prices (Official Gazette RS, No. 117/22, 133/22), the Law on Urgent Intervention for the Treatment of High Energy Prices, which, among other things, directs the Agency not to take the deficit of the network charge in 2023 into account when setting tariff headings after January 1, 2024 (Official Gazette RS, No. 158/22), and the Law on Assistance to the Economy to Mitigate the Consequences of the Energy Crisis (Official Gazette RS, No. 163/22).

This was followed by the adoption of the Regulation on Determining the Price of Electricity for Micro, Small and Medium-sized Enterprises (Official Gazette RS, Slovenia, No. 167/22, 4/23), the Regulation on Determining the Compensation of Electricity Suppliers (Official Gazette RS, No. 4/23) and the Regulation on Determining the Price of Electricity for Certain Legal Entities Governed by Public Law, for Providers of Public Education Programmes and for Providers of Social Services, Social Protection Programmes and Family Support Programmes (Official Gazette RS, No. 162/22) and the Regulation on Determining the Mechanism for Setting the Electricity Price for Business Customers (Official Gazette RS, No. 147/22, 154/22).

Business performance analysis

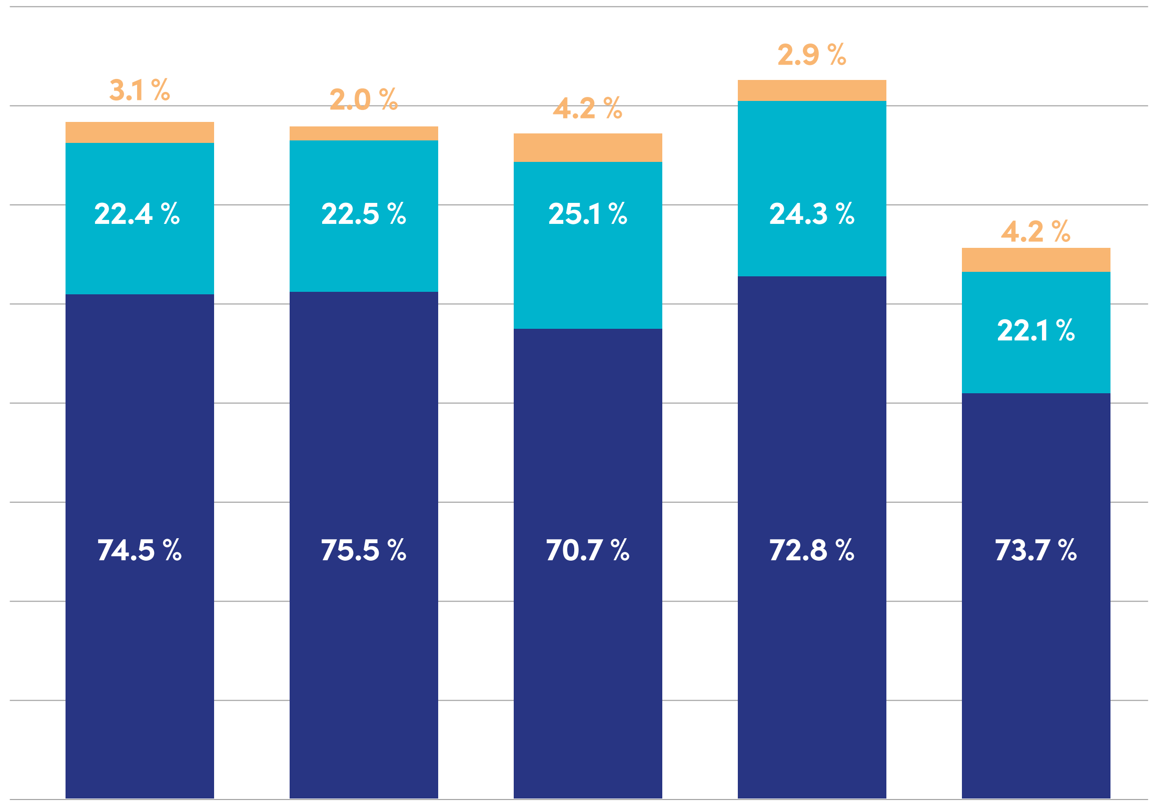
Operating Performance (Profit or Loss)

Elektro Celje's **Operating Revenue** in 2022 amounted to EUR 55,143,389, which is EUR 16.8 million less than the previous year and 1.3% more than planned for 2022.

Revenue from the lease and maintenance of infrastructure and provision of services for SODO amounted to EUR 37,442,362, of which EUR 14,124,909 was from leasing infrastructure and EUR 23,087,398 was from providing services to SODO. The final RF accounting surplus for 2021 is EUR 84,404, while EUR 314,459 refers to installed metering communication equipment for distribution system users in the period January–April 2022, according to Article 163 of the System Operating Guidelines for the Electricity Distribution System (Official Gazette RS, No. 7/2021).

On February 22, 2022, the Government of the Republic of Slovenia passed the Law on Urgent Measures to Mitigate the

Value and structure of operating income (in thousands EUR)



	2018	2019	2020	2021	2022
Net sales revenue	50,513	50,831	47,072	52,369	40,639
Capitalised own products	15,194	15,165	16,741	17,494	12,187
Other operating revenue	2,120	1,328	2,819	2,097	2,317

Consequences of High Energy Prices, which determined that the tariff lines of electro-operators for billing power and assumed labour energy are reduced to zero for all consumer groups from February 1 to April 30, 2022. The network charge deficit for 2022 is settled due to a decrease in the recognised regulated return on assets; thus, at the end of the first half of 2022, the Company adopted a revision of the operating plan for 2022, taking into account the lower revenues of the SODO activity (by EUR 12.1 million).

Revenue from the sale of services, which includes providing electrical installation services to external customers and rentals, was achieved in the amount of EUR 3,197,008, of which revenue from customer services was EUR 2,644,553, or 44.6% more than the ones planned for 2022. The majority of them, as much as 64.1%, were achieved through the construction of MV and LV facilities. The added value from customer services is EUR 1,142,845, which is 56.1% higher than planned (EUR 732,000).

Revenue from capitalized own products and services was EUR 12,186,760, which is 1.2% less than the projected revenue from this heading and represents 60.1% of investments in 2022. The value added in the implementation of investments was EUR 6,258,925, which was EUR 111,630 higher than planned.

Other operating revenue in the amount of EUR 2,317,259, compared to the planned one, includes less compensation received (by EUR 183,545) and revaluation operating revenue obtained from the sale of dismantled materials, as well as the difference between the sale and book value in the sale of fixed assets (by EUR 91,996). The revenue from reimbursements (by EUR 55,631) and the revenue from EU funds subsidies (by EUR 146,834) are higher than planned.

Elektro Celje's **operating expenses** were EUR 60,624,196, which is EUR 1.5 million less than the previous year and 1.9% more than planned for 2022.

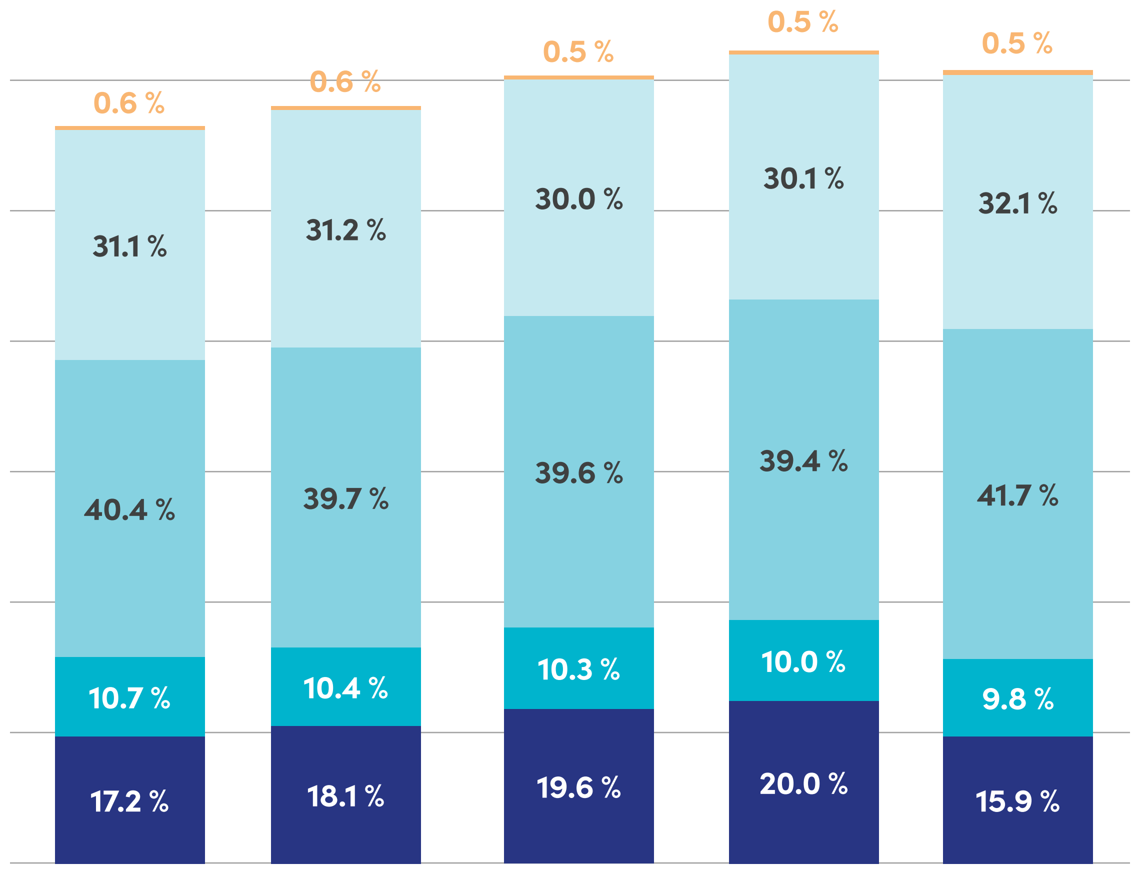
Costs of materials and services totaling EUR 15,582,178 were 4.7% higher than anticipated. Material costs for SODO services are higher (by EUR 270,407), owing primarily to the cost of installing measuring and communication equipment for distribution system users. The higher material costs of the services provided to customers are due to the higher costs of the services provided to them (by EUR 471,456), whereas the own-directed investments were carried out with lower installed material costs than the Annual Plan (by EUR 260,645).

Labour costs amounted to EUR 25,263,456 and accounted for 41.3% of total expenditure. At the end of the year, a performance award of EUR 890,991 was paid in accordance with the terms of Article 110c of the Company Collective Agreement. The estimated salary costs from unused annual leave for 2022 and the paid contributions from this heading amount to EUR 667,910 (EUR 7,590 less than planned). Other labour costs (EUR 3,190,412) include the costs of setting up severance pay provisions (EUR 215,089), while severance pay worth EUR 53,782 was removed from year-end awards and solidarity assistance in favour of revenue. Other labour costs are higher than planned by EUR 178,923; of this amount, EUR 40,221 is related to higher transportation and food costs due to the amended tax regulation; EUR 7,596 is related to higher labour costs under solidarity aid under Article 125 of the Anti-corona Package PKP; EUR 4,075 is related to allowances for the use of own funds for working from home; and EUR 134,371 is related to severance payments upon termination of employment under Article 108 of the Employment Relationship Act. The cost of annual leave pay is EUR 7,341 lower than planned.

Value write-offs in the amount of EUR 19,443,517 include depreciation costs (EUR 19,326,467), revaluation of operating expenses on fixed assets (i.e., losses on the elimination or sale of fixed assets) in the amount of EUR 117,050, of which EUR 112,888 is due to the elimination or sale of public and road lighting, and adjustments in the value of inventories (EUR 4,162).

Other operating expenses in the amount of EUR 335,045 are 5.2% higher than planned, primarily as a result of higher costs for compensation for building land (EUR 2,769) and higher costs for personnel scholarships (EUR 3,150).

Value and structure of operating expenses (in thousands EUR)



	2018	2019	2020	2021	2022
Costs of materials	9,709	10,465	11,806	12,392	9,654
Costs of services	6,050	6,043	6,183	6,221	5,928
Labour costs	22,749	22,952	23,846	24,488	25,263
Value write-offs	17,490	18,058	18,047	18,708	19,444
Other operating expenses	325	328	287	277	335

Revenue and financing expenses

Financial revenues in the amount of EUR 318,532 are EUR 234,312 higher than planned, owing primarily to Elektro Celje OVI's profit participation (EUR 200,000). Financial interest revenue is also EUR 34,312 higher than planned.

Financial expenses amounted to EUR 419,702. They are EUR 31,077 higher than planned, owing primarily to higher interest on borrowed funds (by EUR 76,569).

Other revenue from extraordinary activities from extraordinary activities in the amount of EUR 18,770 is EUR 6,410 higher than planned, owing primarily to higher reimbursements of court fees and bailiffs, which were achieved in the amount of EUR 18,030. **Other expenses from extraordinary activities** amounted to EUR 86,697. They are 13.8% higher than planned, owing primarily to higher compensation (EUR 8,430 more than planned).

Elektro Celje ended the financial year 2022 with a total loss of EUR 5,649,904. Total revenue amounted to EUR 55,480,691 (1.8% higher than planned), and total expenditure was EUR 61,130,595 (2% higher than planned).

The 2022 net financial performance (profit-loss) for Elektro Celje shows a loss of EUR 4,226,339.

Financial revenue and expenses (in EUR)

	2018	2019	2020	2021	2022
Financial revenue	1,099,051	1,067,415	103,654	5,870,226	318,532
Financial expenses	417,422	413,001	369,028	432,084	419,702
Net financial profit or loss	**681,629**	**654,414**	**-265,374**	**5,438,142**	**-101,170**

Capital Assets and Financial Situation

On December 31, 2022, Elektro Celje's Balance Sheet amounted to EUR 307,201,721, which is 0.6% more than on the last day of the previous year.

Long-term assets account for the majority of assets (94.9%), with intangible and tangible assets accounting for 91.7%. **Tangible fixed assets**, amounting to EUR 277,064,615, increased by EUR 352,132 in 2022.

Long-term financial investments include stakes in the subsidiary Elektro Celje OVI (100% stake), the affiliated companies ECE (36.42% stake) and Informatika (2,479 shares), Stelkom d. o. o. (12.64% stake), and shares of Zavarovalnica Triglav d. d. (2,960 shares). They are shown in greater detail in Section 2.4.3.

Long-term operating receivables were reduced by long-term deferred claims on SODO, which amounted to EUR 2.2 million at the end of 2022 (EUR 3.3 million on December 31, 2021) and will be settled in periods between 2023 and 2025.

Among the **means of sale** are public lighting assets worth EUR 148,354 that are still being disposed of through agreements with municipalities.

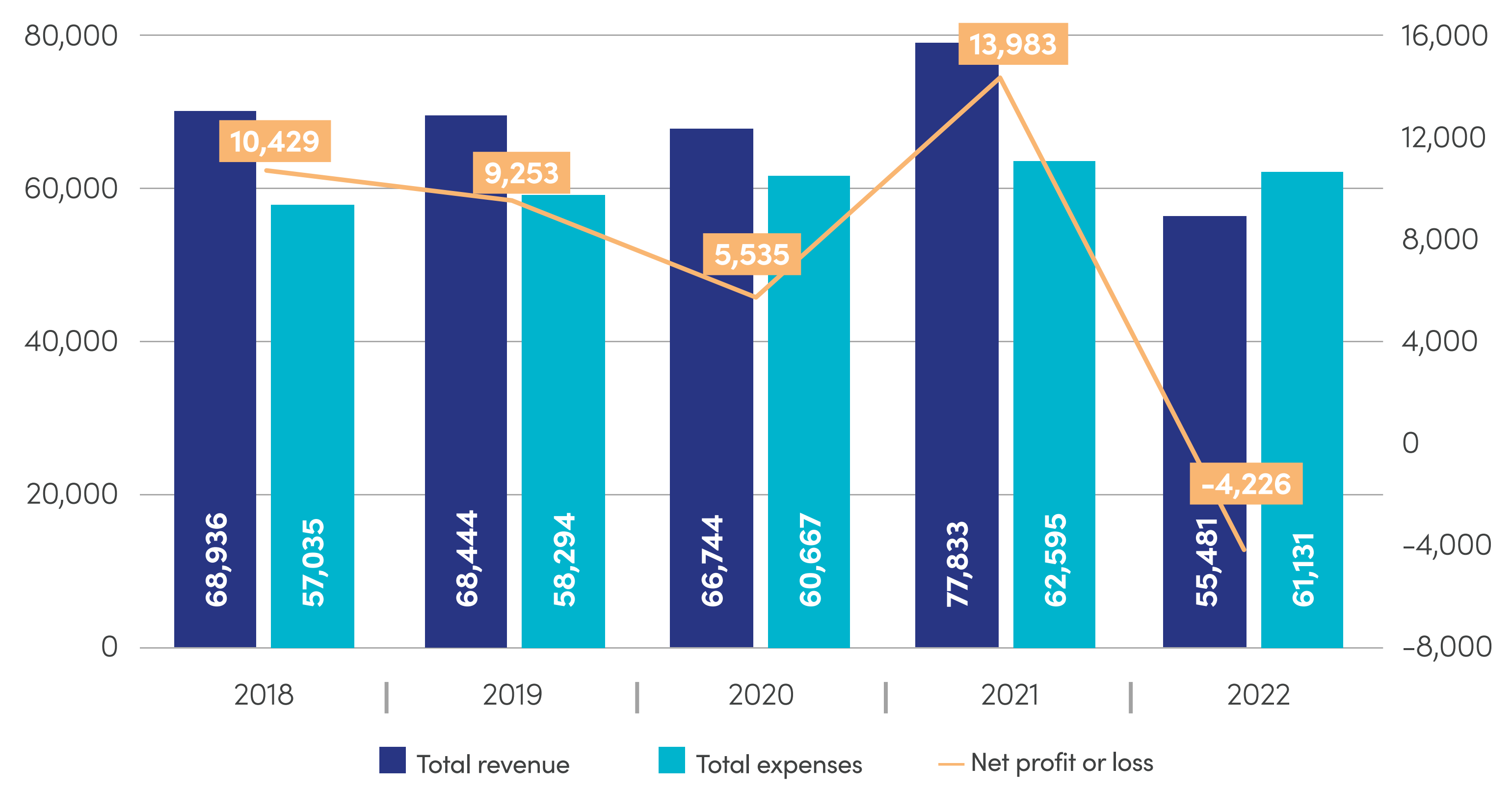
On December 31, 2022, **stocks** were EUR 53,421 lower than they were at the beginning of the year. In 2022, the average inventory binding days were 97, which was 26 days more than in 2021.

Comparing December 31, 2022, to December 31, 2021, the balance of **short-term business receivables** was higher by 22.9%, primarily because claims for rent and SODO services increased by EUR 2.7 million.

The **short-term accruals** on December 31, 2022, are primarily comprised of non-invoiced projects to customers for 2022 (EUR 284,890) and pre-charged costs of EUR 129,981.

The Capital of the Company on December 31, 2022, amounted to EUR 228,725,997, while the book value of the share was EUR 9.45.

Total revenue, total expeneses and net profit or loss (in thousands EUR)



By the end of 2021, **reservations** had decreased by EUR 1.5 million. Provisions for legal issues worth EUR 12,000 (legal issues for TS land ownership) were made against operating expenses. According to the standard, the rate of return on corporate bonds, which are used to discount liabilities for anniversary awards, employee severance pay, and solidarity, increased in 2022 (from 0.9852 to 3.7686% for Markit iBoxx € Corporates 10+ (EOD)). Reservations from this heading totaled EUR 6,301,953 on December 31, 2022, a EUR 746,779 decrease from the previous year's closing (by EUR 746,779). There were no new setups for fixed assets taken free of charge, and the reduction in long-term accruals as a result of the elimination and accrued amortisation of those fixed assets and the average connection costs amounted to EUR 809,288. The Company received EUR 379,370 in 2022 to cover costs incurred and European pilot projects. Their elimination or use amounted to EUR 355,430, while the situation at the end of 2022 amounted to EUR 363,890.

Financial liabilities to banks from investment loans totaled EUR 46,817,738 on December 31, 2022, a 23.8% increase over the loan balance at the end of 2021.

Other financial liabilities were worth 630,554 euros on December 31, 2022, and were higher by EUR 578,729 than they were on December 31, 2021, primarily due to long-term contracts for the rental of servers and software.

Short-term accruals amounted to EUR 2,662,201, were EUR 1.9 million higher than on the 2021 closing date, and included a EUR 1,991,813 deviation in the preliminary calculation for 2022.

Assets (in EUR)	**December 31, 2022**	**Share (in %)**	**December 31, 2021**	**Share (in %)**	**Index 2022/2021**
Long-term assets	**291,686,370**	**94.9 %**	**290,587,114**	**95.2 %**	**100.4**
Intangible assets and long-term accrued revenue and deferred expenses	4,728,257	1.5 %	4,215,592	1.4 %	112.2
Tangible fixed assets	277,064,615	90.2 %	276,712,483	90.6 %	100.1
Long-term financial investments	4,924,991	1.6 %	4,931,799	1.6 %	99.9
Long-term operating receivables	2,169,957	0.7 %	3,293,149	1.1 %	65.9
Deferred tax assets	2,798,550	0.9 %	1,434,091	0.5 %	195.1
Short-term assets	**15,083,723**	**5.0 %**	**13,942,145**	**4.6 %**	**108.2**
Assets held for sale	148,354	0.0 %	311,626	0.1 %	47.6
Inventories	2,403,401	0.8 %	2,456,822	0.8 %	97.8
Short-term operating receivables	11,965,542	4.0 %	9,738,343	3.2 %	122.9
Cash	566,426	0.2 %	1,435,354	0.5 %	39.5
Short-term accrued revenue and deferred expenses	**431,628**	**0.1 %**	**848,661**	**0.2 %**	**50.9**
Assets (total)	**307,201,721**	**100.0 %**	**305,377,920**	**100.0 %**	**100.6**

Equity and liabilities (in EUR)	**December 31, 2022**	**Share (in %)**	**December 31, 2021**	**Share (in %)**	**Indeks 2022/2021**
Equity	228,725,997	74.4 %	234,602,568	76.8 %	97.5
Provisions and long-term accrued expenses and deferred revenue	17,391,780	5.7 %	18,924,285	6.2 %	91.9
Long-term liabilities	38,387,901	12.5 %	29,337,059	9.6 %	130.9
Short-term liabilities	20,033,842	6.5 %	21,760,123	7.1 %	92.1
Short-term accrued expenses and deferred revenue	2,662,201	0.9 %	753,885	0.3 %	353.1
Equity and liabilities (total)	**307,201,721**	**100.0 %**	**305,377,920**	**100.0 %**	**100.6**

Cash Flow Statement

Cash assets at Elektro Celje decreased by EUR 868,928 in 2022. On January 1, 2022, the initial cash balance was EUR 1,435,354, but by December 31, 2022, it had decreased to EUR 566,426,354.

As a result of the adopted Law on Urgent Measures to Mitigate the Consequences and the Impact of High Energy Prices, receipts from the sale of products and services were reduced by EUR 9.8 million, and expenses for the purchase of materials and services were reduced by EUR 7.6 million, compared to 2021.

The lower financing cash flow is due to EUR 8.3 million in receipts from the disposal of financial investments in 2021.

In 2022, loan drawdowns amounted to EUR 37,750,000 (EUR 17,500,000 investment credits and EUR 20,250,000 revolving credit), repayments EUR 28,754,821 (EUR 8,504,821 investment credits and EUR 20,250,000 revolving credit), and interest payments EUR 355,617. In 2022, the weighted interest rate was 0.792% on average.

Cash flow (in EUR)	**2022**	**2021**
Net operating cash flow	226,146	4,878,392
Net investing cash flow	-7,587,364	-868,036
Net financing cash flow	6,492,290	-3,172,814
Change in net cash and cash equivalents	**-868,928**	**837,542**

Business Indicators

The achieved values of monitoring indicators of electricity supply quality (**SAIDI**: 24.40, **SAIFI**: 0.59, and **MAIFI**: 2.03) are more favourable than the planned values for 2022 and are consistent with or lower than the Energy Agency's indicators for target values.

The **distributed quantity of electricity** amounts to 1,913,720 MWh, which is 61,517 MWh less than the amount planned. **Losses on distributed electricity** amounted to 80,626 MWh, which is 3,137 MWh less than planned. This reduction in losses is primarily attributable to the reduction in technical losses brought on by an increase in local electricity production (small solar power plants). As a result of reduced takeover from the transmission network, transmission routes are shortened. At the end of 2022, **The share of losses per transferred electricity** was 4.21%, while the recognised losses under the Energy Agency's regulatory framework amounted to 4.30%. Given the lower volume of distributed electricity, the indicator **OPEX for distributed EE** exceeds the planned value (by 0.95 percentage points).

Deviations from expected values in economic indicators according to the LNU (Annual Capital Investment Management Plan) are due to the Intervention Law to Mitigate the Consequences of the Rise in Energy Prices. The indicator **ROA** and **ROE** were higher than the planned values.

EBITDA margin comes in at 25.32%, which is 0.2 percentage points lower than planned and is primarily attributable to the higher cost of materials and services (up 4.7%).

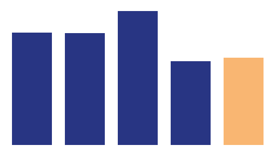
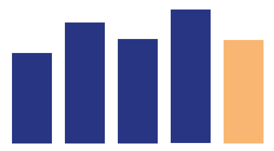
Due to higher EBITDA values, higher operating revenue, and lower net financial debt, the indicator **Net financial debt/EBITDA** is 3.9% more favourable than planned.

The gross value added per employee was EUR 63,076, which is EUR 565 less than the planned value. The average number of employees per hour has increased by 5.9, but so has the gross value added (by EUR 23,441).

Since the 2022 Investment Plan was exceeded by EUR 976,367, the **CAPEX in net sales revenue** (49.89%) was also higher than anticipated for the year 2022 (48,57%).

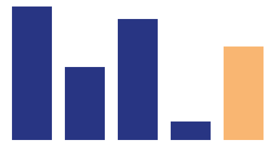
PERFORMANCE INDICATORS for Elektro Celje, d. d.

A. FINANCING INDICATORS (INVESTMENTS)

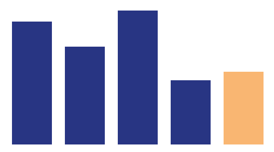
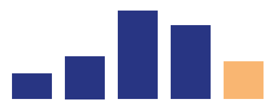
in EUR	December 31, 2019	December 31, 2020	December 31, 2021	Plan 2022	December 31, 2022	Graphical comparison
Equity	219,909,447	222,482,388	234,602,568	226,979,643	228,725,997	
Liabilities	290,471,682	293,952,609	305,377,920	305,686,764	307,201,721	
Equity financing rate	**75.71 %**	**75.69 %**	**76.82 %**	**74.25 %**	**74.45 %**	
Sum of equity and long-term debt (including reserves) and long-term accrued expenses and deferred revenue	268,033,042	273,521,867	282,863,912	285,432,738	284,505,678	
Liabilities	290,471,682	293,952,609	305,377,920	305,686,764	307,201,721	
Long-term financing rate	**92.28 %**	**93.05 %**	**92.63 %**	**93.37 %**	**92.61 %**	

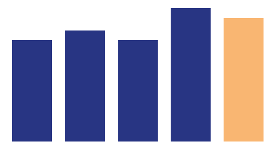
B. INVESTMENT INDICATORS

in EUR	December 31, 2019	December 31, 2020	December 31, 2021	Plan 2022	December 31, 2022	Graphical comparison
Fixed assets (book value)	260,519,495	266,511,447	276,712,483	275,960,653	277,064,615	
Assets	290,471,682	293,952,609	305,377,920	305,686,764	307,201,721	
Fundamental investment rate	**89.69 %**	**90.66 %**	**90.61 %**	**90.28 %**	**90.19 %**	
Fixed assets plus long-term accrued revenue and deferred expenses (book value), investment property, long-term investments and long-term trade receivables	273,779,665	276,523,592	289,153,023	289,653,681	288,887,820	
Assets	290,471,682	293,952,609	305,377,920	305,686,764	307,201,721	
Long-term investment rate	**94.25 %**	**94.07 %**	**94.69 %**	**94.76 %**	**94.04 %**	

in EUR	2019	2020	2021	Plan 2022	2022	Graphical comparison
Realised investments	24,664,650	25,985,631	27,708,146	19,300,000	20,276,367	
Planned investments	23,000,000	25,000,000	26,000,000	19,300,000	19,300,000	
Investment realisation rate	**107.24 %**	**103.94 %**	**106.57 %**	**100.00 %**	**105.06 %**	
Investing cash flow	24,664,650	25,985,631	27,708,146	19,300,000	20,276,367	
Net sales revenue	50,831,032	47,072,367	52,368,583	39,739,714	40,639,370	
CAPEX in net revenue from sales*	**48.52 %**	**55.20 %**	**52.91 %**	**48.57 %**	**49.89 %**	

C. HORIZONTAL FINANCIAL STRUCTURE INDICATORS

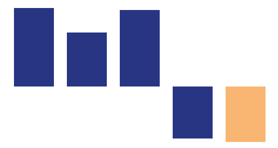
in EUR	December 31, 2019	December 31, 2020	December 31, 2021	Plan 2022	December 31, 2022	Graphical comparison
Equity	219,909,447	222,482,388	234,602,568	226,979,643	228,725,997	
Fixed assets (book value)	260,519,495	266,511,447	276,712,483	275,960,653	277,064,615	
Equity to operating fixed assets ratio	**0.844**	**0.835**	**0.848**	**0.823**	**0.826**	
Liquid assets	414,494	597,812	1,435,354	1,042,072	566,426	
Short-term liabilities	21,880,727	18,723,115	21,760,123	19,000,026	20,033,842	
Immediate solvency ratio of short-term liabilities (quick ratio)	**0.019**	**0.032**	**0.066**	**0.055**	**0.028**	

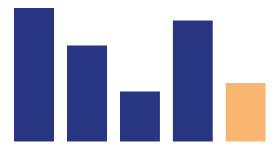
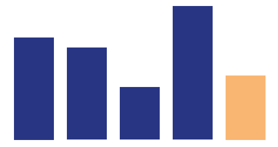
in EUR	December 31, 2019	December 31, 2020	December 31, 2021	Plan 2022	December 31, 2022	Graphical comparison
Sum of liquid assets and short-term receivables	11,216,306	10,506,120	11,173,697	12,848,643	12,531,968	
Short-term liabilities	21,880,727	18,723,115	21,760,123	19,000,026	20,033,842	
Accelerated solvency ratio of short-term liabilities (accelerated ratio)	**0.513**	**0.561**	**0.513**	**0.676**	**0.626**	

D. ECONOMIC INDICATOR

in EUR	2019	2020	2021	Plan 2022	2022	Graphical comparison
Operating revenue	67,324,012	66,632,315	71,959,696	54,410,400	55,143,389	
Operating expenses	57,845,533	60,168,454	62,085,110	59,485,025	60,624,196	
Operating efficiency ratio	**1.164**	**1.107**	**1.159**	**0.915**	**0.910**	

E. PROFITABILITY INDICATORS

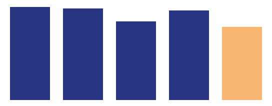
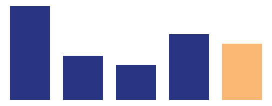
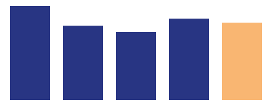
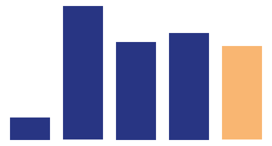
in EUR	2019	2020	2021	Plan 2022	2022	Graphical comparison
EBITDA	27,536,024	24,511,297	28,582,243	13,878,845	13,962,710	
Gross operating return	67,324,012	66,632,315	71,959,696	54,410,400	55,143,389	
EBITDA margin*	**40.90 %**	**36.79 %**	**39.72 %**	**25.51 %**	**25.32 %**	
EBIT	9,478,479	6,463,861	9,874,586	-5,074,625	-5,480,807	
Gross operating return	67,324,012	66,632,315	71,959,696	54,410,400	55,143,389	
EBIT margin	**14.08 %**	**9.70 %**	**13.72 %**	**-9.33 %**	**-9.94 %**	
Net profit or loss	9,252,820	5,535,289	13,983,238	-5,502,720	-4,226,339	
Average equity	217,062,587	221,195,918	228,542,478	228,100,549	231,664,283	
Net return on equity ratio (ROE)*	**4.26 %**	**2.50 %**	**6.12 %**	**-2.41 %**	**-1.82 %**	
Net profit or loss	9,252,820	5,535,289	13,983,238	-5,502,720	-4,226,339	
Assets average balance	287,276,162	292,212,146	299,665,265	305,025,230	306,289,821	
Return on assets (ROA)*	**3.22 %**	**1.89 %**	**4.67 %**	**-1.80 %**	**-1.38 %**	

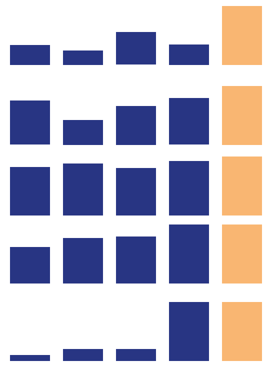
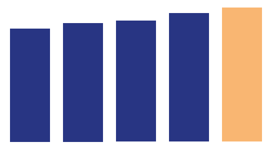
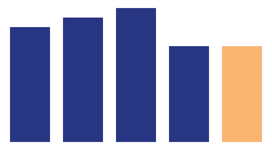
in EUR	December 31, 2019	December 31, 2020	December 31, 2021	Plan 2022	December 31, 2022	Graphical comparison
Sum of dividends for the fiscal year	3,220,908	2,934,605	1,741,676	4,410,426	2,147,272	
Average share capital	100,953,201	125,954,146	150,955,090	150,955,090	150,955,090	
Dividends according to share capital ratio	**0.032**	**0.023**	**0.012**	**0.029**	**0.014**	
Dividend paid out in the year	3,220,907	2,934,605	1,741,676	4,410,426	2,147,272	
Average equity	217,062,587	221,195,918	228,542,478	228,100,549	231,664,283	
Dividend to equity ratio	**1.48 %**	**1.33 %**	**0.76 %**	**1.93 %**	**0.93 %**	

F. LABOUR PRODUCTIVITY INDICATOR

in EUR	2019	2020	2021	Plan 2022	2022	Graphical comparison
Gross value added	50,488,030	48,356,804	53,070,361	39,202,725	39,226,166	
Number of employees per hours worked	615.66	605.73	626.35	616.00	621.89	
Gross value added per employee*	**82,006**	**79,832**	**84,730**	**63,641**	**63,076**	

G. TECHNICAL INDICATORS AND INDEXES

SAIDI (System Average Interruption Duration Index)* – unplanned interruptions – own cause	**31.13**	**30.67**	**26.34**	**30.00**	**24.40**	
SAIFI (System Average Interruption Frequency Index)* – unplanned interruptions – own cause	**0.66**	**0.65**	**0.63**	**0.70**	**0.59**	
MAIFI (Momentary Average Interruption Frequency Index)*	**2.93**	**3.26**	**1.95**	**3.00**	**2.03**	
SAIDI (System Average Interruption Duration Index)* – planned interruptions – own cause	**170.28**	**133.52**	**126.52**	**149.50**	**142.87**	
SAIFI (System Average Interruption Frequency Index) – planned interruptions – own cause	**1.11**	**0.88**	**0.80**	**0.96**	**0.91**	
Losses (MWh)	82,518	84,008	83,366	83,763	80,626	
Distributed electricity (MWh)	2,036,262	1,952,512	1,975,237	1,975,237	1,913,720	
Losses on distributed electricity*	**4.05 %**	**4.30 %**	**4.22 %**	**4.24 %**	**4.21 %**	
Energy supplied in the time interval (MW)	242	232	235	245	228	
Peak power in the time interval (MW)	338	343	348	343	352	
LF (Load Factor)	**0.71**	**0.68**	**0.68**	**0.71**	**0.65**	
Distributed electricity (MWh)	2,036,262	1,952,512	1,975,237	1,975,237	1,913,720	
Standardised network length (km)	577	587	589	594	590	
Power distribution per standardised network length	**3,528**	**3,325**	**3,356**	**3,325**	**3,242**	

	2019	2020	2021	Plan 2022	2022	Graphical comparison
Number of connection approvals issued by consumer category						
– MV (1–35 kV)	49	35	80	50	145	
– 0.4 kV measured power	245	138	215	259	327	
– 0.4 kV without measured power	756	814	744	852	923	
– households	2,842	3,550	3,652	4,582	4,589	
– EV charging	1	2	2	10	10	
Standardised network length (km)	577	587	589	594	590	
Number of employees	628	629	623	616	612	
Standardised network length per employee	**0.92**	**0.93**	**0.94**	**0.96**	**0.96**	
H. TECHNICAL ECONOMIC INDICATORS OF REGULATED ACTIVITY						
Operating expenses of regulated activity (in EUR)	40,702,409	40,957,514	42,205,099	44,882,115	45,292,203	
Distributed electricity (MWh)	2,036,262	1,952,512	1,975,237	1,975,237	1,913,720	
OPEX per distributed electricity*	**19.99**	**20.98**	**21.37**	**22.72**	**23.67**	
Operating expenses of regulated activity (in EUR)	40,702,409	40,957,514	42,205,099	44,882,115	45,292,203	
Standardised network length (km)	577	587	589	594	590	
OPEX per standardized network length	**70,512**	**69,741**	**71,710**	**75,559**	**76,721**	
Regulated activity investments (in EUR)	24,268,183	25,592,207	27,438,707	19,208,183	20,017,269	
Distributed electricity (MWh)	2,036,262	1,952,512	1,975,237	1,975,237	1,913,720	
Investments in distributed electricity power	**12**	**13**	**14**	**10**	**10**	
Labour costs of regulated activity (In EUR)	16,141,614	16,603,790	16,723,261	19,575,982	18,701,616	
Number of consumers	172,927	173,859	175,027	175,930	175,982	
Labour costs per consumer (in EUR)	**93**	**96**	**96**	**111**	**106**	
Operating revenue of regulated activity (EUR)	49,519,229	47,144,564	52,270,516	39,661,030	39,905,387	
Distributed electricity (MWh)	2,036,262	1,952,512	1,975,237	1,975,237	1,913,720	
Operating revenue per distributed electricity energy	**24**	**24**	**26**	**20**	**21**	

INTRODUCTION

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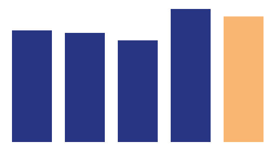
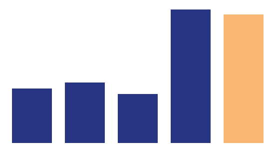
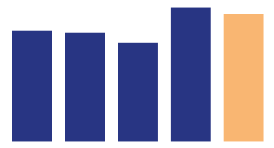
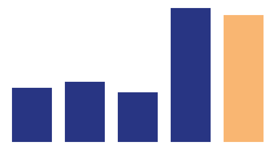
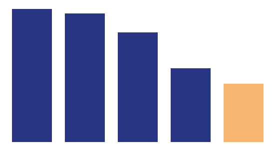
FINANCIAL REPORT

REPORT OF THE SUPERVISORY BOARD

I. INDICATORS OF COMPLIANCE WITH BANK COMMITMENTS

in EUR	December 31, 2019	December 31, 2020	December 31, 2021	Plan 2022	December 31, 2022	Graphical comparison
Financial debt	39,589,797	39,324,681	37,874,384	49,469,575	47,448,292	
Average equity	217,062,587	221,195,918	228,542,478	228,100,549	231,664,283	
Financial debt/equity ratio**	**0,182**	**0,178**	**0,166**	**0,217**	**0,205**	
Net financial debt	39,175,303	38,726,869	36,439,030	48,427,503	46,881,866	
EBITDA	27,536,024	24,511,297	28,582,243	13,878,845	13,962,710	
Net financial debt/EBITDA ratio**	**1,423**	**1,580**	**1,275**	**3,489**	**3,358**	
Financial debt	39,589,797	39,324,681	37,874,384	49,469,575	47,448,292	
Equity	219,909,447	222,482,388	234,602,568	226,979,643	228,725,997	
Financial debt/equity ratio***	**0.180**	**0.177**	**0.161**	**0.218**	**0.207**	
Financial debt	39,589,797	39,324,681	37,874,384	49,469,575	47,448,292	
EBITDA	27,463,628	24,500,886	28,576,741	13,791,668	13,958,548	
Financial debt/EBITDA ratio***	**1,442**	**1,605**	**1,325**	**3,587**	**3,399**	
EBITDA	27,463,628	24,500,886	28,576,741	13,791,668	13,958,548	
Financial expenses from financial liabilities	323,567	297,980	408,643	296,563	373,132	
EBITDA/financial expenses from financial liabilities' ratio.***	**85**	**82**	**70**	**47**	**37**	

* The selected indicators for SSH for 2022 are calculated according to the SSH methodology.
** Indicators referring to commitments to the SID bank.
*** Indicators of compliance with commitments to the EIB; revaluation operating expenses in fixed assets are excluded from the calculation of EBITDA.

Sustainability Reporting

social responsibility and sustainable development are understood as ways of doing business and operating that ensure compliance with legislation, norms, and standards, respond to current societal challenges, and strive to strengthen well-being in society at large. We are an important partner in the sustainable energy transition, establishing key drivers for the transition to a low-carbon society with a high-quality and reliable network and promoting the efficient use of energy from renewable sources. We are on a path of intensive sustainable development that is paved with the values and principles of social responsibility, quality, reliability, and professionalism.

In its relationships with stakeholders, Elektro Celje responsibly exercises its rights and fulfils its assumed obligations in a way that is consistent with the Company's goals and enables it to benefit in the long run. In terms of stakeholders, it maintains good business practices and protects their trade secrets. It takes into account the legitimate interests of stakeholders when making concrete decisions, and it informs and reports in accordance with the Company's goals.

Relations with stakeholders are presented in the Section Stakeholders' Involvement and Participation.

Non-Financial Statement

In accordance with the provisions of Article 70c ZGD-1 (Companies Act-1), Elektro Celje provides a brief description of the business model, a description and results of policies and risks, and non-financial performance indicators on environmental, social, and personnel issues, human rights, and the fight against corruption and bribery.

Description of the Company's Business Model and Policies

Elektro Celje is a part of Slovenia's electricity system and one of the country's five electricity distribution companies. The Company's core activities include the management and operation of the distribution network, as well as the maintenance, construction, and renovation of power distribution lines and installations in the Savinjska, Koroška, and Spodnjeposavska regions, which include 40 municipalities in total and two in part. It covers 4,345 km2, or 22%, of Slovenia's total land area. This is due to the dispersion of lines and devices that, in total length, represent the second-longest network among Slovenia's five distribution companies. The role of distribution in the Slovenian electricity system is defined by the Energy Act, the Slovenian Energy Concept, and the National Energy Climate Plan.

Since July 1, 2007, Company Elektro Celje has leased the electricity distribution infrastructure to the public utility concessionaire of the Electricity Distribution System Operator—Company SODO. It performs electricity distribution and the agreed-upon services for SODO on the basis of the Lease Agreement for the Electricity Distribution Infrastructure and the Implementation of Services for the Electricity Distribution System Operator. The Agreement specifies the infrastructure rent amount and the service payment amount for the system operator for each of the regulatory frameworks established by the Energy Agency.

The Company's goal is to ensure the conditions for the safe and reliable supply of energy services to users in accordance with the principles of sustainable development, taking into account the efficient and economical use of renewable energy sources as well as environmental protection conditions. The section on Sustainable Reporting discusses the business Sustainable Reporting.

The adopted business and security policies of Elektro Celje direct the Company's operations. Policies for management, general safety, quality management, occupational health and safety, environmental management, information security and data protection, and risk management were all adopted. Elektro Celje's Corporate Integrity Policy is enshrined in the Code of Ethics.

The policy texts are publicly available on the website, www.elektro-celje.si.

Governance Policy is is a general policy that outlines the Company's management, guidelines for implementing other policies, and a framework for corporate governance. It consists of:

- main management guidelines with regard to Elektro Celje's set goals and values;
- application of the Management Reference Code;
- identified stakeholders' groups, the communication and cooperation strategies with them;
- connection policy between Elektro Celje and the Subsidiary;
- procedure for familiarising Subsidiaries and shareholders with the group's strategy and management standards;
- transaction policy between the Company and related companies, including their Management Board and Supervisory Board members;
- diversity policy;
- commitment to identifying conflicts of interest and independence of Management Board/Supervisory Board members;
- commitment of the Supervisory Board to assess its own performance;
- formation of a Supervisory Board Commissions and definition of their roles;
- system of distribution of liabilities and powers among members of the Company's Management and Supervisory Boards;
- rules among companies, including the associated company, and their management and control bodies that are not governed by legal rules on conflicts of interest;
- Management Remuneration Policy;
- defining the Company's communication strategy that includes high-quality standards for the design and disclosure of accounting, financial and non-financial data;
- protecting the interests of Company's employees.

Management policy implementation is included in the planning, implementation, and control of business processes. Performance is evaluated by the deviation of financial and non-financial operational indicators, and it is regularly checked with the assistance of supervisory institutions.

Quality Management Policy outlines the attitude towards the maintenance and growth of the management system and requires management to make sure that all employees are involved in and educated about the management system. The management ensures that employees have a positive impact on the quality of services and personally strive for improvements in operations, which is a guideline in the work of all employees. The Company's efforts are aimed at increasing the satisfaction of all stakeholders by constantly improving the existing electricity supply system. Each business process has quality goals set in the quality management system. Their achievements are reviewed at least once a year in a Management Review. Quality goals in the consumer sector are particularly important. The company Elektro Celje releases an annual report on the quality of the electricity supply, which is accessible on the website, www.elektro-celje.si.

In its broadest sense, **Security policy** means controlling identified risks in order to achieve acceptable hazard management in the pursuit of the Company's mission. Operational security entails making sure that the identified stakeholders—customers, employees, local communities, regulatory bodies, suppliers, business partners, and shareholders—are secure. The Management Board adopts the Company's Overarching Security Policy as the foundation for developing and implementing measures to ensure and implement all aspects of safe operations across all Elektro Celje segments and fields of activity. This must ensure security in all business processes, and it is the duty and right of all employees to ensure this.

Company Elektro Celje respects and strives for:

- employees' safety and health by meeting ISO 45001 requirements;
- security of property assets through measures of technical and physical protection, active fire protection, as well as measures to protect property after the occurrence of damage cases;
- environmental protection by meeting the ISO 14001 requirements;
- information security by implementing adopted internal regulations and meeting the requirements of the ISO 27001 Standard;
- internal control over the implementation of business processes and compliance of operation;
- implementation of measures in the field of Corporate Integrity;
- implementation of measures and emergency response, taking into account the protection and rescue plan and implementation of the operations' continuity system.

By committing to a quality management system in accordance with ISO 9001, we ensure the consistency of systems.

Environment

Environmental management policy obligates us to ensure that the entire Company meets the requirements of environmental legislation and regulations, agreements, standards, and Company requirements, as we build a sustainable attitude towards the environment even in areas that are not legally defined. We are also dedicated to the continuous improvement of the environmental management system and the prevention of environmental pollution. More information about environmentally sustainable operations can be found in the section Responsibility to the Natural Environment.

Main Environmental Risks and Their Management

The operations of Elektro Celje generate waste, which is separately collected and delivered to the contracting parties. When the potential for dangerous events is identified, an assessment of the importance of environmental aspects is performed, and a risk assessment is implemented.

The Company manages environmental risks by:

- a periodic evaluation of environmental compliance with the ISO 14001standard:
  - carrying out individual types of monitoring and taking actions based on the results of monitoring;
  - periodically assessing the environmental aspects that form the basis for setting and implementing the indicative and environmental goals;
  - carrying out internal and external audits of the Environmental Management System, taking preventive and corrective measures and improvements, and supervising their implementation;
  - checking the conformity of administrative licences;
  - checking the state of periodic inspections of equipment;
- following the waste management instructions;
- exercising control over waste management at sites or in working groups;
- raising awareness among all employees about the management of waste;
- identifying and complying with local regulations, laying down the conditions and methods of waste management in the competent municipality;
- managing the carbon footprint;
- creating a Fire Protocol that defines the actions and responsibilities of each individual in the event of a fire. At larger business facilities, evacuation drills and inspections of equipment, devices, and other means of fire protection are performed on a regular basis (every 3 months for DTSs and DSs and every 6 months for business facilities). A protection and rescue plan is prepared for application in emergency situations.

Key Performance Indicators for Environmental Management

In many facilities, we carry out energy rehabilitation by replacing energy sources and installing insulation and joinery. Several facilities are heated using cogeneration provided by the subsidiary Elektro Celje OVI. The Company is effectively reducing its consumption of heat and electricity. We take care of reducing the quantities and costs of drinking water consumption by improving the control of the Water Supply system, reducing technical losses on the water supply network, and using rainwater for sanitary and technological purposes. The vehicle fleet is updated in accordance with the criteria of so-

called "green public procurement" with environmentally friendly transportation vehicles. Waste is collected in separate containers. Monitoring is used to demonstrate compliance with environmental requirements. The Company also conducts environmental assessments of its suppliers on a regular basis.

Emphasis is placed on increased investments in new construction and network reconstruction when placing electricity facilities in space by increasing the share of electricity network installations.

The carbon footprint for 2022 was calculated using 2021 as the reference year for determining the progress in managing the carbon footprint at Elektro Celje.

According to Section 1.2.1 of Annex I of the 6 July 2021 Commission Delegated Regulation (EU) 2021/2139, we provide calculations of indicators and disclosures in the section Elektro Celje Report According to the EU Taxonomy for 2022.

Social and Personnel Issues and Respect for Human Rights

Human Resources Policy
Respect for labour regulations, concern for occupational health and safety, and a suitable work environment serve as the foundations of our relationships with employees. In our work, we not only consider the economic effects of our operations but also the highest ethical and moral values as well as operational professional standards. We act in accordance with the Human Resources Strategy, which defines Human Resources key goals and processes, in order to support the Company's business operations and development.

The Human Resources Strategy covers the major areas of dealing with people and focuses on the development of leadership, the recruitment of appropriate personnel, the individual growth of each employee, the care for a healthy working environment, and the promotion of progress, while ensuring that successful individuals are adequately promoted and rewarded. Due to the high age structure, we also pay special attention to older employees, who are a treasure trove of knowledge and experience, as well as young people who bring a fresh perspective. We build the company's future and sustainability through intergenerational cooperation and the transfer of knowledge and skills. We also provide opportunities for committed employees to advance their careers and obtain an appropriate level of education while at work, so that they can succeed their colleagues when they leave.

Electricity distribution faces modern-day challenges; therefore, the Company's strategic goals and people-management strategy must be adapted to the requirements of the external and internal environments while pursuing a modern working mentality and the ability to adapt processes to market conditions. By achieving the established goals, the Company ensures the expected long-term performance and development.

We carefully plan Human Resources, as described in the section Responsibility to Employees/Employment.

Since knowledge and excellence are fundamental values, we provide opportunities for our employees to further their education and grow (as discussed in the section Responsibility to Employees/Development and Training).

In order to build the Company's reputation and realise our vision and social responsibility with loyal and committed employees, we adhere to the principles enshrined in the Code of Ethics, which commits us to conscientious and fair treatment, equality without discrimination, and negative communication. By doing this, we ensure successful collaboration that can lead to positive results in the fields of professionalism and entrepreneurship.

We build good mutual relationships through open and respectful communication, which is also reflected in our collaboration with workers' representatives. We collaborate with the representative Trade Union and the Workers' Council during meetings and joint consultations on important decisions, and we make joint decisions with an open and appropriate attitude.

Occupational Health and Safety Policy requires the Company and all persons performing work or work-related activities under the Company's supervision to meet the requirements of the legislation and Regulations, Agreements, and requirements of the ISO 45001:2018 Standard, as well as the Company's additional requirements in the field of Occupational Health and Safety. The Management Board and the employees are aware of their responsibilities and are committed to constantly improving the Occupational Health and Safety Management System and, as a result, the working environment. Consultation with employee representatives and joint cooperation are given special consideration. Each manager contributes to raising the employees' safety culture and reducing workplace accidents by setting a good example and caring about their employees' safety, as well as promoting Family Friendly Company measures and a healthy lifestyle.

We are committed to respecting Human Rights throughout the entire business process as well as avoiding and preventing any possible violation of human rights. In the context of consumer protection, where the right of consumers to a healthy environment and sustainable consumption is prioritised, we strive to protect the environment and sustainability. We provide users with access to services while keeping caution in mind (protection and preservation of the environment for future generations). We provide a work environment in which no employee is subjected to sexual or other harassment, or verbal, nonverbal, or physical mistreatment by the employer, superiors, or coworkers.

Elektro Celje does not support direct or indirect discrimination and strives to ensure equal treatment regardless of gender (we do not restrict access to vacancies based on gender, do not request data from candidates, and do not condition employment on family or marital status, pregnancy, or family planning).

Main Personnel Risks and their Management
In addition to the main personnel risks in 2022, which are presented in the section on Risk Management, occupational health and safety risks are also important.

Given that the Company has many employees working in the field, there is a risk of injury when working on construction and work sites, on energy plants, near energised devices, on energised devices, at height, in adverse weather conditions, and so on.

The following actions are taken by the Company to manage the risk to the safety and health of all employees:

- performing professional tasks in the field of OHS in accordance with the Occupational Health and Safety Act requirements,
- implementing the Occupational Health and Safety System requirements in accordance with the requirements of ISO 45001:2018,
- implementing measures in accordance with the Safety Statement with risk assessment and the Occupational Health and Safety System documents,
- carrying out inspections of work equipment and aids,
- carrying out issued guidelines for employees' work and regular training,
- conducting regular and extraordinary preventive medical examinations.

In 2022, we recorded 8 minor accidents at work (seven of which occurred in the work environment) and 5 dangerous events, two of which were related to service or work at power plants or in the immediate vicinity. We carried out the prescribed training of employees for safe work and carried out preventive medical examinations in cooperation with occupational medicine contractors on the basis of the provisions of the legal regulations and the adopted Safety Statement with risk assessment. We carried out periodic inspections of work and personal protective equipment, as well as random inspections at power stations, work sites, and construction sites. We carried out the required measures for the inspection of Fire Protection means and equipment.

Employees who work in the field are given preventive vaccinations against tick-borne meningoencephalitis. In addition, we organise a free flu vaccination for all employees.

In 2022, we adjusted COVID-19-related measures to protect employees, limit risky contacts, and prevent infection in the Company. We identified 298 COVID-19 infections.

The Company implements health promotion and health protection measures in workplaces.

Human Resources Performance Indicators are calculated and reported on a quarterly and annual basis, focusing on various areas. Thus, we monitor and manage the number of employees through plans; we monitor employee absence due to sick leave; we measure the effectiveness and efficiency of education and the number of hours of education per employee; we monitor the utilisation of working time; and we monitor employee participation in annual development interviews. We obtain data on employee satisfaction and commitment at work by measuring the organisational climate SiOK (Slovenian Organisational Climate), which is carried out in the Company every second year, and the results obtained serve as the basis for future improvements.

- **The Proportion of Temporary Workers**

The majority of employees (95%) have an employment contract that lasts for an indefinite time and does not change significantly throughout its duration. The proportion of temporary employees varies according to the needs of individual work processes and the goals of the Business Plan. We offer practical training for high school and university students, as well as traineeships, to entice budding, ambitious, and motivated individuals into our working environment. We also provide the option of later employment in the event that the learning apprenticeship or completed internship generates positive outcomes.

- **Staff Turnover**

We have a low turnover rate at the Company (6.5% in 2022), which provides a stable working environment and is primarily due to old-age retirement departures.

- **Gender Balance and Other Diversity Aspects**

By ensuring equal opportunities, regardless of gender or other factors, without discrimination, and with the selection process focusing on expertise, commitment, and target orientation, we also employ workers with a disability status (presented in detail in the section Responsibility to Employees/Employees' Gender Ratio).

Despite the fact that Elektro Celje comes from an industry where male employees predominate (85%) due to the nature of the work and technical profession, we can emphasise that by planning and concentrating on recruitment, we are able to ensure a balanced gender representation at all levels, including in management positions. The male-to-female sex ratio in management and head of services positions is 70%: 30%. The Management Policy, which includes the Diversity of Policy, determines the composition of the Supervisory Board. The Human Resources Committee of the Supervisory Board oversees policy implementation and reports to the Supervisory Board.

The Management Board of Elektro Celje only has one member, so there can be no talk of diversity in its composition. The Company's Management Board is in charge of managing diversity among employees.

Fight Against Corruption and Bribery

Corporate Integrity Policy has been established within the framework of Elektro Celje's Code of Ethics (section Corporate Integrity and Code of Ethics), which complies with the Slovenian Corporate Integrity Guidelines. The Corporate Integrity System follows ISO 37001, Corruption Prevention, and ISO 37301, Compliance Management Systems, rules and regulations. Corporate Integrity is recognised and defined as one of the strategic objectives and is a part of Elektro Celje's Strategic Policies. This aims to increase the probability of achieving the set goals, encourage proactive management, improve the identification of opportunities and threats, act in accordance with relevant legal regulations and standards, and increase operational efficiency and effectiveness.

The Risk Management System incorporates Corporate Integrity and associated risks. The Risk Register, where they are identified, assessed and managed using the suggested measures, contains risks related to corporate integrity. With the assistance of the Corporate Integrity Manager, a mechanism is in place for regular and comprehensive identification of Corporate Integrity risks, their evaluation, and the systematic and independent monitoring of the effectiveness of the implementation of measures to manage these risks. Corporate Reputation Risk is defined as any unfair or illegal conduct by employees that is contrary to the law, good business practises, the Company's Code of Ethics, and other Elektro Celje internal rules and regulations.

The Company manages such risks:
- by appointing a 'Corporate Integrity Manager' responsible for addressing and managing such risks, raising awareness, and protecting employees who report a breach of corporate integrity;
- by making a Risk Assessment by process;
- by promoting a Code of Ethics that is publicly published;
- through a system in place that reports and investigates suspected maladministration;
- through an established Gift Catalogue;
- through an anti-corruption clause in the employees' contracts;
- through the established Register of Gainful Activities Performed by Employees, with the preparation and implementation of annual activities from the Corporate Integrity Plan, compliance with the provisions of the Integrity and Prevention of Corruption Act (ZIntPK) that refer to the control over the property status of managers and persons responsible for public procurement.

The Chairman of the Management Board
Boris Kupec, MSc.

Elektro Celje Report according to the EU Taxonomy for 2022

Introductory Notes to the Report according to EU Taxonomy

In accordance with EU Taxonomy Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, establishing a framework to promote sustainable investment, and Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021, supplanting Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical review criteria to determine the conditions under which an economic activity is considered to make a significant contribution, whether that economic activity does not significantly disrupt any other environmental objective, and Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021, supplementing regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of the information to be disclosed by undertakings to which it applies Article 19a or 29a of Directive 2013/34/EU on Environmentally Sustainable Economic Activities and the Methodology for meeting this disclosure obligation, Elektro Celje is required to publish key performance indicators of non-financial undertakings that can be considered sustainable.

Elektro Celje's Sustainable Strategy

Elektro Celje's strategy is sustainable; in fact, sustainable business is one of the key strategic guidelines defined in the Strategic Business Plan for the period 2021–2025. Sustainable operations are understood as responsible management of the impacts of our operations on the environment, society, and management, and the Company is committed to integrating sustainability principles as much as possible into its business processes.

The Company reports on sustainable development and social responsibility in the Annual Report, specifically in the section Sustainable Reporting, in accordance with GRI Standards.

Identification of Activities Aligned with the EU 2022 Taxonomy

In order to identify coordinated activities, Elektro Celje conducted a thorough review of the activities and identified those that could make a significant contribution to climate change adaptation and mitigation in terms of the EU Taxonomy based on the available reporting attributes.

Elektro Celje's activity was evaluated as an enabling activity in accordance with Article 10(1)(i) of Regulation (EU) 2020/852.

The key indicators are calculated using the definitions stated in Annex I of Commission Delegated Regulation (EU) 2021 and shown in the proposals reported in Annex II of Commission Delegated Regulation (EU) 2021/2178. The Company's activity was outlined in point 4.9, "Transmission and Distribution of Electricity," as the construction and operation of distribution systems for the transmission of electricity through high, medium, and low voltage distribution systems.

The following activities, listed in Annex I to Commission Delegated Regulation (EU) 2021/2139, made a significant contribution to climate change mitigation:

1. Transmission and distribution infrastructure and equipment are a part of an electric power system that meets the following criteria:

- 1 (a) the system is an interconnected European system, which includes its subordinate systems and the interconnected control areas of the member states, Norway, Switzerland, and the United Kingdom,
- 1 (b) more than 67% of the newly enabled production capacity in the system is below the production limit of 100 g CO2 e/kWh, measured on a life-cycle basis, according to the criteria for generating electricity over a rolling five-year operating period.

2 The activity meets the following criteria:

- 2 (c) installation of transmission and distribution transformers that adhere to the requirements for Level 2 (effective as of July 1, 2021) outlined in Annex I to Commission Regulation (EU) 548/2014 (178); for medium transformers, where the maximum voltage for equipment does not exceed 36 kV; and the requirements for achieving the AAA0 level with regard to idling losses outlined in EN 50588-1 (179);
- 2 (d) construction/installation and operation of equipment and infrastructure, the main objective being to increase the production or use of electricity from renewable sources;
- 2 (e) (ii) the installation of equipment to enhance the monitoring and observation capabilities of the electricity system and to facilitate the development and integration of renewable energy sources, including communication and control (including advanced software and control rooms, automation of substations or power supplies, and voltage regulation capabilities to adapt to a more decentralised energy supply from renewable sources);
- 2 (f) the installation of equipment, including future advanced measurement systems or systems replacing advanced measurement systems in accordance with Article 19 (6) of Directive (EU) 2019/944 of the European Parliament and Council180, which meets the requirements of Article 20 of Directive (EU) 2019/944 that can transmit information to users to make them regulate consumption remotely, including customer data hubs.

According to the classification of economic activities established by Regulation (EC) 1893/2006, Elektro Celje's economic activity is classified as NACE D35.13 (electricity distribution).

We prepared the indicator calculations and disclosures based on an examination of the reported taxonomic documents, our current understanding of Taxonomy, available data, and an assessment of requirements. We note that the decree will be upgraded, so we will carefully study further explanations and requirements on an ongoing basis and consider their impact on the further disclosure of Elektro Celje's data.

Revenues

To calculate the share of revenues from environmentally sustainable activities (aligned with the taxonomy), we used the value of net sales revenues from activities that are currently included in the EU Taxonomy and meet the technical criteria for review. To calculate the share of revenues from activities that are acceptable for the taxonomy but are not environmentally sustainable (activities not aligned with the taxonomy), we took into account the value of net sales revenues from activities that are currently included in the EU Taxonomy but do not meet the technical criteria for review. Other net sales revenues from activities not described in delegated acts, as defined in Articles 10(3), 11(3), 12(2), 13(2), 14(2), and 15(2) of Regulation (EU) 2020/852, are included in the calculation as income from taxonomically unacceptable activities. The denominator includes total net sales revenue.

Table 1: Share of revenues from products and services related to economic activities aligned with the EU Taxonomy disclosure for 2022.

Share of revenue from products and services related to economic activities aligned with taxonomy – disclosure for 2022

				Criteria for a substantial contribution						Criteria for non-significant damage										
Economic operations (1)	**Tags (2)**	**Revenue in absolute terms (3)**	**Revenue share (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular economy (14)**	**Pollution (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Share of taxonomy-aligned revenue, 2022(18)**	**Share of taxonomy-aligned revenue, 2021 (19)**	**Category (enabling activity) (20)**	**Category (transitional activity) (21)**
		EUR	%	%	%	%	%	%	%	**YES/NO**	**YES/NO**	**YES/NO**	**YES/NO**	**YES/NO**	**YES/NO**	**YES/NO**	%	%	**O**	**P**
A. ACTIVITIES ELIGIBLE FOR TAXONOMY									%											
A.1 Environmentally sustainable activities (aligned with taxonomy)																				
Transmission and distribution of electricity	4.9	39,977,564	98.4 %	100.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	irrelevant	YES	irrelevant	YES	YES	YES	YES	98.4 %	irrelevant	O	irrelevant
Revenue from environmentally sustainable activities (aligned with taxonomy) (A.1)		39,977,564	98.4 %	100.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %								98.4 %	irrelevant		
A.2 Activities eligible for taxonomy but not environmentally sustainable (activities not aligned with taxonomy)																				
Transmission and distribution of electricity	4.9	102,236	0.2 %																	
Revenue from activities eligible for taxonomy but not environmentally sustainable (activities not aligned with taxonomy) (A.2)		102,236	0.2 %														0.2 %	irrelevant		
Total (A.1 + A.2)		**40,079,800**	**98.6 %**														**98.6 %**	**irrelevant**		
B. ACTIVITIES INELIGIBLE FOR TAXONOMY																				
Revenue from activities ineligible for taxonomy (B)		559,570	1.4 %																	
Total (A + B)		**40,639,370**	**100.0 %**																	

Investments in Fixed Assets

To calculate the share of revenues from environmentally sustainable activities (aligned with the taxonomy), we used the value of net sales revenues from activities that are currently included in the EU Taxonomy and meet the technical criteria for review. To calculate the share of revenues from activities that are acceptable for the taxonomy but are not environmentally sustainable (activities not aligned with the taxonomy), we took into account the value of net sales revenues from activities that are currently included in the EU Taxonomy but do not meet the technical criteria for review. Other investments in fixed assets in activities not described in delegated acts in accordance with Articles 10(3), 11(3), 12(2), 13(2), 14(2), and 15(2) of Regulation (EU) 2020/852 are taken into account in the calculation as investments in fixed assets from taxonomically unacceptable activities. Total investments made by the Company Elektro Celje in fixed assets are included in the denominator.

Table 2: Share of investments in fixed assets for products or services related to economic activities aligned with the Taxonomy disclosure for 2022.

Share of investments in fixed assets of products or services related to economic activities aligned with the taxonomy —disclosure for 2022

				Criteria for a substantial contribution						Criteria for non-significant damage										
Economic operations (1)	**Tags (2)**	**Investments in absolute terms in fixed assets (3)**	**Share of investments in fixed assets (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular economy (14)**	**Pollution (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Share of investments in fixed assets according to taxonomy, 2022 (18)**	**Share of investments in fixed assets according to taxonomy, 2021 (19)**	**Category (enabling activity) (20)**	**Category (transitional activity) (21)**
		EUR	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	O	P
A. ACTIVITIES ELIGIBLE FOR TAXONOMY									%											
A.1 Environmentally sustainable activities (aligned with taxonomy)																				
Transmission and distribution of electricity	4.9	15,851,722	78.2 %	100.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	irrelevant	YES	irrelevant	YES	YES	YES	YES	78.2 %	irrelevant	O	irrelevant
Investments in fixed assets in environmentally sustainable activities (aligned with taxonomy) (A. 1)		15,851,722	78.2 %	100.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %								78.2 %	irrelevant		
A.2 Activities eligible for taxonomy but not environmentally sustainable (activities not aligned with taxonomy)																				
Transmission and distribution of electricity	4.9	3,261,430	16.1 %																	
Investments in fixed assets in activities eligible for taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A. 2)		3,261,430	16.1 %														16.1 %	irrelevant		
Total (A.1 + A.2)		**19,113,152**	**94.3 %**														**94.3 %**	**irrelevant**		
B. ACTIVITIES INELIGIBLE FOR TAXONOMY																				
Investments in fixed assets from activities ineligible for taxonomy (B)		1,163,215	5.7 %																	
Total (A + B)		**20,276,367**	**100.0 %**																	

Investments in Working Capital

To calculate the share of working capital investments (OPEX) in environmentally sustainable activities (harmonised with the taxonomy), we used the value of operating costs from activities that are currently included in the EU Taxonomy and meet the technical criteria for the review. To calculate the share of working capital investments (OPEX) for activities that are acceptable for the taxonomy but are not environmentally sustainable (activities not aligned with the taxonomy), we took into account the value of operating costs from activities that are currently included in the EU Taxonomy but do not meet the technical review criteria. Other investments in working capital in activities not described in delegated acts in accordance with Articles 10(3), 11(3), 12(2), 13(2), 14(2), and 15(2) of Regulation (EU) 2020/852 are included in the calculation as investments in working capital from taxonomically unacceptable activities. The denominator includes all operating costs, with the exception of material investment costs, labour costs associated with the construction of fixed assets, and depreciation costs.

Table 3: Share of working capital investment in products or services related to economic activities aligned with the taxonomy disclosure for 2022.

Share of investments in working capital for products or services related to economic activities aligned with the taxonomy —disclosure for 2022

				Criteria for a substantial contribution						Criteria for non-significant damage										
Economic operations (1)	Tags (2)	Investments in absolute terms in working capital (3)	Share of investments in working capital (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Share of working capital investments aligned with taxonomy, 2022(18)	Share of working capital investments aligned with taxonomy, 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		EUR	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	O	P
A. ACTIVITIES ELIGIBLE FOR TAXONOMY									%											
A.1 Environmentally sustainable activities (aligned with taxonomy)																				
Transmission and distribution of electricity	4.9	25,951,662	86.9 %	100.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	irrelevant	YES	irrelevant	YES	YES	YES	YES	86.9 %	irrelevant	O	irrelevant
Investments in working capital in environmentally sustainable activities (aligned with taxonomy) (A. 1)		25,951,662	86.9 %	100.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %								86.9 %	irrelevant		
A.2 Activities eligible for taxonomy but not environmentally sustainable (activities not aligned with taxonomy)																				
Transmission and distribution of electricity	4.9	208,545	0.7 %																	
Investments in working capital in activities eligible for taxonomy but not environmentally sustainable (activities not aligned with taxonomy) (A. 2)		208,545	0.7 %														0.7 %	irrelevant		
Total (A.1 + A.2)		**26,160,207**	**87.6 %**														**87.6 %**	**irrelevant**		
B. ACTIVITIES INELIGIBLE FOR TAXONOMY																				
Investment in working capital from activities ineligible for taxonomy (B)		3,693,388	12.4 %																	
Total (A + B)		**29,853,595**	**100.0 %**																	

The disclosure of standard proposals in connection with activities in the fields of nuclear energy and natural gas is unnecessary because the company Elektro Celje does not engage in these fields.

Sustainable Development Goals

The operations of Elektro Celje in the field of Sustainable Development are also guided by the United Nations Global Sustainability Goals, which were adopted in 2015 as an action plan known as Agenda 2030 for people, planet Earth, and the well-being of all. The international community and all stakeholders are committed to this in order to move the world towards natural, sustainable growth and resilience. These goals aim to end poverty, protect the planet, and ensure prosperity by balancing economic, social, and environmental sustainability. Elektro Celje is committed to implementing eight Sustainable Development Goals that have been identified as important and relevant.

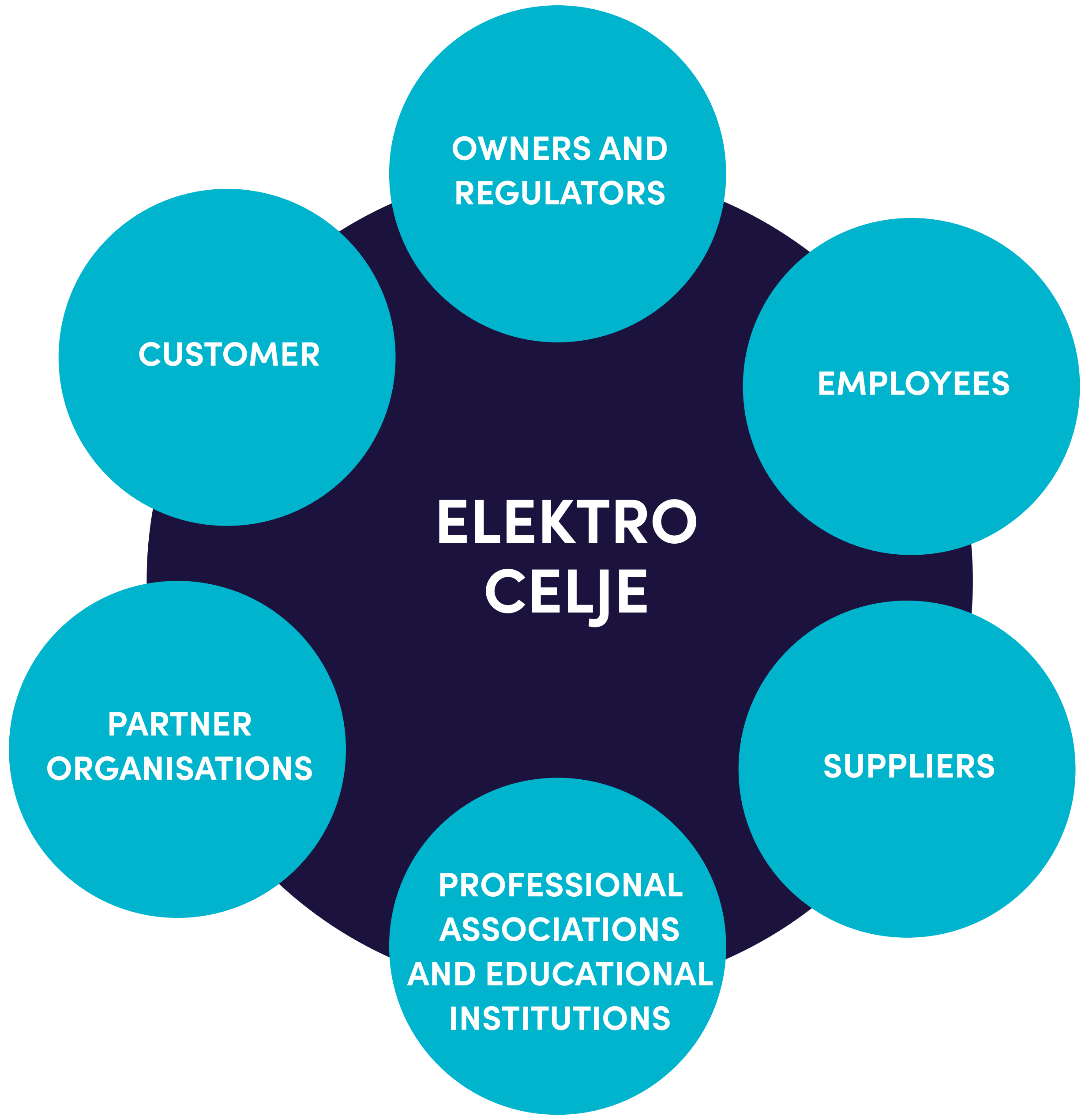
The achievement of goals is monitored using a performance indicator system. Certain non-financial indicators are presented in other Annual Report contents:

- Issued Documents for spatial interventions in the section Network Access;
- Commercial Quality Indicators in the section Network Charge Calculation;
- Power Supply Reliability Indicators in the section Quality of Supply;
- The number of breakdowns and the time for their elimination in the section Network Maintenance;
- Training Indicators for Employees in the section Responsibility to Employees;
- Environmental Indicators in the section Responsibility to the Natural Environment;
- Indicators related to employees' safe work in the section Management Systems.

The achievement of SDH (Slovenian Sovereign Holding) goals from the LNU (Annual Management Plan) is shown in the section Strategic Directions and Strategic Objectives.

Stakeholders' Involvement and Participation

At Elektro Celje, we collaborate and include various stakeholder groups in our operations, with whom we pursue shared interests and acknowledge influences. We identified the major stakeholder groups and defined their subgroups. The table additionally demonstrates their main interests and forms of communication, or dialogue. For the first time, the Company designed and conducted a multi-stakeholder online survey to identify important topics. We invited groups of stakeholders, who completed a total of 145 surveys. On this basis, the Importance Matrix (Impact Materiality) was created, which depicts the impacts on the environment, people, and management from the perspective of stakeholders and the Company Elektro Celje. This is displayed in the section Importance Matrix.



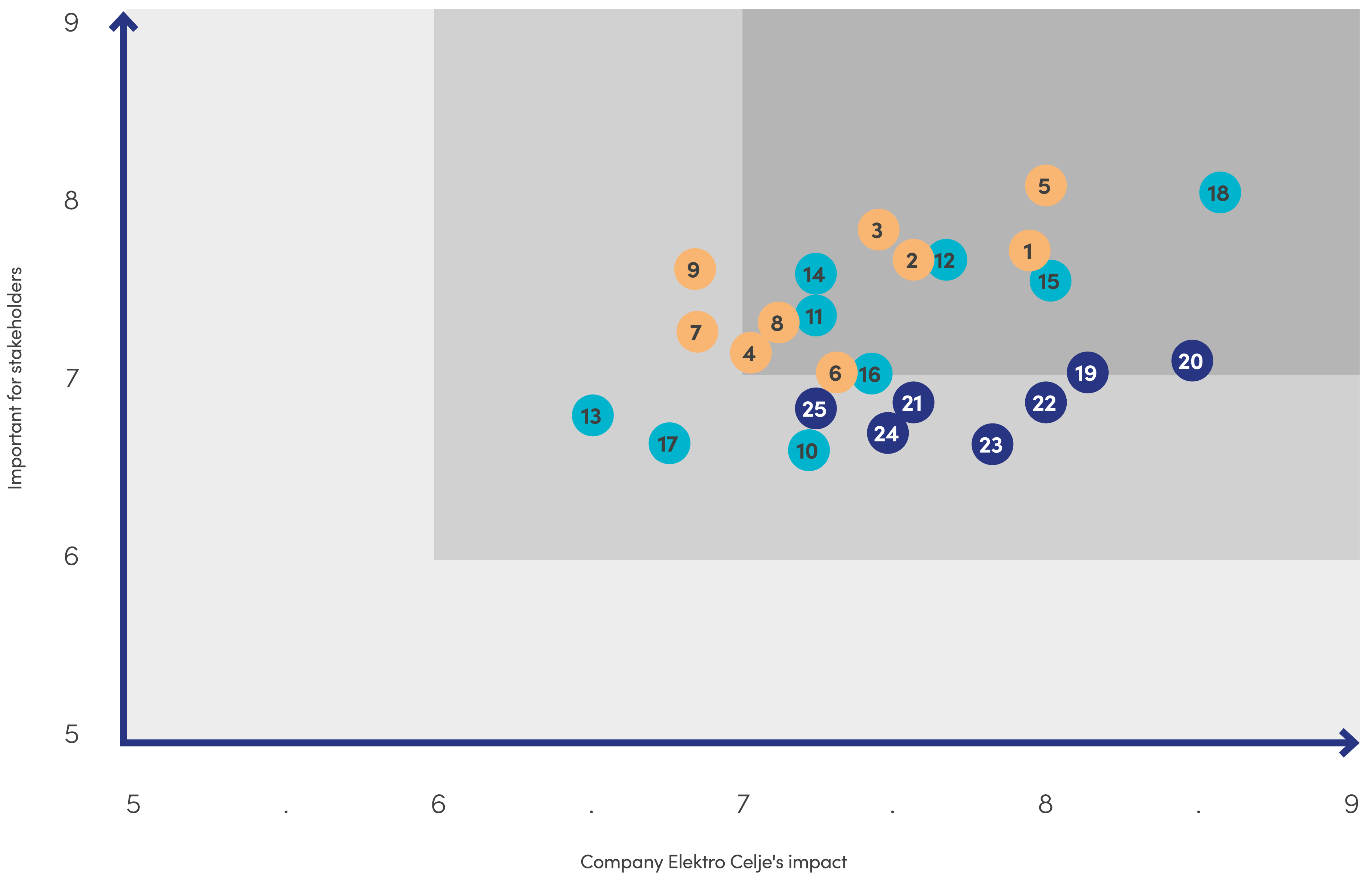
Stakeholders	Stakeholders' Subgroups	Needs and Expectations	Types of dialogue
OWNERS AND REGULATORS	**Owners (SDH, d. d., and small shareholders)**	• Reasonable amount and dividends' stability • Implementation of the Investment Plan • Achievement of economic and technical indicators • Company's value growth, • Possibility to sell property shares • Managing systems that lower possible costs	General meeting, website, personal meetings, reports, letters, quarterly and annual reports, electronic communication
	SODO (systemic electricity distribution network operator)	• Implementation of 10-year electricity distribution network development plans • Operations in accordance with agreed contracts • Compliance with regulations and rules, adaptability to business changes, • Participation in projects, up-to-date transmission of data • Access to Required data • Acceptance of the price set by services, availability of reliable and authentic data on electricity consumption • Compliance with all Environmental, Occupational Health and Safety and Information Protection requirements in the performance of tasks under the contract	Website, electronic communication, monthly, quarterly and annual reports, personal meetings, controls, participation in the preparation of development plans, acts and instructions
	Energy agency	• Quality of power supply in accordance with applicable standards • Continuity, voltage quality, commercial service quality • Participation in consultations, comments and initiatives, adaptation to new guidelines and arrangements • Facilitating the development of new markets and stakeholders • Cost-effective and Environmental Management, Information Protection and Occupational Health and Safety	Website, electronic communication, monthly, quarterly and annual reports, personal meetings, controls, participation in the preparation of development plans, acts and guidelines
	Ministry and competent services	• Quality of power supply • Appropriate network to support the economy competitiveness • Compliance with legislation • Responsiveness • Participation in the preparation of EKS Energy Concept of Slovenia and NEPN National Energy and Climate Plan • Fulfillment of NEPN requirements • Transmission of up-to-date data or planning documents on the networks development • Verification of Compliance with Legislation–Inspections.	Website, meetings, annual publication, electronic communication, correspondence
EMPLOYEES	**Employees**	• Timely replacement of employees and transfer of skills • Stimulating, positive and orderly work environment • Respect and correct relationship • Employment security, compliance with the collective agreement and other acts • Dialogue, maximum wages, confidentiality regarding personal data • Understandable guidelines and conditions for proper waste and environmental management • Understandable guidelines for safe and healthy work and protecting information • Providing the means to carry out work efficiently and safely	Intranet page, e-mail, classic mail, personal contacts, internal newsletter, organisational climate measurement, employee meetings, work meetings, management cooperation (workers' council, trade union, supervisory board, talks with the administration, LRP annual development talks, sports association talks

Stakeholders	Stakeholders' Subgroups	Needs and Expectations	Types of dialogue
SUPPLIERS	**Suppliers of materials, equipment and services**	• Fair treatment, mutual respect, stability in relationships, respectively • Long-term contracts • Availability of reliable and credible data regarding the requested services • Payment discipline, development partnership • Personal data and other information protection • Safe and healthy implementation of work in relation to the surrounding environment and compliance with legislation in terms of safety and health at work and fire safety • Understandable environmental requirements for the supply of materials, the implementation of services, waste management	Website, negotiations, tenders, and offers, e-mail, classic mail, personal contacts, work meetings
	Aggregators	• Development of new system services • Connecting alternative systems • Access to data • Compliance with legislation and local regulations in terms of Environmental Management, Occupational Health and Safety and Information Protection	Meetings, electronic communication Digital communication–data exchange
CUSTOMERS	**Network users**	• Quality of care • Information protection • Minimising the impact on the local environment • Protection of access to facilities under electrical voltage • Introduction of modern technologies, maintenance of dialogue based on openness and honesty, establishment of opportunities for participation in markets, debureaucratization and simplification of procedures • Innovating and creating values, involving network users in the development of new services **Customers expect to achieve:** • Enabling connection of distributed resources to the network • Debureaucratization and simplification of procedures • Planned power continuity levels of EE customers on the distribution network • Voltage quality in line with standards and continuous improvement of commercial quality • Long-term stability, reliability and availability of the distribution network • Long-term development of the electricity distribution network • Meeting future consumption and higher volume of diversified production • Electricity, including the deployment of active networks	Website, e-mail, classic mail, call centre, personal contacts, social networks, online applications, media
	Sellers of energy	• Reliable data support for billing • Achieving the planned power continuity level • Voltage quality in line with standards and continuous improvement of commercial quality • Minimising the operation impact on the local environment • Introduction of advanced technologies into the field	Website, email, classic mail, call centre, personal contacts, social networks, online applications, media

Stakeholders	Stakeholders' Subgroups	Needs and Expectations	Types of dialogue
CUSTOMERS	**Suppliers of electricity (connected to the power network)**	• Connecting electricity facilities to the distribution network as quickly as possible • Stable, robust network, partnership cooperation • Network co-financing, protection of access to facilities under voltage • Managing the prevention of environmental pollution • Introduction of modern technologies • Neutrality and fair treatment • Creation of opportunities for participation in markets, debureaucratization and simplification of procedures, offer of new services and products, focus on the network user	Website, e-mail, classic mail, call centre, personal contacts, social networks, online applications, media
	Local communities (on the distribution network of Elektro Celje)	• Coordinated and simultaneous infrastructure development, rapid response to changes, development partnership with as little own input as possible • Grants, compliance with legislation and local regulations from the point of view of environmental management, safety and health at work and information protection	Direct communication(oral, written), direct meetings, website, assemblies, participation in the procedures for the preparation of spatial documents
PARTNER ORGANIZATIONS	**ELES (Electricity network system operator networks)**	• Compliance with transmission network requirements and strategies • Compliance with operating agreements, coordination of network development, adequate compliance with legislation from the perspective of the HSW in the field of safe and healthy work with electric current and in terms of information protection • Participation in projects, cooperation in development partnerships	Meetings, electronic communication
	Electrical distributors of energy in the country	• Coordinated action, active role • Exchange of good practices and information • Working together with the Regulator	Meetings, electronic communication, GIZ DEE (Economic Interest Association of Electricity Distribution) collaboration, EDP annual strategic conference
PROFESSIONAL ASSOCIATIONS AND EDUCATIONAL INSTITUTIONS	**Knowledge institutions (Institutes, Faculties)**	• Mutual respect, stability in relations or long-term contracts, development of partnerships, exchange of knowledge, practices, scholarships • Participation in development and research projects	Direct communication (oral, written), direct meetings, assemblies, reports and studies, mediation and exchange of data, website, education, presentation of the Company's activities to students
	NON-GOVERNMENTAL ORGANIZATIONS (environmental, humanitarian)	• Compliance with legislation and local regulations in terms of environmental management • Occupational Health and Safety and Information Protection	Direct communication (oral, written), direct meetings, website
	SI-CERT, Office of the Government of the Republic of Slovenia Information Security (URSIV)	• Reporting potential cybersecurity incidents	Direct communication (oral, written)
	Certification and accreditation organizations	• Facilitating inspections and audits for the purpose of certification, and • timely elimination of non-compliance • Ensuring employees' professional competence • Timely execution of all contractually agreed payments • Meeting the accreditation standard requirements in the field of measurement laboratory • Elimination of any non-compliance by SA (Slovenian Accreditation) within a specified period • Ensuring the professional competence of laboratory employees • Timely execution of all contractually agreed payments	Direct communication (oral, written), direct meetings, assessments, assemblies, reports, review of internal documents, satisfaction surveys
MEDIA	**Local media**	• Information on activities • Providing data on planned outages in electricity supplies	Press releases, articles, contributions, interviews

Importance Matrix

We apply the materiality principle with the Importance Matrix, which focuses on management essential issues, environmental and social dimensions of sustainable development. Elektro Celje uses this strategic tool to measure, identify, and manage relationships with strategic stakeholders. We strive to collaborate with strategic stakeholders in a correct, balanced, and dialogic manner. Important topics of sustainable development were identified through an online survey in which 25 sustainable topics were assessed from two perspectives: the impact of Elektro Celje and their importance for strategic stakeholders. 145 people completed the survey. To achieve greater transparency, we have divided important sustainability topics into three dimensions: management, environmental, and social.



MANAGEMENT DIMENSION
1 Ethical and responsible behaviour
2 Sustainable investment in infrastructure
3 Corporate integrity and transparency
4 Risk management
5 Quality and security of supply
6 Digitalization of business
7 Development of new services and technologies
8 Business performance
9 Cyber security

ENVIRONMENTAL DIMENSION
10 Reducing the carbon footprint
11 Efficient use of energy
12 Reducing electricity losses
13 Green orders
14 Environmental disaster management
15 Waste management
16 Renewable energy sources and placement of objects in space
17 Biodiversity and bird care
18 Weather preparedness

SOCIAL DIMENSION
19 Employees' satisfaction and commitment
20 Health and safety at work
21 Users' satisfaction
22 Recruitment of qualified personnel
23 Career advancement
24 Diversity, equal opportunities and non-discrimination
25 Supplier relationship management

The table below combines the 15 most relevant sustainability topics with the United Nations Sustainable Development Goals, strategic projects from the Strategic Development Plan 2021–2025, and GRI disclosures.

	Important Topics/SDG and GRI	Negative Impacts and Risks	Positive Impacts and Opportunities	Strategic Projects
1	15 LIFE ON LAND, 13 CLIMATE ACTION, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 3 GOOD HEALTH AND WELL-BEING **Weather Preparedness**	Failure to eliminate the effects of weather events results in a failure to supply electricity, affecting the operation of all consumers.	We carry out our mission, enable economic activity, strengthen our reputation, and are socially responsible thanks to the continuous supply of electricity.	SA 2/3 Introduction of the Preparation Work System
2	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 7 AFFORDABLE AND CLEAN ENERGY **Quality and Security of Supply** GRI 203-1	When the quality is poor, consumer dissatisfaction rises, hindering economic development.	The Company monitors the quality and reliability of EE supply and invests in the network to ensure the Company's development.	SA 3/2 increases the share of LV network cabling through additional investments. SA 3/3 increases the share of MV network cabling through additional investments.
3	4 QUALITY EDUCATION, 3 GOOD HEALTH AND WELL-BEING **Occupational Health and Safety** GRI 403 ISO 45001	Sick leave, hazardous events, compensation, workplace accidents, disability, decreased productivity, uncontrolled, incompetent work, and work without appropriate protective equipment and tools at subcontractors.	We have quality management in this area in accordance with the ISO 45001 standard, quality equipment, and adapt workplaces according to working capacity. We also execute health promotion in the workplace, train employees, perform periodic medical examinations, and take out insurance (accident and specialist).	SA 1/4 Raising Awareness of Safety Culture
4	8 DECENT WORK AND ECONOMIC GROWTH, 4 QUALITY EDUCATION, 3 GOOD HEALTH AND WELL-BEING **Ethical and Responsible Management** GRI 102-16	Failure to respect ethical and responsible management can have a negative impact on the business, operating results, the Company's reputation, employee satisfaction, and lower efficiency.	y adopting a Code of Ethics, the organisation ensures that employees behave ethically, that human rights are respected, that data is published transparently, and that the Company has a system in place for reporting irregularities, known as a Corporate Integrity Risk Register.	SA 1/3 Promotion of Company values among employees, as well as their awareness of their role as ambassadors of Elektro Celje's image and reputation.
5	12 RESPONSIBLE CONSUMPTION AND PRODUCTION **Waste Management** GRI 306	Without waste separation, large amounts of mixed waste and thus higher operating costs, would prevent recycling. Failure to manage hazardous waste could have a negative impact on the environment and result in penalties.	By collecting waste separately, we enable the recycling of certain materials, achieve lower costs, and protect the environment.	
6	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION **Reducing Network Electricity Losses** GRI 305-2	Excess AE (average expenditure) losses have a direct impact on profit or loss, whereas lower profit or loss means less investment and a lower possibility of connecting to RES (Rating Evaluation Service).	If the losses are within the AE limits, this affects the increase in revenue and higher investments, making the network more robust and flexible.	

	Important Topics/SDG and GRI	Negative Impacts and Risks	Positive Impacts and Opportunities	Strategic Projects
7	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE **Sustainable Investment in Infrastructure** GRI 203-1	We monitor the needs of municipalities or local communities in relation to refusing the possibility of connecting new users and dispersed energy sources, resulting in lower supply quality.	The Company facilitates the green transition, meets the power needs of its customers, promotes societal economic development, collaborates with local communities, and plans with municipalities in mind.	SA 3/1 Increased Total Investment Volume
8	4 QUALITY EDUCATION; 3 GOOD HEALTH AND WELL-BEING **Employees' Satisfaction and Commitment** GRI 401-1, 404	High turnover, discrimination, non-involvement of social partners, insufficient remuneration, low professional competence, bureaucratization and lack of process regulation, and poor information support.	Training, collaboration with social partners, assessment of the organisational climate, leadership development, adequate information and communication, feedback, employee satisfaction with adequate pay, career advancement, and family-friendly Company measures are all important.	SA 1/1 Internal Academy Comprehensive Programme SA 1/2 Assessment and Development of Competencies
9	8 DECENT WORK AND ECONOMIC GROWTH **Corporate Integrity and Transparency** GRI 102-16	A decrease in reputation as a result of potential external or internal events, damage, and a loss of trust in the Company.	The Company has a defined public procurement procedure, an anti-corruption clause in all contracts, and an established system for reporting irregularities..	
10	13 CLIMATE ACTION; 7 AFFORDABLE AND CLEAN ENERGY **Renewable Energy Sources and Their Placement in Space**	Not investing in the network would reduce the possibility of connecting RES. As a result, the country would fail to meet its renewable energy targets.	By incorporating RES into the network, we promote their use and contribute to the NEPN (National Energy and Climate Plan) goals.	Implementation of technical solutions that will allow for the best possible combination of decentralised flexibility sources, both on the generation and consumption sides of the electricity grid. SA 6/5 Simplified Procedure for Obtaining Documents for Interventions in the Customer's Space
11	15 LIFE ON LAND **Environmental Disaster Management**	Failure to manage environmental disasters may result in hazardous waste pollution, oil spills, etc., as well as reputation and trust erosion and financial consequences.	We prevent environmental pollution and incur disaster elimination costs by managing environmental disasters.	

	Important Topics/SDG and GRI	Negative Impacts and Risks	Positive Impacts and Opportunities	Strategic Projects
12	**Efficient Use of Energy** GRI 302-1, GRI 302-4 ISO 14001	Higher Company costs, resulting in more expensive investments, and the need for more financing.	More profitable business, more investments financed from its own resources.	
13	**Business Digitalisation** ISO 27001	Theft of user data, increased short-term costs, additional education, and new processes.	New business models, better decision-making, work flexibility, working from home, long-term cost savings, and better resource management.	SA 4/1 Establishment and Implementation of a Unified and Rapidly Adaptable Business intelligence (BI) System SA 4/9 Establishment of Integrated Management System of Information Events
14	**Business Performance** GRI 201-1	If the business is doing poorly, there are no resources to invest in, but access to favourable credit is more difficult, and employees and owners are dissatisfied.	Part of the profit is allocated for investments in employee, owner, and business partner satisfaction, environmental reputation, and easier recruitment.	SA 8/8 Cost-Effectiveness of Process Implementation
15	**Risk Management** ISO 31000 Guidelines	If the risk is not identified, it has an impact on the Company's operations, resulting in higher costs and lower revenues (environmental accidents, information incidents, and employee injuries).	The Company has a risk management system in place at the enterprise and process levels.	Keeping a Risk Register to avoid negative consequences and capitalise on opportunities.

Together with our employees, we cultivate a culture of excellence

We responsibly maintain respectful, mutual relationships as well as a stimulating and safe working environment in which employees can develop their full potential.

Responsibility to Employees

The Company's values already dictate that we must act responsibly and reliably within the framework of work processes, regardless of the challenges that sudden changes bring. Many additional feats arose in 2022 as a result of regulatory changes and global developments that we had to deal with in accordance with the Company's values: conscientious, committed, and responsible. Simultaneously, we continued along the path that we had consolidated with the experience gained during the COVID-19 situation, adjusted business plans, and confidently pursued the goals set with a willingness to change and confidence in the future.

Since we are aware that the Company's successful operation depends largely on healthy, committed, and satisfied employees, we provide our members with excellent conditions for both professional and personal development through a carefully thought-out employment policy, trainings, and a variety of additional activities within the framework of dealing with employees. With young and up-and-coming talents, we grow and complement one another as we appreciate new ideas and perspectives, which, in collaboration with a rich treasure trove of knowledge, enable the Company's highly set goals to be met.

Employees' Structure

Employees' Structure adapts to the needs of the Company as well as other global conditions. According to consistent monitoring of the internal and external environments, as well as adherence to the set goals within the Business Plan framework, the Company had 612 employees on December 31, 2022, 4 fewer than planned and 11 fewer than on December 31, 2021. The reason for this was the austerity measures imposed as a result of the March intervention law. The average number of employees was 614.

> ''Because we recognise that employees are the heart of any great organisation, we provide a stable working environment with equal opportunities for development, personal growth, and advancement. We build a leadership culture, encourage creativity and collaboration, and welcome our future's young hopes.''
>
> Personnel Strategy — Human Resources Management Mission

In 2022, 40 employees had their employment relationship terminated, with 17 being terminated due to retirement, while the remaining terminations were due to the expiration of fixed-term employment contracts, consensual terminations, and terminations due to regular or extraordinary terminations.

We replaced departures with reassignments of colleagues or additional new employment using a careful personnel policy. We welcomed 29 new, up-and-coming employees into our team in 2022, and they are already contributing positive results thanks to a thorough introduction to the workplace.

Employees' Structure according to Employment Status

At Elektro Celje, we strive to create a stable working environment for all employees because we believe that they can only produce excellent results in an environment that provides them with secure employment. This is also demonstrated by the fact that we have permanent employment contracts with 95% of our employees. The remainder are fixed-term employees and trainees who are introduced to work processes.

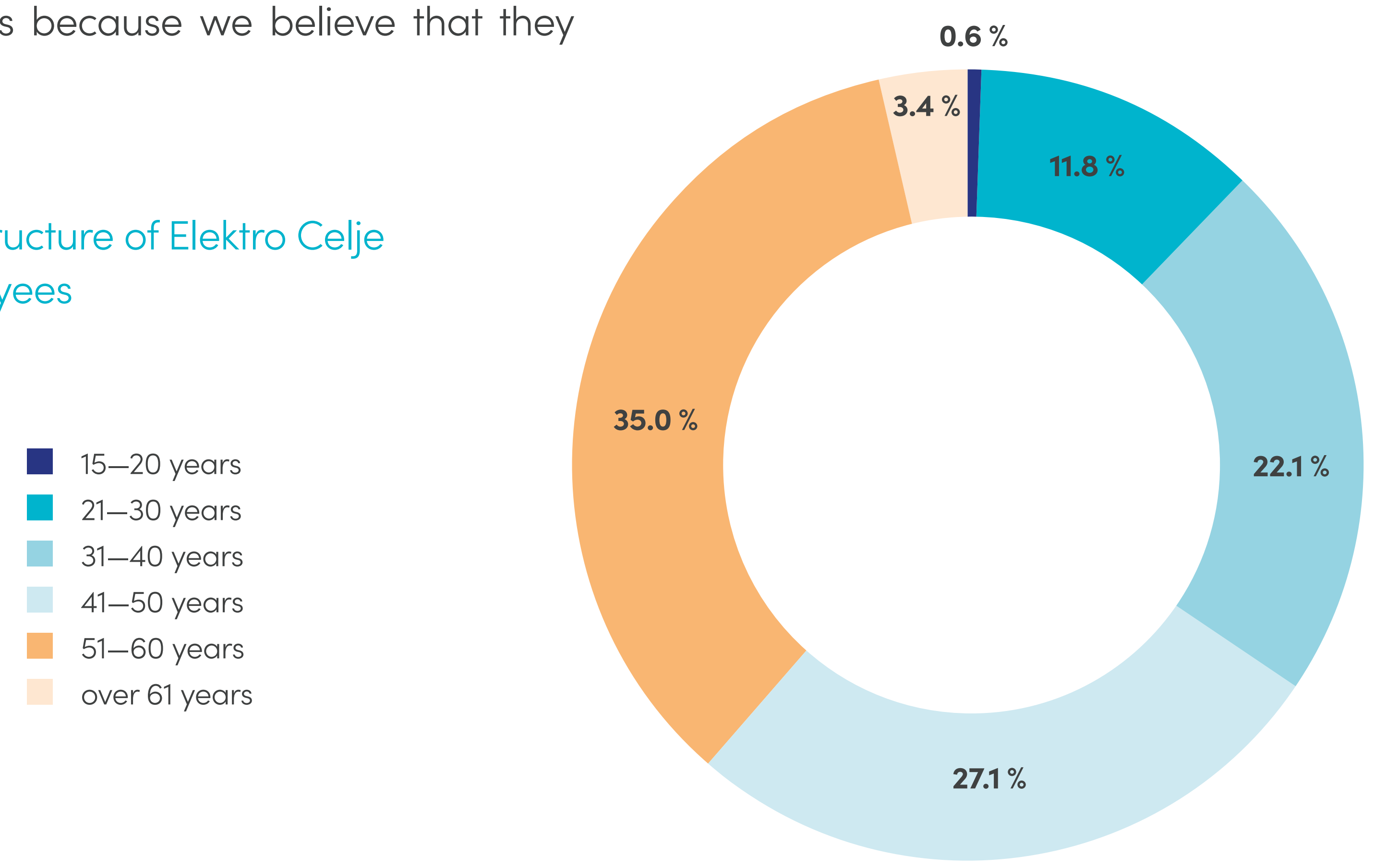
Employees' Age Structure

Elektro Celje is regarded as a company with a relatively high employee age structure. The average age is 45.17 years, and the majority of employees are between the ages of 51 and 60, indicating that the Company has employees with extensive work experience and a wealth of knowledge, but also indicating mass retirement in the future, as 107 employees are expected to qualify for old-age retirement by the end of 2026.

Number of employees by status

Number of employees by employment status, share of employees by gender and average age	
Number of permanently employed workers	582
Number of temporarily employed workers	26
Number of trainees employed	4
Total number of employees	**612**
Average age	**45**
The proportion of female employees	**15 %**
The proportion of male employees	**85 %**

Age structure of Elektro Celje employees



Sex Ratio of Employees

We represent the principle of gender equality by placing individuals in the right jobs, and by selecting carefully, we offer everyone equal opportunities for employment, without discrimination. According to the industry in which the Company operates, the majority of employees (85%) are men. We note that women continue to be underrepresented in technical fields, with the majority working in support and administration positions.

As many as 98.7% of workers are employed full-time. This category includes only employees with a disability who work part-time due to a ZPIZ (Pension and Disability Insurance Institute of Slovenia) decision. Employees with the aforementioned status have a special place in the Company because we want every individual, regardless of their remaining capabilities, to feel appreciated for their work. We enable individuals to be transferred to other jobs or receive vocational rehabilitation by adapting working conditions.

The number of people with disabilities fell by 8 in 2022 compared to 2021, owing to retirements and other terminations of labour relationships. On December 31, 2022, we had 41 employees with disabilities and a 6.5% share of employees with a disability status, which is 0.5% higher than the share determined by the Regulation establishing a quota for employment of persons with disabilities in the field of electricity supply.

Absenteeism

We are aware that the past epidemiological period left some consequences for the health of individuals and that there are also health problems due to increasing age, the result of which is employees' sick leave. The share of sick leave has thus risen to 8.1% since last year, which represents 1.6 percentage points more than planned and 1.1 percentage points more than on December 31, 2021.

We prioritise the health of our employees, which is why we collaborate with the Occupational Health and Safety Service to organise training sessions. We also take preventative measures to stop the spread of various infections.

Employment

Employment is a process that requires an accurate assessment of needs to attract committed, up-and-coming, and motivated new employees into our work environment through the professional selection of personnel. At the same time, we strive for the professional qualification and competence of candidates who, after selection and a carefully implemented on-boarding procedure, help in the achievement of the set goals.

By identifying internal talents, we place employees in the right jobs and provide them with personal growth and career development. We are aware that only satisfied employees are sufficiently motivated and committed to the effective fulfilment of work and tasks. The wealth of knowledge and best practises that the Company has accumulated over the years are being passed along to new successors, and we are encouraging them to innovate in developing new ideas for the future.

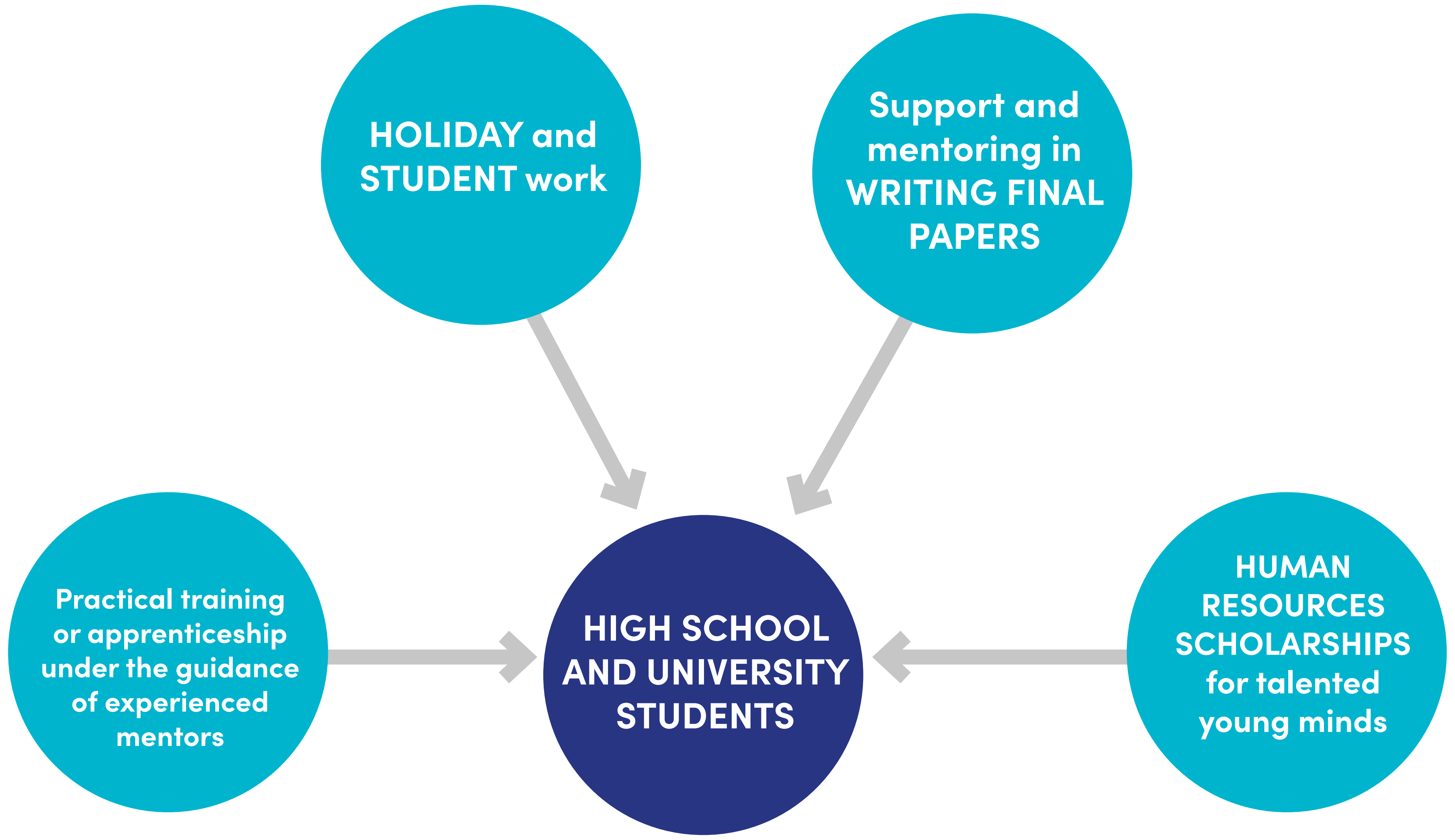
For several years, the labour market has been experiencing a shortage of professionally qualified personnel from particular technical areas, which is posing an increasing challenge in terms of personnel search and selection. We recruit candidates through a variety of channels, including the Elektro Celje website and intranet, the ZRSZZ (Slovenian Employment Service), and the job portal Moje Delo.

We take pride in the fact that by actively involving young people in the Company's work processes and systems, we have started to develop the human resource pool of the future. To this end, we offer students on-the-job training, have strengthened our partnerships with educational institutions and faculties, and have increased the number of human resource scholarships available to aspiring representatives of the young generation.

Cooperation with Young People

Intergenerational collaborations produce exceptional results because a rich treasure trove of knowledge and many years of practice connect with innovative solutions and new-age ideas, which is why we involve young people in various segments of operation:

Since we wish to work with young people in the long run, we began implementing a comprehensive system of human resources scholarships in 2021. This system was upgraded in 2022 and completed with as many as 16 human resources scholarships, where we ac-



cepted 6 high school students and 10 university students into our circles and allowed them to join the team. This objective goes beyond simply recruiting candidates for future employment. The objective of the human resources scholarship programme is to help young people gain additional abilities and expertise while pursuing their vocational education.

Employees' Growth and Training

It is the key to progress and excellent results. Investing in knowledge is the most important investment, so we provide our employees with professional knowledge and competencies through education and training at our own Knowledge Centre Academy.

This is an area that, in addition to careful planning, requires good organisation and employee motivation for acquiring new skills. When we discuss training and vocational education programmes, we consider both internal and external education, and we implement them under the auspices of the aforementioned Academy. Vocational education courses take various forms: live at the Company's location or elsewhere, but the implementation has also been retained 'on-line' since epidemiological times

We can boast of a rich set of our own knowledge and practises, which we effectively pass on to young people and upgrade with their innovation. With the help of internal Academy experts, we share knowledge among our colleagues and thus establish our own Catalogue of Internal Vocational Education and Trainings. We organised about 20 of them in 2022, with knowledge in the fields of mobile applications, information security, easement rights and contracts, basic computer tools, communication, and the implementation of annual development talks. We performed an average of 10 hours of internal vocational education per employee, which is five times more than we did in 2021, when we performed an average of 1.8 hours per employee.

2022 was also an excellent year in the field of external education. The average cost per employee was EUR 196, and each employee received 19 hours of training on average, 5 hours more than in 2021. We are once again approaching the numbers prior to the epidemic, which slowed training activities somewhat.

Employees' Educational Structure

We also strive to provide our employees with a higher level of education through the Knowledge Centre Academy. The majority of employees have completed Slovenian IV and V education levels. We work to encourage employees to choose and obtain a higher level of education and thereby open up opportunities for personal and career advancement by offering a variety of benefits (additional part-time leaves, co-financing of education costs, reallocation of working hours). With our assistance, 31 employees received higher formal education in 2022, and 7 completed their education.

Sustainable Employee Care and Satisfaction

We understand that caring for employees is an important part of running a successful and responsible business. We believe that healthy, motivated, and well-trained employees increase productivity and thus contribute to the achievement of ambitious goals. We accept full responsibility for excellence and professionalism, encourage innovation, and provide optimal working conditions for growth and development for our employees. Employee satisfaction is extremely important to us, so we adapt and create processes in collaboration with all stakeholders. The SiOK (Slovenian Organisational Climate) survey in 2021 confirmed that the organisational climate is better than in previous years and better than the Slovenian average index.

As a company, we strive for Sustainable Development, and we strive to meet the needs of current generations without compromising the needs of future generations by acting responsibly. In the social sphere, we are concerned with employee qualifications and career development, as well as a low level of turnover.

CLIMATE
3.47
(+0.22)

SATISFACTION
3.76
(+0.21)

ENGAGEMENT
3.77
(+0.25)

Number of employees according to the educational structure	No. of employees 1/ 1/ 2022	Share (in %)	No. of employees 31/ 12/ 2022	Share (in %)	Average no. of employees
Educational level I	2	0.3 %	2	0.3 %	2
Educational level II	2	0.3 %	1	0.2 %	1
Educational level III	16	2.6 %	15	2.5 %	16
Educational level IV	165	26.4 %	157	25.6 %	159
Educational level V	224	36.0 %	210	34.3 %	216
Educational level VI/1	80	12.8 %	81	13.2 %	80
Educational level VI/2	66	10.6 %	75	12.3 %	71
Educational level VII	56	9.0 %	59	9.6 %	56
Educational level VIII/1	11	1.8 %	11	1.8 %	12
Educational level VIII/2	1	0.2 %	1	0.2 %	1
TOTAL	**623**	**100.0 %**	**612**	**100.0 %**	**614**

We enable education

Expertise and innovation shape our future, which is why we enable professional development and additional training for employees at all levels of the company.

We improve workplace safety

We take a systemic and comprehensive approach to safety, so we encourage the recognition and elimination of hazardous situations, as well as regular education about safe work procedures and equipment.

We encourage family life

We are proud of our comprehensive Family Friendly Company Certificate, which demonstrates that we have been successfully striving for many years to achieve a balance between private and professional life.

The turnover has risen slightly over time, owing primarily to the high age structure and increased number of retirements. It was 6.51% in 2022, which is 0.72 percentage points higher than in 2021.

When recruiting, we carry out the personnel selection in such a way that professional training, competence and commitment take precedence over other factors. We involve aspiring individuals in the work process without regard to gender or age. The 21- to 30-year-old age group had the most new entrants, followed by the 31- to 40-year-old and 41- to 50-year-old age groups.

Annual Development Talks

For many years, the Company has organised annual development meetings, which allow for the pursuit of past goals as well as the establishment of future objectives. They provide an opportunity for an open discussion with the manager as well as for the detection of improvements to the work process and the environment.

We began interviewing candidates in June 2022. In May, workshops for managers were held before interviews using the MS Teams application, with the emphasis on conducting an annual development talk and correctly assessing employees' competencies.

Work-Life Balance

As a full Family Friendly Company Certificate holder, we engage in activities that promote work-life balance. Because life's pace and path are so dynamic, it is even more important to be able to strike a balance between key aspects of one's life without adding stress and uncertainty.

The activities are carried out within the framework of 12 measures, among which we wished to highlight the gift for 22 employees' newborns and the new year's gift for 242 children aged 1 to 10 years in 2022. According to Article 165 of the Employment Relationships Act, 24 employees were given special leave when a child started first grade at a primary school. We carried out various activities in order to promote a healthy lifestyle, the best of which was the Company's Day, which was carried out as an active team-building exercise with games without borders.

Additional Benefits for Employees

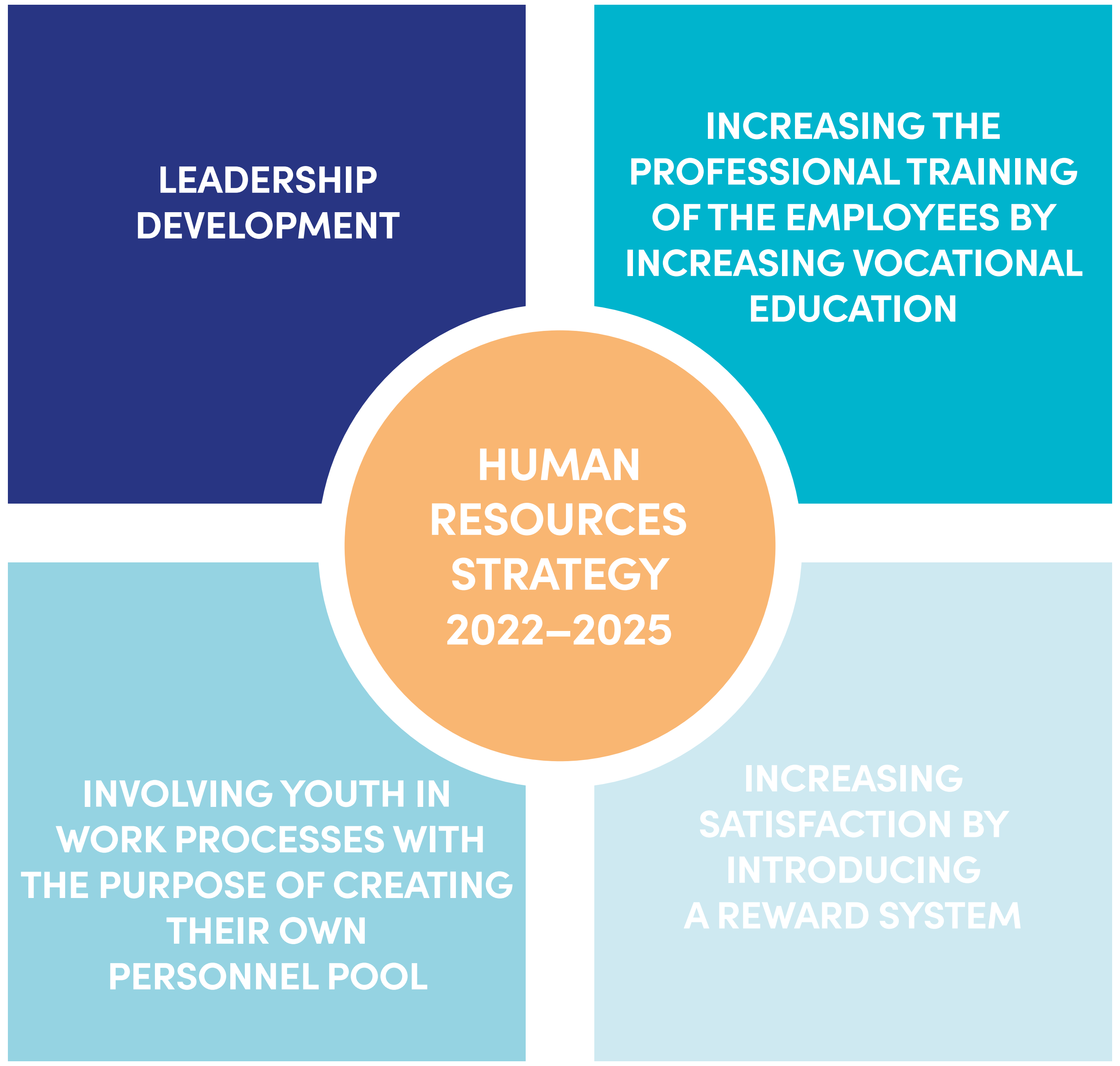
Specialist Collective Insurance
We want our employees to be treated quickly and effectively in the event of injuries or medical conditions. Health is one of the greatest virtues and should be on every individual's priority list, and as an employer, we would like to provide additional health benefits to our employees in the field of health. To that end, the Company has entered into a Specialist Collective Insurance contract, which provides quick access to medical services in the event of illness or accident, as well as the organisation and coverage of the costs of certain self-paid medical services at home and abroad, as well as a second opinion from specialists. Family members, ages 1 to 74, are also qualified for preferential inclusion in the aforementioned insurance.

Collective Accident Insurance covers accidents for employees and their family members aged 14 to 65.

Collective Voluntary Pension Insurance
Since 2001, Elektro Celje has had a pension plan for supplementary pension insurance, with which we provide employees with additional social security for their third period of life. Premiums for Supplementary Pension Insurance are paid by the Company (EUR 855,000 in 2022) in a contractually determined proportion of the maximum amount, and employees have the option to pay their share of the premium in addition.

Human Resources Projects

New Human Resources Strategy
In 2022, we designed and adopted a new Human Resources Strategy for the period 2022–2025, which is our own product and will help us provide an environment that promotes employee commitment, motivation, and development. The Strategy was developed after an in-depth analysis of both the internal and external environments, as well as the notion that employees are the heart of an exceptional organisation, contributing excellent results through their creativity and commitment. We established four key goals with the help of management:



Ambitious goals will be carefully implemented and adapted to individual needs with the help of planned activities.

Completion of an Existing Project

KOC—Competence Centres for Employees Development–KOC ENERGIJA
In 2022, a significant project for co-financing education was successfully completed within the ENERGIJA Competence Centre. Professional competence of our employees is one of our top priorities because we want them to constantly improve their competencies and expand specific knowledge and skills. In collaboration with the ICES (Energy System Educational Centre) Project Office, we received reimbursement for EUR 30,000 spent on the implementation of 30 training courses in the fields of computer science, electrical engineering, occupational health and safety, quality, and other areas of expertise, for a total of EUR 61,000.

EVROPSKA UNIJA
EVROPSKI SOCIALNI SKLAD
NALOŽBA V VAŠO PRIHODNOST

REPUBLIKA SLOVENIJA
MINISTRSTVO ZA DELO, DRUŽINO, SOCIALNE ZADEVE IN ENAKE MOŽNOSTI

Javni štipendijski, razvojni, invalidski in preživninski sklad Republike Slovenije

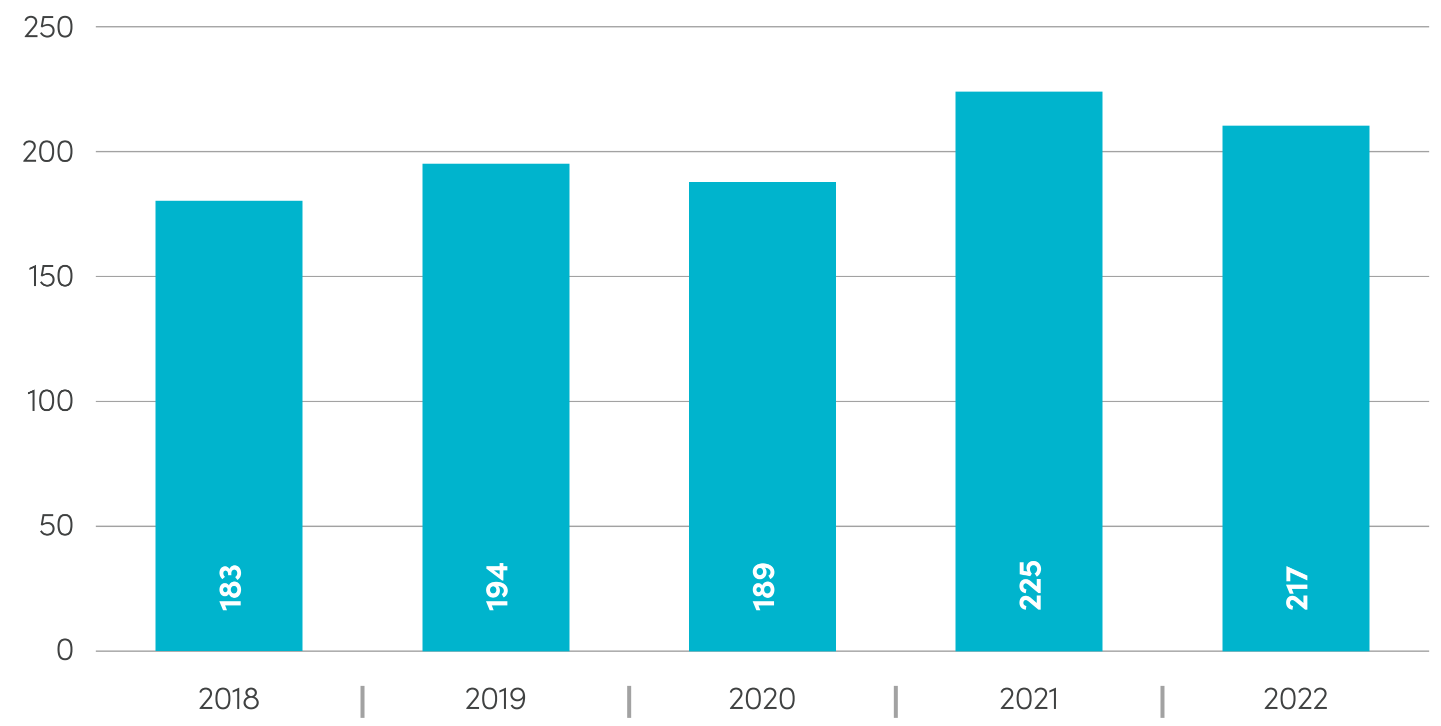
ENERGIJA
KOMPETENČNI CENTER

Communication with Employees

Open and regular communication between employees and the Company's management, as well as communication among employees, is a key value. The Company promotes communication at all levels, ensures responsible and ethical communication, and, as a result, fosters a productive work environment, enhances a sense of belonging, and establishes a culture of mutual trust and respect.

- Internal communication is most commonly carried out through meetings, both in person and over the phone, as well as through websites, e-mail, and intranet pages. The **GEC Internal Newsletter**, published three times a year, is one source of employee information.

Number of posts on the intranet page



- **Annual Conversation with a Colleague** is an important instrument of targeted human resource management in modern excellent organisations. The content of LRP (Annual Development Talks) is an in-depth conversation about ongoing tasks, work done and results, goals and tasks for the future period, and the colleague's personal growth and career path.
- **Intranet Page** informs employees about the Company's news, events, and activities on a regular and transparent basis. Direct superiors also play an important role in internal communication because they strive to ensure that the information provided reaches all employees.

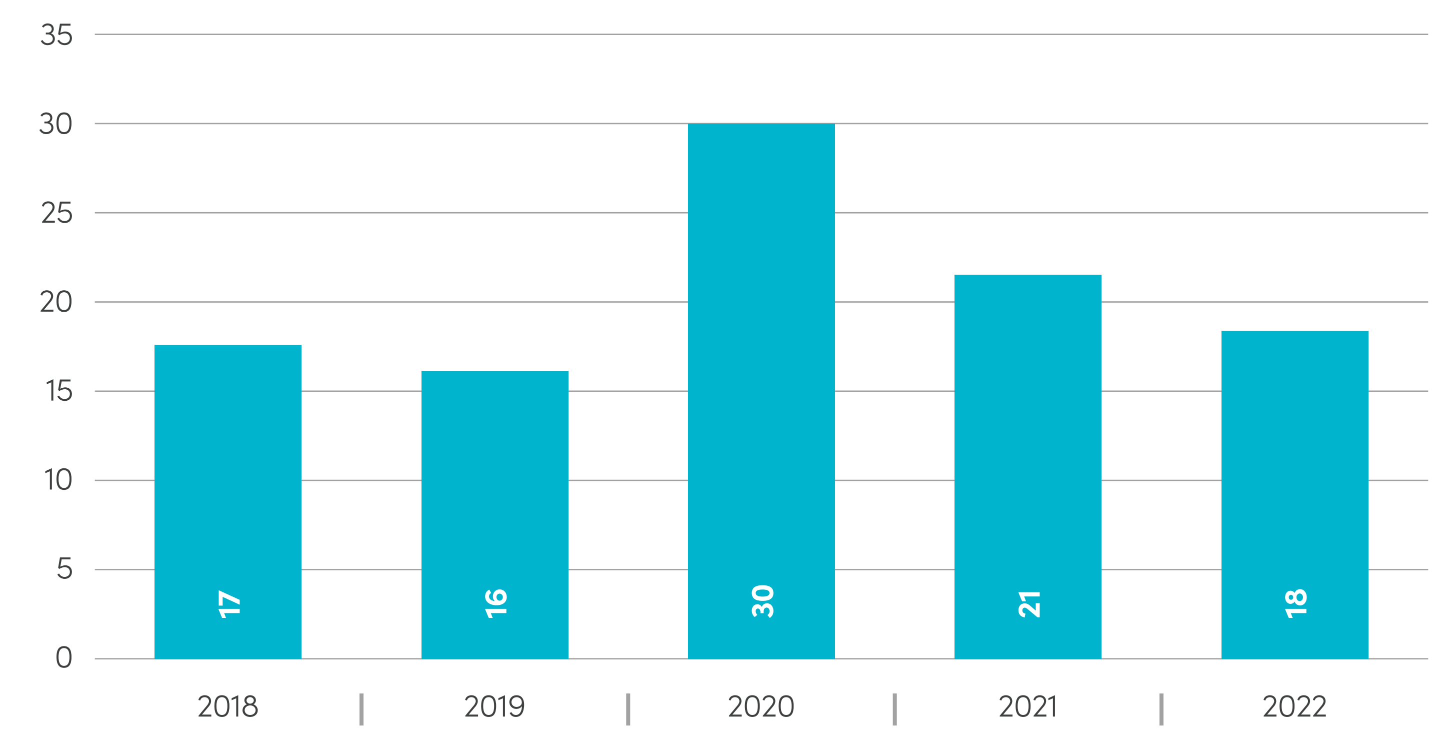
Responsibility to Social Environment

As a result of the Ukraine war, Slovenia faced an extremely difficult situation in terms of energy prices, particularly electricity and natural gas, in 2022. Natural gas has begun to replace coal in electricity generation to some extent, with the goal of reducing greenhouse gas emissions and bridging production during the transition to a green economy, thus increasing consumption of this energy product. With the reduction of Russian gas supplies and subsequent sabotage of gas pipelines, the situation on the energy markets deteriorated further. Rising energy prices put additional strain on both households and Slovenian companies. Due to high energy prices, the Republic of Slovenia's government passed the Law on Urgent Measures to Mitigate the Consequences of High Energy Prices (ZUOPVCE). According to the newly adopted law, it exempted final low-voltage users and household customers from making a contribution to support the production of energy through high-efficiency co-generation and from renewable energy sources (CHP and RES) for three months (February, March, and April 2022). In addition, it exempted all final customers for three months from paying for the network and capacity charges for the acquired Labour Energy, and in the summer, it set a fixed price for households and small companies. The National Assembly passed the Law on Economic Assistance to Mitigate the Consequences of the Energy Crisis in December 2022, and several regulations have been implemented to control the final prices of electricity and natural gas. All challenges were communicated to homeowners as well as business clients who are connected to the Elektro Celje Network.

Communication with Customers
A **call centre** is available to users, where clerks accept and resolve complaints, customer reports about errors on metres, the status of metering devices for the needs of preparing annual returns, provide information about planned blackouts, answer general questions of customers, and regularly communicate with field workers and with electricity suppliers.

As a tool for communicating with various publics, we use a **website** where we provide refreshed content about all Company's activities and associated data and instructions needed by network users. It was visited by more than **136,800 users** in 2022. According to the recorded visit, users most searched for information about the network status **(shutdown notifications)**.

Number of posts on the website



On the website, we publish the information requested by the operator, SDH, d. d., as well as data that we have a duty to disclose under the Access to Public Information Act.

Customers must be informed of planned outages because only in this manner can all work on electricity facilities be completed safely and in the shortest possible time. The work is meticulously planned, so customers are notified at least 48 hours before the outage takes place. Announcements of planned outages are distributed on the Company's website and on broadcast radio stations.

Customers can also use a web application to be notified about planned power outages in their home, company, or other facility. By registering, they will receive an **e-mail notification** or **communication** on their cell phone. By the end of 2022, there were **2,637** registered users.

Moj elektro: System for Uniform Access to Measurement Data

Electrical distribution companies have established a common, free single web portal, Moj elektro, a system for uniform access to measurement data, where users can access their measurement data regardless of the electrical distribution area or supplier. It is designed for end users (customers and electricity producers) who, up until now, have not had the opportunity to have centralised access to measurement data at their own or authorised measurement points. Through the portal, users will also be able to access the data of other beneficiaries with the proper authorizations. The distribution network of Elektro Celje has **5,029** registered users.

Communication with Shareholders and Financial Public is transparent and in accordance with the applicable provisions. The information we offer to shareholders relates to the Company's financial performance and business plan. Data are public (Annual Report, Quarterly Reports, Concluded Contracts, Implementation, and Materials for the General Meeting) and are regularly published on the website www.elektro-celje.si. When communicating with shareholders, we adhere to the principles of the SDH recommendations and the OECD guidelines for corporate governance of SOEs (state-owned enterprises), which emphasise three principles: transparency, efficiency, and accountability.

Communication with Business Partners is based on personal contacts and electronic communication. Since it is necessary to establish personal contacts in the business world, we treat each business partner individually.

Communication with Influential Public, which includes Government institutions of the Republic of Slovenia, line ministries, and other important institutions (AE, SDH, and others), takes place for topics related to regulation and legislation.

Participation in the Economic Interest Association of Electrical Distribution Companies
Elektro Celje collaborates with other electrical distribution businesses in Slovenia that are grouped under the umbrella of GIZ DEE (Economic Interest Association of Electricity Distribution). The GIZ Distribution Association's primary objectives are to facilitate, coordinate, and promote activity while also improving operational results. We have already organised the **7th Strategic Conference** of Slovenian Electrical Distribution in 2022. At the **"Building a Green Future"** conference, foreign and Slovenian guests discussed sustainability and related challenges in the field of a green future.

Responsibility to the Community

Elektro Celje strives for responsible, careful, and fair treatment of the environment while looking for ways to become more successful in connection with natural integration into the environment, improve the quality of life of employees, the local community, and the wider society, while at the same time satisfying the interests of the owners.

Already with the planning and placement of electricity installations in space and with the network construction and operation, we try to include and listen to the various interests of local communities and to realise as many goals as possible for the common good. We are not only distributors of electricity, but we look at our operation in the environment more broadly and try to find common ground in different areas for better quality coexistence. In business, we strive to be transparent, which we implement by publishing data and information about operations on the Company's website and in accordance with accepted good corporate governance practises and management codes.

Our guiding principle in relations with the media is transparent and up-to-date communication that is mainly based on the Company's operations, new services and patronage collaborations, innovations on the network, and the completion of important electricity facilities. We regularly participate in the creation of the journal of the Slovenian electrical industry, Naš stik, where we publish current news and contributions.

Relationships with Suppliers and Purchasing Policy

Elektro Celje organises and carries out the procurement of goods, services, and works related to the implementation of the tasks of maintenance and development of the electricity distribution network under the contract with SODO in accordance with the ZJN (Public Procurement Act). All procurement procedures take into account the basic principles of public procurement and the economic aspect.

Contracts with estimated values determined in accordance with the Public Procurement Act provisions that are in excess of the publication thresholds specified in the Public Procurement Act are to be carried out in accordance with the provisions of the aforementioned Act. When Elektro Celje is the contractor for third parties who are not subject to public procurement, supplies, services, and works with an estimated value exceeding the publication thresholds specified in the public procurement act may be ordered without the execution of the public contract following the procedure specified in the Public Procurement Act.

Services sold at unified price lists in the Republic of Slovenia and published in official lists, the purchase or rental of real estate, the purchase of professional literature, attendance at professional seminars, lawyer and notary services, etc. are goods and services for which it is not necessary to obtain more than one offer but which must be handled using the good master method.

Elektro Celje adheres to a coherent and unified purchasing policy that includes strategic guidelines and principles for a transparent purchasing process. The Company's Purchasing Policy seeks to find synergy with suppliers in terms of product quality, partner trust, and favourable commercial conditions. Elektro Celje ensures a competitive and transparent selection process in procedures below the Public Procurement threshold by distributing a demand to several offerers.

Every year, we evaluate existing suppliers and the adequateness, timeliness, and reliability of their deliveries. Internal acts require that an anti-corruption clause be included in all purchase contracts. Additionally, the Company adopted a number of internal acts regarding procurement that define procedures and other guidelines (Guidelines on the Implementation of Procurement and Public Procurement, Assessment of Suppliers, Guidelines on the Method of Receiving Goods from Suppliers, Record of Complaints or Non-Compliance, etc.).

Sponsorship and Donations

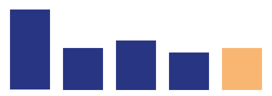
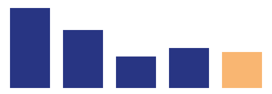
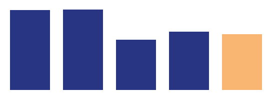
In accordance with the Rules on the Allocation of Sponsorship and Donor Assets, the principles of balance, economic benefits, and diversification were observed in the case of sponsorship and the principle of social responsibility in the case of donors. To ensure transparency, the list of completed sponsorship and donor contracts is published on the Company's website.

Due to the increased loss of revenues from the network charge for the distribution system in 2022, we were forced to reduce all costs that did not relate to maintenance and investment in electrical distribution infrastructure. As a result, we reduced our planned funding for sponsorship and donations.

Responsibility to the Natural Environment

With the adoption of the Environmental Management Policy, Elektro Celje commits to complying with the requirements of environmental legislation and regulations, agreements, standards, and its own requirements. The principles of sustainable development are considered in strategic and operational planning and reviewing the achievement of set goals; thus, while complying with legal and other requirements, the Company strives to achieve the highest possible level of natural resource management and raw material re-use. At the same time, we are developing a sustainable attitude towards the environment in areas that are not legally defined. We protect the environment by carefully placing electricity facilities in space while adhering to legislation regulating electromagnetic, thermal, and light radiation, as well as noise. The Company conducts environmental assessments on suppliers on a regular basis (additional points are awarded to suppliers who have an ISO 14001 Environmental Management System in place).

Company Elektro Celje monitors the following environmental indicators:

Indicator	2018	2019	2020	2021	2022	Graphical comparison
Electricity consumption (in MWh) Energy renovation of buildings (installation of heat pumps and Combined Heat and Power devices), insulation and high-quality joinery will contribute to reducing electricity consumption.	857.1	917.6	879.4	844.0	805.0	
Water consumption (in m3) Rational consumption of drinking water is ensured by improving control and reducing losses on the water supply network and using rainwater for sanitary and technological water.	11,105	5,786	6,822	5,172	5,808	
Share of transformers with environmentally acceptable oils (in %) The Company is systematically installing TRs with environmentally acceptable oils in the electricity network. Where is reasonable/permissible, chestnut wood or coniferous wood impregnated with an environmentally acceptable impregnation is used for the construction of OPLs.	29.0	32.0	32.8	34.8	35.7	
Registered hazardous waste (number) TR waste oils, used oil filters, discarded electronic equipment containing hazardous substances and other hazardous waste are collected in specially marked containers. Their removal is provided by the contract transferee. The amount of hazardous waste depends on the reconstruction of facilities carried out in a singular year.	18	13	7	9	8	
Mixed municipal waste (kg) The collection of municipal waste is organized in the manner prescribed by ordinances by municipalities and competent local municipal companies. The Company takes care of the comprehensive management of useful (recycling) and useless waste.	110,800	111,200	69,200	80,073	76,561	

Elektro Celje's carbon footprint

The purpose of determining the carbon footprint is to assess the situation in each case, improve measures for future greenhouse gas emission reduction, and provide objective reporting on the results achieved.

The calculation meets the requirements of the Greenhouse Gas Protocol for all three ranges and all relevant categories.

The year 2018 was chosen as the starting point for reporting and managing carbon footprints. However, in 2022, novel parameters for calculating the carbon footprint emerged, including the calculation of the emission factor for distribution losses in electricity, the change in calculation volume due to the divestment of the subsidiary, the change in calculation of Scope 1 emissions with the inclusion of direct emissions from natural gas combustion in cogenerations, the calculation of the relevant Scope 3 emissions, and, most importantly, the decision of other distribution companies in Slovenia that took over the base year 2021. As a result, Elektro Celje placed 2021 as the starting point for managing its carbon footprint.

Greenhouse gas emissions from direct emissions from own or controlled sources and indirect emissions related to energy consumption can be determined using internal sources of information, but determining greenhouse gas emissions in the supply chain, on which Elektro Celje has only a limited impact, is a particular challenge.

The reduction in carbon footprint is due to the distribution network Loss Reduction Programme, whereas other reductions are not an immediate consequence of the Systematic Programme. Programmes to reduce emissions and energy consumption are currently under development.

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BUSINESS REPORT
Company Presentation
Strategic Directions and Objectives
Electricity Distribution
Distribution System Operations
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Distribution Network Development
Marketing Services
Research and Development Projects
Environment Analysis and Business Performance
Sustainability Reporting
Corporate Governance
FINANCIAL REPORT
REPORT OF THE SUPERVISORY BOARD

	2022	2021	Emissions by individual greenhouse gases in the reported year						
			Carbon dioxide (CO2)	Methane (CH4)	Nitrous oxide (N2O)	HFC	PFC	Sulphur hexafluoride (SF6)	Nitrogen triflouride (NF3)
	[t CO2e]	[t CO2e]	[t CO2]	[t CH4]	[t N2O]	[t HFC]	[t PFC]	[t SF6]	[t NF3]
SCOPE 1 (S1)	1,605.6	1,764.5	1,535.6	0.9	14.8	54.3	0.0	0.0	0.0
SCOPE 2 (S2)	68,487.7	70,825.3	68,487.7	0.0	0.0	0.0	0.0	0.0	0.0

Categories	**Emissions by category**	
	2022	**2021**
	[t CO2e]	**[t CO2e]**
S3-1: Emissions from the procurement of goods and services	Categories 1 and 2 are calculated together to apply the EEIO (Environmentally-Extended Input-Output Analysis) method.	
S3-2: Emissions from the acquisition of capital goods (buildings, equipment, vehicles)	6,672.6	10,054.0
S3-3: Emissions from fuel and energy consumption (not included in Scope 1 or Scope 2)	6,774.3	6,977.4
S3-5: Emissions from the disposal of liquid and solid waste	27.4	43.7
S3-6: Business travel emissions	6.2	0.2
S3-7: Employees' emissions from commuting to the facility	602.4	564.0
SCOPE 3 (S3)	**14,082.9**	**17,639.3**

	2022	**2021**
SCOPE 1 tCO2e	1,605.6	1,764.5
SCOPE 2 tCO2e (location-based)	26,629.6	27,538.2
SCOPE 2 tCO2e (market-based)	68,487.7	70,825.3
SCOPE 3 tCO2e	14,082.9	17,639.3
Total tCO2e (market-based)	**84,176.2**	**90,229.1**
The indicators are calculated on the basis of the market-based approach for the determination of Scope 2 emissions.		
Company's carbon footprint kgCO2e MWh All CO2e emissions on the distributed EE	43.99	45.68
tCO2eCompany's operational carbon footprint per employee All CO2eemissions on average per employee	137.09	145.06
kgCO2e/EUR carbon footprint on generated revenue All CO emissions2e on net sales revenue	2.07	1.72
Average number of employees	614	622

Guidance Systems

Elektro Celje's Management System is based on the following certified systems:
- Quality Management according to ISO 9001:2015;
- Occupational Health and Safety Management according to ISO 45001:2018;
- Information Security Management according to ISO 27001:2013;
- Environmental Management according to ISO 14001:2015; and
- compliance with ISO 17025:2017 Qualification Requirements for Measurements Laboratories.

The System's operation provides management with methodological support in the Company's organisational development based on a process approach. They form an integrated management system by adhering to the Risk Management System guidelines outlined in ISO 31000:2018. For the Integrated Management System segments, we have established policies that commit us to responsible behaviour in the fields of quality management, employee health, information security, environmental management, risk management, and the implementation of electromagnetic radiation measurements. We review policies on a regular basis, update them, and make employees aware of them.

We determine the effectiveness and adequacy of the Management System operation through the management review. A full management review was conducted in April, followed by a partial review in November. As a result, new measures and improvements are implemented. The Management System Operation is audited annually by Bureau Veritas Slovenia auditors. 2022 saw the completion of audits of the Quality Management, Occupational Health and Safety, Environmental, and Information Security Management systems, for which the certificates' expiration dates were expanded.

We established an accredited laboratory for the measurement of electromagnetic radiation in 2022, which complies with the SIST EN/IEC 17025:2017 standard requirements and received Slovenian accreditation in April. The laboratory's sustainable operation and reputation are based on impartiality, independence, and operational confidentiality. It also received authorization from the Ministry of Environment and Spatial Planning in June to conduct the first measurements and operational monitoring for low-frequency sources of electromagnetic radiation, which is valid for six years from the date of its final entry into force. In 2022, 73 measurements were conducted.

We planned and checked the efficiency and effectiveness of the processes' operation in the **Quality Management System** which is the foundational standard for the Company's management. We improved processes, addressed process risks, and updated management system documents. Safe Work And a Healthy Lifestyle are not only required by the law; they are also Elektro Celje's values and fundamental functions.

Safe Work And a Healthy Lifestyle are not only a legal obligation, but Elektro Celje's values and fundamental tasks. Due to the COVID-19 pandemic in 2022, numerous measures were taken to ensure the preventive protection of employees. As a result, no systemic changes took place.

Raising employee awareness about internal research on accidents and dangerous events allows for the identification of hazards in the work process and the development of solutions to prevent similar accidents and events.

In 2022, we recorded 8 minor workplace accidents, 7 of which occurred in the work environment and one at an organised Company event. We documented 298 COVID-19 infections and 5 dangerous events, two of which were related to the use of or work at power plants or in the immediate vicinity. We conducted the prescribed employees' training for safe work and preventive medical examinations in collaboration with occupational medicine contractors, based on the provisions of the legal regulations and the adopted Safety Statement with Risk Assessment. We conducted periodic inspections of work and personal protective equipment, as well as random inspections at power plants, work sites, and construction sites. We carried out the required measures for the inspection of Fire Protection means and equipment.

The **Information Security Management System** is integrated into all business processes and assists the Company in meeting the business goals it sets.

In 2022, information security activities were aimed at:
- Information Risk Assessment;
- monitoring security events and analysing threats that may have an impact on information security;
- compliance with the information security legislation;
- carrying out internal and external assessments of the Information Security Management System;
- implementation and control of the technical and organisational measures;
- training and awareness-raising of employees in the field of Information Security;
- implementation of activities in the field of Business Continuity Management.

In accordance with the **Environmental Management System** and legal requirements, we conduct our business in an environmentally friendly manner.

Indicator	2018	2019	2020	2021	2022
Number of Accidents at Work	11	8	6	9	8
Frequency of Accidents at Work Number of Accidents per Effective Hour	10.75	7.86	5.97	8.83	8.15
Frequency of Accidents at Work Percentage of Injured Workers	1.71	1.27	0.95	1.45	1.30
Severity of Accidents at Work Lost Days to Effective Hours	73.38	54.74	43.63	69.41	32.81
Share of Working Days Lost Due to Accidents Lost Days from Injuries	68.27	69.63	73.08	78.60	40.25

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The Annual Report was prepared in accordance with the GRI 2016 standards: basic level.

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401-2	Benefits for full-time employees that are not provided to fixed-term or part-time employees	Responsibility to Employees/Additional Benefits For Employees

GRI	Disclosure	Chapter
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103-1, 103-2, 103-3	Explanation of the Essential Topic and its Limits	Importance Matrix Responsibility to Employees Corporate Governance
405-1	Composition of Management Bodies and Employees' Structure by Category (Gender, Age, Minorities' Members, Other Relevant Diversity Indicators)	Responsibility to Employees/Employees' Structure Corporate Governance Non-Financial Statement

SPECIFIC STANDARD DISCLOSURES FOR ENERGY COMPANIES		
ECONOMIC IMPACTS		
Availability and Reliability	G4-DMA	Distribution Network Development Plan
Research and Development	G4-DMA	Research and Development Projects
SOCIAL IMPACTS		
Local Communities	G4-DMA	Responsibility to Social Environment

Corporate Governance

Elektro Celje's Governing Bodies Are: The Management Board, The Supervisory Board and The Shareholders Assembly.

The Management Board has one member who is appointed by the Company's Supervisory Board for a period of four years. **Boris Kupec, MSc**, was appointed Chairman of the Board of Elektro Celje in 2022.

The Supervisory Board consists of six members, four of whom are shareholders' representatives and two of whom are employees' representatives. The Supervisory Board members are appointed for a period of four years and are eligible for reelection. The Supervisory Board members, who are shareholders' representatives, are elected by a majority vote of the shareholders present at the Shareholders Assembly. The members who represent the employees are elected by the Company's Workers' Council.

Composition of the Management Board in the financial year 2022

Name and Surname	Function (chairman, member)	Field of Management work	First appointment to office	Completion of office/ mandate	Gender	Nationality	Year of birth	Education	Professional profile	Membership in Supervisory Boards with a company of unrelated companies
Boris Kupec, MSc	Chairman	management	1 May 2016	–	M	Slovenian	1958	Master of Science in Electrical and Electronics Engineering	"Electronics Energetics"	Member of Stelkom, d. o. o. Supervisory Board, Member of the the Milan Vidmar Institute Assembly, Deputy Chairman of ECE, d. o. o. Supervisory Board and Chairman of the ECE Supervisory Board Audit Committee, Chairman of GIZ DEE

Composition of the Supervisory Board and Committees in the financial year 2022

Name and Surname	Function (chairman, deputy, member)	First appointment to office	Completion of office/mandate	Shareholders'/employees' representative	Participation in the Supervisory Board meetings according to the total No of meetings	Gender	Nationality	Year of birth	Education	Professional profile	Independence according to Article 23 of the Codex (YES / NO)	Existence of conflicts of interest in the financial year (YES / NO)	Membership in Supervisory Boards with a company of unrelated companies
Boštjan Leskovar, MSc	Chairman of the Supervisory Board Member of the Human Resources Committee	1 September 2021 1 September 2021	–	Shareholders' representative	8/8 4/4	M	Slovenian	1973	Master's Degree in Economics MBA	Management and Organisation International Management	YES	NO	Member of KAD, d. d. Supervisory Board
Miha Kerin, MSc	Deputy Chairman of the Supervisory Board Chairman of the Audit Committee	1 September 2021 3 October 2017	–	Shareholders' representative Shareholders	8/8 6/6	M	Slovenian	1978	Master's Degree in Science Bachelor of Law	Legal Knowledge Corporate Governance	YES	NO	–
Dejan Žohar, MSc	Member of the Supervisory Board	31 August 2021	–	Shareholders' representative	8/8	M	Slovenian	1970	Master's Degree in Science; Bachelor in Electrical Engineering	Electronics	YES	NO	–
Marian Papež	Member of the Supervisory Board Chairman of the Human resources Committee	28 August 2021 1 September 2021	–	Shareholders' representative Shareholders	8/8 4/4	M	Slovenian	1961	Bachelor of Law	Legal Knowledge Corporate Governance	YES	NO	Chairman of the Supervisory Board of the Nepremičninski sklad pokojninskega in invalidskega zavarovanja, d. o. o. (Real estate fund of pension and disability insurance).
Miran Ajdnik	Member of the Supervisory Board Member of the Audit Committee	1 October 2018 1 September 2021	17 September 2022 17 September 2022	Employees' representative Member	5/8 4/6	M	Slovenian	1966	Master's Degree in Electrical and Electronics Engineering	Energetics Electronics	YES	NO	–
Janko Čas	Member of the Supervisory Board Member of the Human Resources Committee	1 October 2018 15 November 2018	17 September 2022 17 September 2022	Employees' representative Member	5/8 3/4	M	Slovenian	1957	Electro technician Energetics Expert	Energetics Electronics	YES	NO	–
Jože Mravlak	Member of the Supervisory Board Member of the Audit Committee	18 September 2022 13 October 2022	–	Employees' representative Member	3/8 2/6	M	Slovenian	1968	Electronics Engineer –	Energetics Electronics	YES	NO	–
Andreas Repše	Member of the Supervisory Board Member of the Human Resources Committee	18 September 2022 13 October 2022	22 November 2022 22 November 2022	Employees' representative Member	1/8 –	M	Slovenian	1970	Electro technician Energetics Expert	Energetics Electronics	YES	NO	–
Matej Coklin	Member of the Supervisory Board Member of the Human Resources Committee	5 December 2022 20 December 2022	–	Employees' representative Member	1/8 –	M	Slovenian	1972	Bachelor of Administration – Manager	Energy, Electronics Organization	YES	NO	–

External Member in Committees (Audit, Human Resources)

Name and Surname	Committee	Participation in the Supervisory Board meetings according to the total No of meetings	Gender	Nationality	Education	Year of birth	Professional profile	Membership in Supervisory Boards with a company of unrelated companies
Darinka Virant	Member of the Audit Committee	6/6	F	Slovenian	Bachelor of Economics	1954	"finance, controlling, accounting, audit, internal audit"	External member of the Audit Committee at the companies ECE, d. o. o., Talum, d. d., GVO, d. o. o., Mladinska knjiga and SDH, d.d.

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Corporate Integrity and Code of Ethics

Elektro Celje has a Corporate Integrity System that incorporates elements from the Slovenian Corporate Integrity Guidelines. Integrity is founded on ethics, compliance, and effective risk management.

The Company hopes to achieve the following goals with this:

- **ensure zero tolerance for fraud, illegal, and unethical actions,**
- **ensure maximum transparency in business operations,**
- **enforce and respect good business practises and valid recommendations,**
- **reduction of the risks of corruption, and**
- **promotion of business morality in day-to-day business.**

The measures taken by the Company to achieve the set goals are as follows: the appointment of a Corporate Integrity Officer, the enforcement of rules in the field of Corporate Integrity and the establishment of liability for violations, raising awareness of the importance of corporate integrity through the use of internal public awareness raising, independent supervision through an anonymous reporting and treatment system for violations of Corporate Integrity, regular compliance and ethics of operations monitoring, measuring the performance of the established system based on identified violations, regular reporting and notification of the state of corporate integrity in the Company, and collaboration with external supervisory inspection bodies.

The fully implemented system complies, if reports of violations are made in good faith, **with the recommendations for pointing out irregularities and illegalities (whistleblowing)** contained in the Corporate Governance Code recommendations for companies with capital investment from the state SSH and in the recommendations for audit committees of the Association of Supervisors of Slovenia.

The ethical rules by which employees are guided in certain circumstances are enshrined in **the Code of Ethics**, which applies to all employees as well as other stakeholders when they carry out activities for Elektro Celje. The Code, which is also available on the website, serves as a guide to the Basic Rules and Standards of Conduct and Decision-Making. When combined with written values and principles, we use them in our daily work to guide us in situations where we are unsure of how to act properly.

The Corporate Integrity Manager creates an annual Corporate Integrity Plan that considers the key provisions of the Code of Ethics and outlines how to promote awareness of the Code of Ethics and the Company's values among employees.

An integrated approach to promoting responsibility for common values in Elektro Celje is represented by the administration as well as wider management awareness about the importance of managing risks, unethical and corrupt acts, which, at all levels, bear responsibility for creating and cultivating cultural and ethical business practises.

The following were the key activities of the Corporate Integrity Officer in 2022: promoting the Code of Ethics and ethical conduct among employees; monitoring the Risk Register in the field of corruption; unethical and unlawful operation by process; periodic meetings with employees; internal auditor; quality management coordination; data protection Officer, and keeping a Gifts Register. In addition to the above-mentioned activities carried out by the Corporate Integrity Officer, the Company also carries out the following activities to pursue the principles of ethical conduct: monitoring the gainful activity of employees, raising employees' awareness of the importance of individual values through annual development talks, promoting a healthy lifestyle and safe work, positive communication, including the anti-corruption clause in contracts with contractual partners and striving for its inclusion in contracts with subcontractors, and taking care of social responsibility.

In 2022, 13 reports of potential irregularities or compliance violations committed by the Company were addressed to the Corporate Integrity Manager.

Risk Management

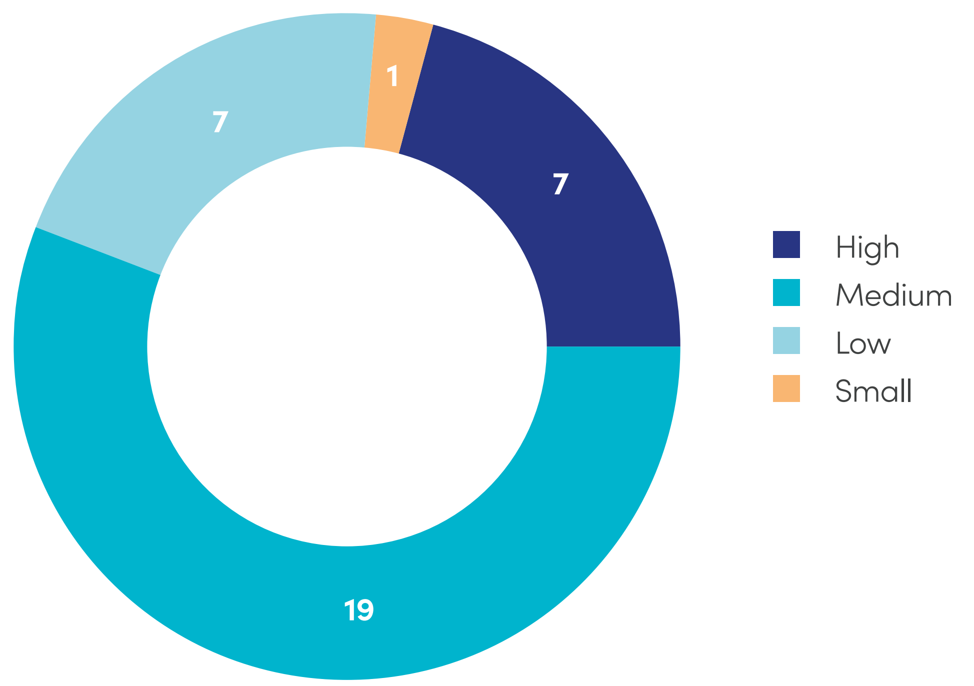
The Company's risks are represented by all events and circumstances in the external or internal environment that can negatively (threat) or positively (opportunity) affect goal achievement. They are separated into process risks based on management systems and key business risks at the level of the Company. They are handled in accordance with the Risk Management Policy, which adheres to SIST ISO 31000:2018 Risk Management Guidelines.

Key Business Risks

At the end of 2022, 34 risks were identified as key business risks. The latter could have had a greater impact on the goals of achieving the planned performance of the business and the volume of assets, business continuity, the level of information security, ensuring the quality of services, the safety and health of employees, and sustainable environmental management. Risk managers assessed and monitored them quarterly, and individual threats were frequently managed with additional measures.

The effects of Risk Management were as follows:

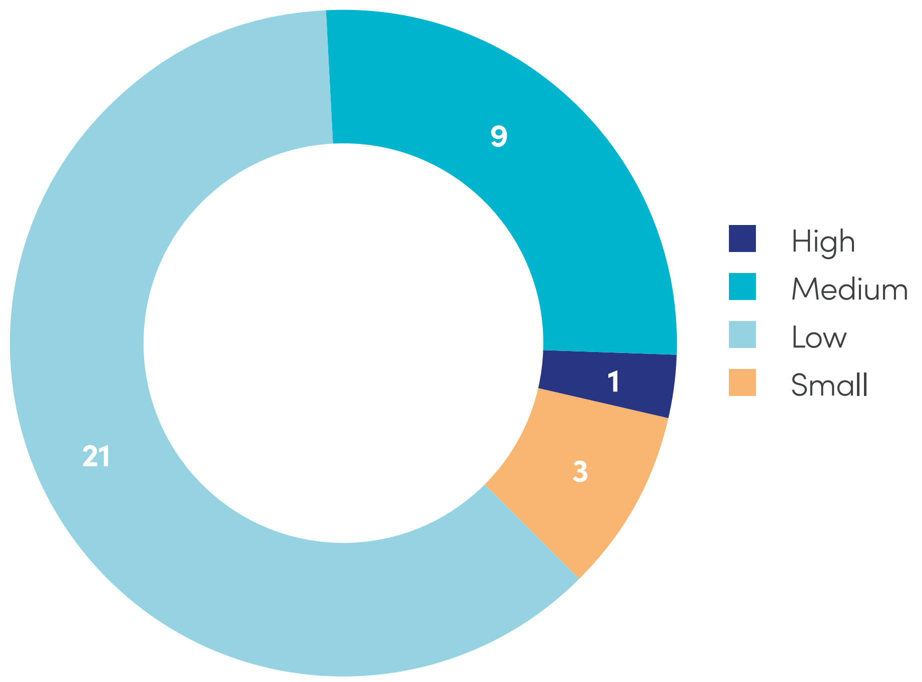
Risks before management on January 1, 2022 (no internal controls and measures)



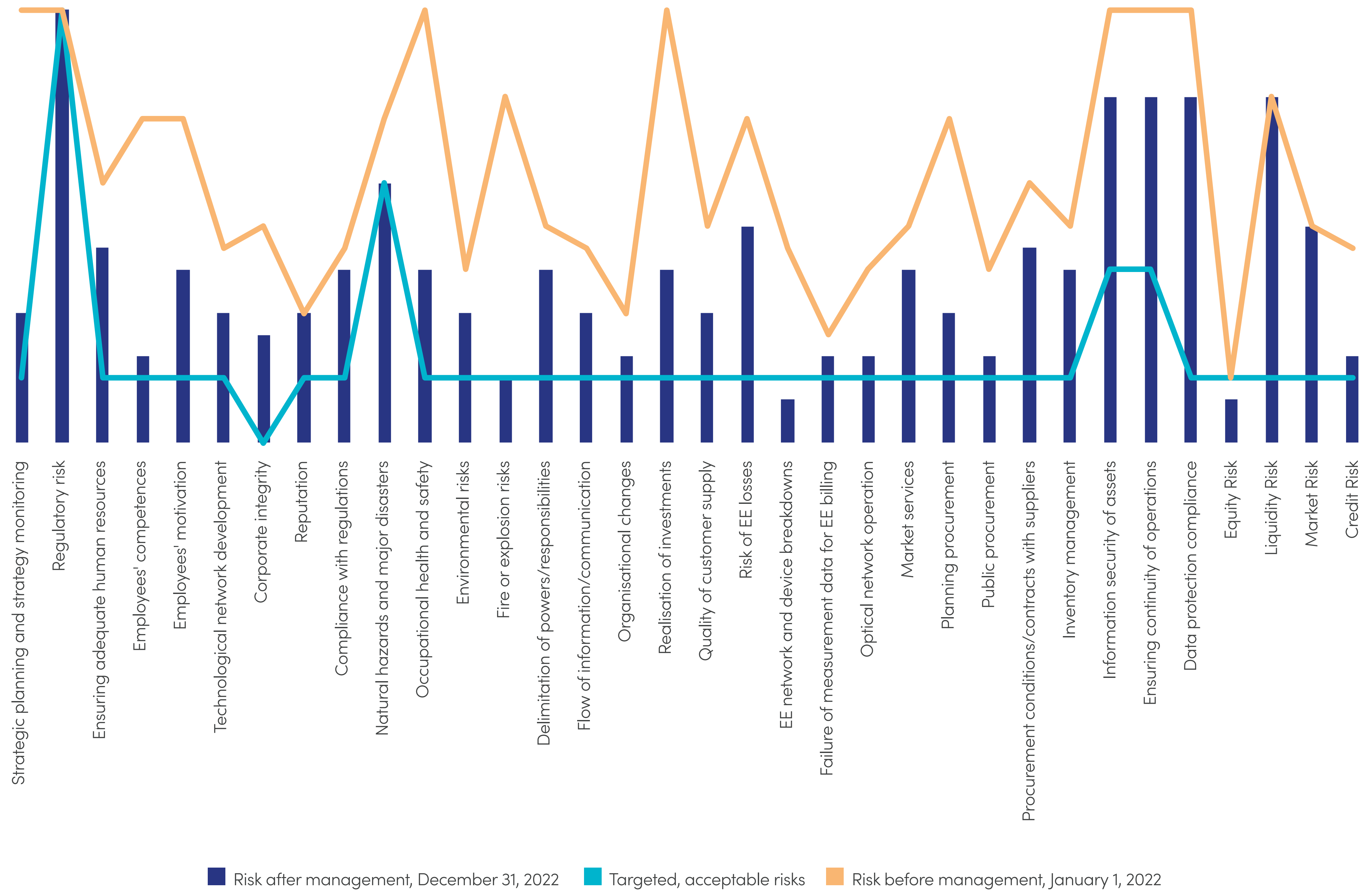
On December 31, 2022, there was a high rated regulatory management risk among key business risks, nine risks were rated medium, and the rest were rated low or minor.

All risks rated as high or medium-high as of December 31, 2022, are presented in the following section.

Risks after management on December 31, 2022 (taking into account internal controls and measures implemented)



Assessment of key business risks before and after management



Regulatory Risk

The Act on Measures to Mitigate the Consequences of Rising Energy Prices, which was passed in 2022, created regulatory risk. A network charge deficit arose as a result of the short-term measure in effect from February 1 to the end of April, under which the tariffs of electricity operators for charging power and assumed work energy for all demand groups were reduced to zero. Therefore, revenues for Elektro Celje decreased by 12.7 million euros in 2022.

The consequences of the adopted law included, in addition to revenue loss and, as a result, operational losses:

- increased borrowing;
- reduced ability to invest; and
- an inability to meet the NEPN requirements for ten-year development plans or three-year business plans.

Since reducing this risk was not possible, the Company made adjustments by reducing the investment amount based on the revised Business Plan that was adopted.

Forecast for the future: Due to legislative changes, the realisation of similar risks is also a fact in 2023 and is possible in the future, so the risk remains high. A new method of calculating network charges will be introduced in 2024, the impact of which on the Company's revenue cannot yet be estimated.

Liquidity Risk

In 2022, liquidity risk was successfully managed. To ensure current liquidity, we signed a credit agreement in February for a EUR 0.5 million bank account limit for the period up to December 31, 2022, and a credit agreement in March for a EUR 3 million long-term revolving credit. In March, we also completed the bidding process for an investment loan worth EUR 15.2 million and received Ministry of Finance authorization to borrow.

A rebalance of investments for 2022 was adopted due to a reduction in financial resources for investments.

Forecast for the future: in 2023, liquidity risk represents a possible default under the contract with the SODO due to a network charge deficit, a legal case with a minority of shareholders for the payment of 2021 transferred profits worth EUR 2.2 million, higher inflation and related higher costs of materials, services, and work, failure to meet the EIB's (European Investment Bank) commitment on June 30, 2023 (financial debt/EBITDA [Earnings Before Interest, Taxes, Depreciation, and Amortisation]) for the last twelve months being less than 2.5), etc.

Market Risk

Market risk is represented by unfavourable changes in the reference interest rates for floating-rate loans and potential lender requirements to change credit conditions in response to changing market conditions.

When concluding contracts for the financing of current operations and investment activities, the Company refuses all provisions that would allow lenders to change interest rates (increased costs clause) due to changed money and capital market conditions, changed regulations and instructions of any government, fiscal, or monetary authorities, a changed credit rating of the borrower, etc.

The six-month EURIBOR increased by more than 1.8% at the end of September 2022, marking its highest level since the summer of 2011. According to September financial market estimates, the three-month EURIBOR on the last day of the year will be 2.35%, with the six-month EURIBOR being 0.2 percentage points higher. As a matter of fact, the three-month EURIBOR was 2.2% and the six-month EURIBOR was 2.75% on December 31, 2022.

Forecast for the future: According to financial markets, growth will continue in 2023 due to two expected increases in ECB (European Central Bank) key interest rates up to 0.5% and quantitative tightening. According to financial markets, both the three-month and six-month EURIBOR are expected to rise to 3.4% by the end of 2023, before falling slightly in 2024 but remaining above 3%.

Providing Adequate Human Resources

There was no real risk of a shortage of employees as a result of the operations' rebalancing. Transfers within the Company, as well as new hires, contributed to adequate Human Resources. The Company has a well-established recruitment and succession plan, as well as a mentoring system.

The Company recorded a high share of sick leave due to the consequences of the COVID-19 epidemic and the high age structure of its employees, which in 2022 amounted to 45 years. This was 8.05%, which was 1.6 percentage points higher than the planned value.

A large recruitment campaign was carried out in the autumn months, with 33 positions advertised.

Forecasts for the incoming year: 17 employees will retire in 2023. Given that a shortage of technical personnel is expected in the labour market in the coming years, the Company will announce additional personnel scholarships in 2023.

To reduce sick leave, health promotion measures will be developed in collaboration with the Occupational Health and Safety Service. There will be less increased employee absenteeism:

- with a flexible organisation of work;
- in cooperation with the Occupational Health and Safety Service and with new measures in the field of Health Promotion;
- by joining the ASI (Active Ageing of the Workforce) Programme.

Data Protection Compliance Risk

Due to the provision of network activities and electricity infrastructure related services, Elektro Celje is the Personal Data Controller. The risk is represented by the processing of personal data that does not comply with the GDPR (General Data Protection Regulation).

In terms of customer complaints, no inconsistencies in data processing were identified in 2022. The Company hired an outside data protection officer who monitored data processing compliance and, based on analysis, suggested measures like updating personal data records, encrypting data when sent over ICT (information and communication technologies) networks, examining systems with personal data that are required to accomplish the desired goal, concluding data protection contracts for processing with external contractors, etc.

Expectations for the future: The new Personal Data Protection Act, ZVOP-2, which takes effect in 2023, more precisely interprets and implements the GDPR (General Data Protection Regulation). In the area of personal data protection, some changes were made. Therefore, in 2023, the Company will have to look for any gaps and take additional steps to ensure legal compliance.

Information Resources Security

To ensure information security, the company has an ISO 27001:2013 system in place and an appointed Information Security System Administrator.

Risks are identified through safety checks and periodic risk assessments. This identifies threats and vulnerabilities that could compromise the integrity, availability, and confidentiality of information assets critical to business operations and the provision of essential services.

In 2022, the Company carried out the following major activities in the field of information security:

- we updated the process of managing security events and incidents;
- to ensure greater control over information systems, we integrated additional services into the Security information and Event Management System (SIEM);
- we implemented a malware protection Endpoint Detection And Response (EDR) upgrade;
- in the field of organisational improvements, we have defined the data classification process.

An external assessment conducted in December 2022 identified two inconsistencies in information security and proposed improvements. A plan to eliminate shortcomings was established for non-conformities.

Expectations for the future: Although the Company reduced the number of threats and vulnerabilities in 2022 based on the measures implemented, no risk reduction is expected in the coming year due to constant environmental changes.

Business Continuity Risk

This risk is determined by policies, procedures, and guidelines based on the results of the business impact analysis and risk assessment. Thus, the Company ensures legal compliance, protects the interests of its key stakeholders, maintains a reputation, and effectively implements its mission to provide customers with uninterrupted electricity supply.

In 2022, there were no major outages in the operation of the information system's essential parts. In the MX ICD (Asset Management Information System—Interface Control Document), 55 events were reported, including 7 minor security incidents and 48 security events.

The Business Impact Analysis (BIA) was updated in collaboration with process owners, and activities, equipment, and data required for process execution were identified. Priorities have been established for specific information sources that, in the event of a major failure (data centre failure, fire, earthquake, major cyberattack, etc.), must be restored to functioning. .

Expectations for the Future: We estimate that even with all of the planned activities, it will be impossible to reduce the risk to a lower level in the coming year. The Business Continuity Plan will need to be verified and updated in light of the new, validated BIA analysis.

Major Weather Disasters and Catastrophes

The risks are adverse weather effects and other disasters that can damage water, appliances, and the rest of the Company's assets. In 2022, there were EUR 978,000 in claims for damages, of which EUR 687,000 related to the impact of nature (landslip, storm, direct lightning strike, fire, torrent, etc.).

The risk is reduced by cabling the network. We transfer a portion of the risk to the insurance company, while the remaining part is accepted by the Company.

The assets of the Company may also be damaged by criminal, terrorist, fire, traffic, and other threats. A risk analysis was performed on the basis of legal requirements, and security will be established in 2023 in accordance with the regulations and standards of the profession in the field of private security.

Expectations for the future: Based on past trends, we believe that damage from the realisation of such a risk will occur in the future, so we do not expect a risk reduction.

Risks of Purchasing Conditions/ Contracts with Suppliers

The global supply crisis for electronic components, plastic granules, and metals, including copper, was exacerbated by the war in Ukraine. The price increase continued into 2022. Contracts were signed for shorter periods due to delivery delays. Due to rising material and energy product prices, the Company had to enter into contracts with gliding prices for energy cables containing stock-exchange metals, and other contracts had to be reduced from two or three years to one year.

Expectations for the future: In the future, we can also expect problems with supply chains and an increase in some material and service prices.

Risks of Electricity Losses

Electricity losses reached 4.21%, while the Energy Agency set recognised losses at 4.30%

If the Company's electricity losses exceeded the values recognised by the Energy Agency, it would have an impact on its revenue. From January to November, losses were at a record low. The maximum deviation was reached in December.

The following factors had an impact on the amount of losses:

- large consumers reduced their electricity consumption;
- by November, more than 2,000 self-sufficiency supply from renewable energies were connected, making it impossible to remotely record the volumes of transmissions and consumptions; (due to issues with the availability of appropriate metre types that permit remote reading);
- employees were involved in the connection of self-sustaining power plants (as a result, they worked less in the field of identifying commercial losses and on system controls).

Expectations for the future: After years of reducing electricity losses, increasing self-sufficiency from renewable energy sources, which complicates the implementation of analyses, and, as a result, reducing electricity consumption, we can expect to exceed the Agency's permissible losses in the future. Based on a thorough analysis of the situation, additional measures will be implemented in 2023 to keep losses as low as possible.

Process Risks Based on Management Systems

Beginning in 2022, risks associated with not achieving process goals and determining risk management measures were identified. These risks were then presented in the Management Review Systems in November.

In March, corporate integrity risks were updated, and existing internal controls to reduce risks were documented.

In May, the annual assessment of information risks by assets was updated in accordance with the ISO 27001 Information Security Management Standard. Threats discovered during penetration testing were also added.

In July, an assessment of the risks in laboratory measurements of electromagnetic radiation was carried out in accordance with ISO 17025 requirements.

The relevant environmental aspects of 19 Company sites were assessed using a specific internal environmental assessment methodology that complies with the requirements of the ISO 14001 standard. In November, the risk assessment and internal controls for important environmental aspects were updated.

The critical infrastructure risk assessment, which critical infrastructure managers are required to produce annually under Article 33 of the Critical Infrastructure Act, was revised in December. The Risk Assessment Methodology was used to carry out the assessment. We anticipate the arrival of representatives from the Ministry of Public Administration, who will review the risk assessment of the critical infrastructure and assess its compliance with the law.

The Occupational Health and Safety Service created and audited risk assessments for jobs in collaboration with DE (Distribution of Energy) directors and service managers. In order to protect employees' health from COVID-19 infections, a risk assessment and temporary prevention and control measures were implemented in accordance with the epidemiological situation and the adopted decrees.

External and internal audits of management systems revealed 58 areas for improvement, including some minor and one major noncompliance.

Internal Audit and Internal Control System

Management in the Company includes management—guidance to achieve goals and control over the operation itself—as well as risk management (first and second lines of control). Internal audit (the third line of control) is intended to determine the status and operation of internal controls in order to mitigate risks by providing assurances and advising on improvements. Internal audit contributes to business improvement **by promoting a thoughtful and orderly way of acting in Process Management, Risk Management and Corporate Governance.**

The whole entire Internal Audit activity is organized in such a way that **ensure its independence and impartiality as well as business professional conduct with professional diligence**, as defined by internal auditing standards. The fact that the Head of Internal Audit is administratively responsible to the Company's Chairman of the Management Board and functionally to the Supervisory Board Audit Committee or to the Supervisory Board achieves organisational independence, which is in accordance with the Corporate Governance Code of companies with state capital investment. His work is monitored by the Supervisory Board's Audit Committee, with which he actively collaborates.

Internal audit provides the Management Board with independent and impartial information and opinions on the state and operation of the internal control system for Risk Management, while responsibility for the establishment, operation, and development of internal controls remains with the owners of the processes (sub-processes) and the front line which offers a suitable environment for their design and development.

The internal control system consists of the applicable organisational structure, the accountability systems, the management rules, the rules or procedures defined in the document management system, and the issued powers of the chairman of the management board. Internal auditing verifies the system's functionality through regular and extraordinary audits.

The key rules for the Internal Audit operation are set out in the current Fundamental Charter of Internal Audit Activity, which was amended on May 16, 2022, and specific tasks in the adopted Annual Plan. Internal audit resources are coordinated based on risk assessment, and internal audit priorities are proposed annually by areas of operation.

Internal Audit prepares an annual assessment of the functioning of the internal control system as well as an assessment of the state of risk management. According to this assessment, the Company managed risks and operations in such a way as to reasonably ensure goal achievement in 2022, because it has an **operating system of internal** controls established to ensure consistent and efficient operations; and **accuracy, reliability and completeness of data and information for Management Decision-Making and for the correct and fair production of financial statements.**

Employees and management are concerned with consistent operations, lawful and fair conduct, transparent monitoring of decisions and communication, thereby building the Company's Integrity, which is critical in maintaining the Company's good name.

Statement on Company Elektro Celje's Management

The Management Board of Elektro Celje declares that the Company's Management operation was published on the website www.sdh.si in 2022 in accordance with laws and regulations, Elektro Celje's Joint Stock Company's Statute, and the recommendations and expectations of the Slovenian Sovereign Holding.

The Company adheres to and applies the Corporate Governance Code of Companies with State Capital Investment (hereinafter referred to as the Code) published on the SDH website, www.sdh.si, in its work and operations.

The company's management board manages and represents the business, and it operates independently and at its own risk. In doing so, it makes decisions that are consistent with the Company's strategic objectives and benefit shareholders. The Guidance and Management System of the Company provides guidance and allows control over the Company and its subsidiaries. It also determines the distribution of rights and responsibilities among the managing bodies, establishes rules and procedures for decision-making regarding the Company's corporate affairs, provides a framework for setting, achieving, and monitoring business goals, and enforces the values, principles, and standards of fair and responsible decision-making and conduct in all aspects of the business. The applicable regulations relevant to the Company's operations and the Statute are available on the website www.elektro-celje.si.

The Guidance and Management System is a means of achieving the Company's long-term strategic goals and a means for Elektro Celje's Management Board and Supervisory Board to exercise responsibility to shareholders and other stakeholders.

The vision and goal of Elektro Celje are the implementation of modern management and guidance principles as well as thorough compliance with advanced domestic and foreign practises.

Clarifications regarding the Corporate Governance Code of Companies with State Capital Investment and SDH (Slovenia Sovereign Holding)–– Recommendations

In 2022, the Company did not deviate significantly from the principles, procedures, and criteria outlined in the preceding Code and SDH recommendations. The Company declares that it does not fully and consistently abide by those Code Provisions or Recommendations that are already enforced by law, by the Company in accordance with the Statute provisions in a manner different from that which is provided for by the Code, The Company declares that it does not fully and consistently abide by those Code Provisions or Recommendations that are already governed by law, or by the Company in accordance with the provisions of the Statute in a manner different from that contemplated by the Code, or in cases in which it lacks non-binding practises that are outlined in its acts or when the practises are not determined to be a legal obligation. The Company deviated from Recommendation 6.14 or Code 6.9.1 by not including an external expert on the Human Resources Board.

The Company reports on the composition of the Management and Supervisory Boards in Chapter Corporate Governance in accordance with Section 8.2 and Annex 3 of the aforementioned Code.

Explanations in Accordance with the Companies Act

In accordance with the clause of paragraph 5 of Article 70 ZGD-1 (Companies Act) and paragraph 11 of Articles 56 of the ZGD-1 (Companies Act), which specify the contents of the Management Statement to a minimum extent, provide the following explanations:

1. Description of the main characteristics of the Company's internal control and risk management systems

Internal controls are policies and procedures implemented by Elektro Celje at all levels in order to manage risks, including those related to financial reporting. The introduced system of internal controls ensures the reliability of financial reporting in accordance with applicable laws and other external and internal regulations, as well as its effectiveness. Accounting control is based on verifying the reality, division of responsibilities, control of the execution of transactions, the up-to-date nature of the records and the consistency of the situation shown in the account books and the actual situation.

The Company and the Subsidiary have in place an Internal Control and Risk Management System connected to financial reporting, with controls integrated into business processes and systems. More specifically, the controls related to financial reporting procedures are defined by the Accounting Rules, the Financial Regulations and the Inventory Regulations and more detailed guidelines within the ISO documents and include, inter alia, double control and confirmation of the correctness, completeness and veracity of the events shown by accounts and other accounting documentation, control of the correctness of accounting positions (e.g. by checking the compliance of items with business partners, verifying the compliance of the book balance with the actual situation, etc.) and delineation of powers and responsibilities (e.g. separate accounting of invoices and their payment as well as required payment authorization).

These internal controls are also related to the controls built into the IT information support of the accounting process, which include both controls and restrictions on access to data or applications and controls on the accuracy and completeness of data capture and processing.

With the help of the three-line model, structures and processes are determined to help the Company achieve its goals while at the same time supporting strong management and risk management. Activities and responsibilities are divided among the carriers of the three lines, with the Company's Management as the first and second lines leading and directing the operation and ensuring the implementation of activities, managing risks (the task of risk 'process owners'), and taking care of complementary expert opinions, support, monitoring, and presentation of risk-related challenges with the help of expert services. Internal audit, as the third line of control, provides independent and impartial assurances and advice on all matters related to goal achievement.

The risk management control mechanism, as well as the role and function of Internal Audit in ensuring an efficient and effective internal control system, are detailed in the section Internal Audit and Internal Control System. The procedures for verifying the internal controls relevant to the audit must also be carried out by the authorised audit firm during its implementation.

By managing risks at all levels and areas, the Company and the Subsidiary manage at the target levels and take advantage of the opportunities offered. The Management Board implements a Risk Policy and responds accordingly to it, thus increasing the likelihood of achieving the goals. It enables the Risk Management Process to be an integral part of management, embedded in culture and practises, and adapted to the Company's business processes. Any Company's decision-making, regardless of the level of importance, involves risk consideration and the application of Risk Management to some degree. It is the responsibility of the Management Board that Elektro Celje has regulated Risk Management in accordance with the prescribed legislation and the asset manager's requirements. It ensures proper organisation and communication in Risk Management and the appropriate professional competence of employees for quality risk management. The Management Board and the Risk Committee shall monitor and assess the effectiveness of the risk management process and system. The Coordinator of risk management activities is responsible for determining and coordinating activities and reporting risks. Significant risks and ways of managing them are disclosed in the section Risk Management.

2. Significant direct and indirect Company ownership of securities in terms of achieving a qualifying holding, as required by acquisitions laws

All of the Company's shares are ordinary nominal piece shares that give their holders the right to participate in the Company's management, a share of profits, and the payment of assets in the event of liquidation. All shares are of the same class, issued in book-entry form, and freely transferable.

On December 31, 2022, the Republic of Slovenia held a qualifying stake in Elektro Celje, as defined by the Acquisition Act, with a 79.50% ownership share.

Elektro Celje does not have a share scheme for its employees.

No shareholder agreements that might restrict the transfer of securities or voting rights are known to the Company.

The Company does not have agreements with members of the Management and Supervisory bodies that provide for compensation if the members resign, are dismissed without cause, or their employment relationship is terminated due to an offer as defined by the law governing acquisitions.

3. Explanations on each holder of securities providing special control rights

Individual shareholders of Elektro Celje have no special control rights based on their ownership of the Company's shares. There are no particular arrangements that might prevent the transfer of shares or voting rights.

4. Explanations on any restrictions on voting rights

Shareholders of Elektro Celje have no restrictions on exercising their voting rights.

5. Company rules on the appointment and replacement of members of Management or Supervisory Bodies and amendments to the Association Statute

The Company's rules do not specifically regulate the appointment and replacement of members of Management or Supervisory Bodies, as well as the amendment of the Association Statute. The applicable legislation is strictly followed.

6. Powers of Management Members, in particular the power to issue or buy treasury shares

In 2022, Elektro Celje's management lacked the power of the Shareholders Assembly to acquire its treasury shares. On December 31, 2022, the Company owned 333,849 shares.

7. Operation of the Company's General Meeting and its key responsibilities

The Shareholders' Assembly met once in 2022. The powers of the General Meeting and the rights of shareholders are stated in the Act and are exercised in the manner prescribed by the Company's Association Statute, the General Meeting Rules of Procedure, and the Chairman of the General Meeting.

8. Information on the composition and functioning of the Management or Supervisory Boards and their committees

A comprehensive presentation of the Management and Supervisory Boards and their committees is described in the section Supervisory Board Report, and a description of the Diversity Policy in Governance Policy is published on the website www.elektro-celje.si.

9. Management and Corporate Integrity Compliance System

The Company operated a corporate integrity system with elements compliant with the Slovenian Guidelines for Corporate Integrity in 2022. The section Corporate Governance describes Corporate Integrity and the Code of Ethics.

In accordance with Article 60a of the Companies Act, Elektro Celje's Management Board makes sure that the Company's Annual Report for 2022 is prepared and published in accordance with the Companies Act and accounting standards.

The Chairman of
the Management Board
Boris Kupec, Msc.

Financial Report

Content

Independent Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
To the owner of ELEKTRO CELJE, d.d.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ELEKTRO CELJE, d.d. (hereinafter 'the Company'), which comprise the balance sheet as at 31 December 2022, and the profit or loss statement, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Slovenian Accounting Standards (hereinafter 'SAS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) 537/2014 of the European Parliament and of the Council, dated 16 April 2014, on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those rules are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements section* of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and other ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year ended 31 December 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a opinion on these matters.

Recognition of sales revenue in financial statements

Key audit matter	How key audit matter was addressed
As per the company's financial statements, the sales revenue were 40,639,370 EUR in the year ended on December 31, 2022. Sales revenue disclosures are included in chapter *2. Notes to Elektro Celje financial statements (2.2n Revenue)* and *2.6.1 Sales revenue.* As explained in chapter *2. Notes to Elektro Celje financial statements (2.2n Revenue),* sales revenue arises from contracts with customers and reflect transfers of agreed goods or services to customers in the amount of expected compensation. Sales revenue is one of the important indicators of the company's business performance. Due to its importance to the financial statements, and the risk related to the adequacy of revenue recording, we defined this area as a key audit matter.	As part of the audit procedures, we assessed the adequacy of the company's accounting policies regarding the recognition of revenue from contracts with customers and their compliance with SAS, and performed the following audit procedures: • we verified the design and implementation of internal controls related to the recognition of sales revenue from the standpoint of adequacy of the recording; • based on the sales data, we analytically assessed sales revenue and explained variances; • for the revenue from the sale of SODO services, we received confirmation of mutual transactions in 2022; • based on the selected sample, we checked in detail the adequacy of the recording of sales revenues from recognized from the sale of services to customers and from rents. We also reviewed the information in the financial statements to assess whether the disclosures related to sales revenue were adequate.

Other matter

The company's financial statements for the year ended 31 December 2021 were audited by a different auditor, who issued an unmodified opinion on 26 April 2022.

Other information

Management is responsible for the other information. The other information comprises the information, included in Annual report, other than the financial statements and our auditor's report thereon. Other information have been obtained before the date of the auditor's report, except for the report of the supervisory board, which will be available later.

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Our opinion on the financial statements does not cover the other information and we express no assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that other information include material misstatement we need to report such circumstances. In relation to this and based on our procedures performed, we report that:

- other information is, in all material respects, consistent with the audited financial statements;
- other information is prepared in compliance with applicable law or regulation; and
- based on our knowledge and understanding of the Company and its environment obtained in the audit, we did not identify any material misstatement of fact related to the other information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with SAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process and for approving audited annual report.

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

As part of an audit in accordance with International Standards on Auditing and EU Regulation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

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

Appointment of the Auditor and the Period of Engagement
Deloitte revizija d.o.o. was appointed as the statutory auditor of the Company on General Shareholders' Meeting held on 29 June 2022. Our total uninterrupted engagement has lasted one year.

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Confirmation to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on April 14, 2023 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. There are no services, in addition to the statutory audit, which we provided to the Company, and which have not been disclosed in the Annual Report.

The auditor's report on the adequacy of the criteria used and the correctness of their use

We have performed reasonable assurance engagement as to whether the criteria used to allocate direct and indirect assets and liabilities, costs, expenses and revenues that entity takes into account when keeping statements for energy activities, and which are used in the preparation of the disclosure *"Additional disclosures on the basis of the Electricity Supply Act"* for the financial year that ended on 31 December 2022, were appropriate and properly used, all in accordance with the Act on Transparency of Financial Relations and Recording of Various Activities (ZPFOLERD-1) and Electricity Supply Act (ZOEE).

Responsibility of management and those charged with governance

The management is responsible for the adoption of appropriate criteria and for their correct use in the preparation and presentation of the disclosure of the *"Additional disclosures on the basis of the Electricity and Gas Supply Act"* in accordance with the requirements of ZPFOLERD-1, ZOEE and SAS 32, as well as for such internal control as management determines is necessary to enable the preparation of such statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for supervising the preparation of the report.

Auditor's responsibility

Our responsibility is to carry out reasonable assurance engagement and conclude whether the criteria used to allocate direct assets and liabilities, costs, expenses and income that the company considers when keeping separate accounting records and when compiling separate financial statements for energy activities, and which were used in the preparation of the disclosure 3 in the annual report *"Disclosures on the basis of the Electricity Supply Act"* for the financial year that ended on 31 December 2022, were appropriate and properly used. Our reasonable assurance engagement was carried out in accordance with *International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000)*, issued by the International Auditing and Assurance Standards Board. Pursuant to the standard, the auditor shall plan and perform the engagement in the way that will allow the auditor to obtain reasonable.

We performed our work in accordance with independence and ethical requirements of EU Regulation no. 537/2014 and the IESBA Code. The Code is prepared based on the principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

As a part of its compliance with International Standard on Quality Management (ISQM) 1, our company maintains a comprehensive quality management system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Criteria used

When assessing the suitability of the internal regulations used by the company to allocate direct assets and liabilities, costs and expenses and revenues to individual activities in accordance with ZPFOLERD-1 and ZOEE, we checked whether assets, liabilities, costs and expenses and revenues are allocated directly related to the activity to which they are assigned.

When assessing the suitability of the criteria used by the company to allocate indirect assets and liabilities, costs and expenses and income to individual activities in accordance with ZPFOLERD-1 and ZOEE, we took into account whether the criteria were determined on the basis of activities that these assets and liabilities, costs and expenses and revenues cause. If these activities cannot be determined, the criteria for dividing indirect costs based on the proportion of direct costs are used.

Summary of work done

Within the scope of the work performed, we carried out procedures of an audit nature, namely:

- We have obtained and reviewed the company's internal regulations, which determine the criteria regarding the allocation of direct and indirect assets and liabilities, costs and expenses and revenues to individual activities in accordance with ZPFOLERD-1 and ZOEE.
- We checked whether the criteria from the first indent were accepted by the supervisory authority, in accordance with Article 8 of ZPFOLERD-1 and whether they are consistently used every business year in accordance with Article 107 of the ZOEE.
- For the criteria used by the company for allocating indirect costs, we checked whether they are based on the activities that cause these costs; if these activities cannot be determined, the criteria for dividing indirect costs based on the share of direct costs are used.
- We inquired with the management and professional services regarding the method, procedures and controls established in the context of cost accounting and the allocation of costs and expenses to individual activities.
- Through additional testing of the data, we checked whether the criteria, as adopted in accordance with Article 8 of ZPFOLERD-1, were correctly used for keeping separate accounting records for individual activities.
- We checked whether the client uses public and other funds received in connection with the activities it performs based on exclusive or special rights or authorization to finance its other activities in violation of paragraph 2 of Article 7 of ZPFOLERD-1.
- We have checked whether the company has fully disclosed the annual report together with the financial statements for energy activities for which separate disclosure is required in accordance with ZOEE.

We believe that the evidence obtained is a sufficient and appropriate basis for our conclusion.

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Conclusion

In our opinion, the criteria used to allocate direct and indirect assets and liabilities, costs and expenses and income, which the company considers when keeping separate accounting records and when compiling separate financial statements for energy activities, and which were used in the preparation of Chapter 3 of the annual report "Disclosures under the Electricity Supply Act" for the financial year that ended on 31/12/2022, in all important respects adequate and correctly applied according to the requirements of ZPFOLERD-1 and ZOEE.

Engagement partner responsible for the audit on behalf of Deloitte revizija d.o.o. Is Tina Kolenc Praznik.

DELOITTE REVIZIJA d.o.o.
Dunajska 165
1000 Ljubljana

Deloitte.
DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 3

Tina Kolenc Praznik
Certified auditor

For signature please refer to the original Slovenian version.

Ljubljana, April 14, 2023

TRANSLATION ONLY, SLOVENE ORIGINAL PREVAILS

1. Financial Statements of Elektro Celje

1.1 Balance sheet

	ITEM (in EUR)	Note	As of December 31, 2022	As of December 31, 2021
	ASSETS			
A.	**Long-term assets (I. + II. + III. + IV. + V. + VI.)**		**291,686,370**	**290,587,114**
I.	**Intangible assets and long-term accrued revenue and deferred expenses (1 to 6)**	**2.4.1**	**4,728,257**	**4,215,592**
	1. Long-term property rights		4,136,142	4,186,365
	4. Intangible assets in acquistion		501,302	24,321
	6. Other long-term accrued revenue and deferred expenses		90,813	4,906
II.	**Tangible fixed assets (1 to 4)**	**2.4.2**	**277,064,615**	**276,712,483**
	1. Land and buildings (a + b)		206,496,199	202,544,561
	a) Land		6,378,744	6,311,161
	b) Buildings		200,117,455	196,233,400
	2. Production equipment and machinery		63,133,246	65,213,333
	3. Other plant and equipment		54,747	62,451
	4. Tangible fixed assets in the course of acquisition (a + b)		7,380,423	8,892,138
	a) Tangible fixed assets under construction and production		7,380,423	8,892,138
IV.	**Long-term investments (1 to 2)**	**2.4.3**	**4,924,991**	**4,931,799**
	1. Long-term investments excluding loans (a + b + c + d)		4,924,991	4,931,799
	a) Shares and shareholdings in companies within the corporate group		1,805,952	1,805,952
	b) Shares and shareholdings in associates		2,902,489	2,902,489
	c) Other shares and shareholdings		216,550	223,358

	ITEM (in EUR)	Note	As of December 31, 2022	As of December 31, 2021
V.	**Long-term operating receivables (1 to 3)**	**2.4.7**	**2,169,957**	**3,293,149**
	2. Long-term trade receivables		2,168,438	3,290,360
	3. Long-term operating receivables due from others		1,519	2,789
VI.	**Deferred Tax Assets**	**2.4.4**	**2,798,550**	**1,434,091**
B.	**Current assets (I. + II. + III. + IV. + V.)**		**15,083,723**	**13,942,145**
I.	**Assets Held for Sale**	**2.4.5**	**148,354**	**311,626**
II.	**Inventories (1 to 4)**	**2.4.6**	**2,403,401**	**2,456,822**
	1. Material		2,403,401	2,456,822
IV.	**Current operating receivables (1 to 3)**	**2.4.7**	**11,965,542**	**9,738,343**
	1. Short-term operating receivables from companies within the corporate group		6,669	2,151
	2. Short-term trade receivables		11,390,789	9,310,216
	3. Short-term operating receivables due from others		568,084	425,976
V.	**Cash**	**2.4.8**	**566,426**	**1,435,354**
C.	**Short-term accrued revenue and deferred expenses**	**2.4.9**	**431,628**	**848,661**
	TOTAL ASSETS (A + B + C)		**307,201,721**	**305,377,920**

	ITEM (in EUR)	Note	As of December 31, 2022	As of December 31, 2021
	LIABILITIES			
A.	**Equity (I. + II. + III. + IV. + V. + VI. + VII.)**		**228,725,997**	**234,602,568**
I.	**Called-up capital (1 to 2)**	**2.4.10**	**150,955,090**	**150,955,090**
	1. Share capital		150,955,090	150,955,090
II.	**Share premium**	**2.4.10**	**62,260,317**	**62,260,317**
III.	**Revenue reserve (1 to 5)**	**2.4.10**	**17,736,482**	**17,736,482**
	1. Legal reserves		5,441,216	5,441,216
	2. Reserves for own shares and interest		886,371	886,371
	3. Own shares and interest		-886,371	-886,371
	5. Other revenue reserves		12,295,266	12,295,266
V.	**Reserves resulting from valuation at fair value**	**2.4.10**	**-202,194**	**-759,747**
VII.	**Net profit or loss for the period**	**2.4.10**	**-2,023,698**	**4,410,426**
	1. Undistributed net profit for the period		0	4,410,426
	2. Net loss of the period		-2,023,698	0
B.	**Provisions and long-term accrued expenses and deferred revenue (1 to 3)**	**2.4.11**	**17,391,780**	**18,924,285**
	1. Provisions for pensions and similar liabilities		6,301,953	7,048,732
	2. Other provisions		141,667	197,993
	3. Long-term accrued expenses and deferred revenue		10,948,160	11,677,560
C.	**Long-term liabilities (I.+ II.+ III.)**		**38,387,901**	**29,337,059**
I.	**Long-term financial liabilities (1 to 4)**	**2.4.12**	**37,795,907**	**29,321,223**
	2. Long-term financial liabilities to banks		37,479,584	29,317,738
	4. Other long-term financial liabilities		316,323	3,485

	ITEM (in EUR)	Note	As of December 31, 2022	As of December 31, 2021
II.	**Long-term operating liabilities (1 to 5)**	**2.4.13**	**577,452**	**0**
	2. Long-term trade payables		577,452	0
III.	**Deferred tax liabilities**	**2.4.14**	**14,542**	**15,836**
D.	**Short-term liabilities (I. + II. + III.)**		**20,033,842**	**21,760,123**
II.	**Short-term financial liabilities (1 to 4)**	**2.4.12**	**9,652,385**	**8,553,161**
	2. Short-term financial liabilities to banks		9,338,154	8,504,821
	4. Other short-term financial liabilities		314,231	48,340
III.	**Short-term operating liabilities (1 to 8)**	**2.4.13**	**10,381,457**	**13,206,962**
	1. Short-term operating liabilities to companies within the corporate group		46,371	41,207
	2. Short-term operating trade payables		3,191,338	4,590,083
	4. Short-term operating liabilities from operations for third-party account		3,002,965	3,522,713
	5. Short-term liabilities to employees		2,943,685	3,358,728
	6. Short-term liabilities to state and other institutions		490,077	1,035,205
	7. Short-term operating liabilities based on advances		225,909	184,378
	8. Other short-term operating liabilities		481,112	474,648
E.	**Short-term accrued expenses and deferred revenue**	**2.4.15**	**2,662,201**	**753,885**
	TOTAL LIABILITIES (A + B + C + D + E)		**307,201,721**	**305,377,920**

1.2. Income statement

	ITEM (in EUR)	Note	2022	2021
1.	**Net sales revenue (a + b)**	**2.6.1**	**40,639,370**	**52,368,583**
	a. On the domestic market		40,639,370	52,368,583
3.	**Capitalised own products and services**	**2.6.2**	**12,186,760**	**17,493,699**
4.	**Other operating revenue (including revaluatory operating revenue)**	**2.6.3**	**2,317,259**	**2,097,414**
5.	**Costs of goods, materials and services (a + b)**	**2.6.4**	**15,582,178**	**18,612,209**
	a. Cost of sold goods and costs of used material		9,654,240	12,391,615
	b. Cost of services		5,927,938	6,220,594
6.	**Labour costs (a + b + c + d)**	**2.6.5**	**25,263,456**	**24,488,118**
	a. Cost of salaries		18,232,433	17,645,745
	b. Pension insurance costs		2,495,274	2,394,029
	c. Other social security costs		1,345,337	1,293,830
	d. Other labour costs		3,190,412	3,154,514
7.	**Write-offs (a + b + c)**	**2.6.6**	**19,443,517**	**18,707,657**
	a. Depreciation		19,326,467	18,499,993
	b. Operating expenses from revaluation of intangible and tangible fixed assets		112,888	202,162
	c. Operating expenses from revaluation of current assets		4,162	5,502
8.	**Other operating expenses**	**2.6.7**	**335,045**	**277,126**
9.	**Financial revenue from shares (a + b + c)**	**2.6.8**	**256,670**	**5,834,728**
	a. Financial revenue from shares in companies within the corporate group		200,000	5,829,696
	b. Financial revenue from shares in associates		45,718	0
	c. Financial revenue from shares in other companies		10,952	5,032
10.	**Financial revenue from loans granted (a + b)**	**2.6.8**	**114**	**3,321**
	b. Financial revenue from loans to others		114	3,321
11.	**Financial revenue from operating receivables (a + b)**	**2.6.8**	**61,748**	**32,177**
	b. Financial revenue from operating receivables due from third parties		61,748	32,177

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	ITEM (in EUR)	Note	2022	2021
13.	**Financial expenses from financial liabilities (a + b + c + d)**	**2.6.8**	**373,132**	**408,643**
	a. Financial expenses related to loans from companies within the corporate group		0	233
	b. Financial expenses related to loans from banks		367,228	306,508
	d. Financial expenses from other financial liabilities		5,904	101,902
14.	**Financial expenses from operating liabilities (a + b + c)**	**2.6.8**	**46,570**	**23,441**
	b. Financial expenses from trade payables and bills payable		0	61
	c. Financial expenses from other operating liabilities		46,570	23,380
15.	**Other revenues**	**2.6.9**	**18,770**	**3,556**
16.	**Other expenses**	**2.6.10**	**86,697**	**78,012**
17.	**NET PROFIT/LOSS FOR THE PERIOD BEFORE TAXES**			
	(1 ± 2 + 3 + 4 – 5 – 6 – 7 – 8 + 9 + 10 + 11 – 12 – 13 – 14 + 15 – 16)	**2.6.11**	**-5,649,904**	**15,238,272**
18.	**Income tax**	**2.6.13**	**0**	**1,173,039**
19.	**Deferred taxes**	**2.6.13**	**1,423,565**	**81,995**
20.	**NET PROFIT/LOSS FOR THE PERIOD**			
	(1 ± 2 + 3 + 4 - 5 - 6 - 7 - 8 + 9 + 10 + 11 - 12 - 13 - 14 + 15 - 16 - 18 + 19)	**2.6.11**	**-4,226,339**	**13,983,238**

1.3 Statement of other comprehensive income

	ITEM (in EUR)	Note	2022	2021
1.	**Net profit or loss for the period**	**2.6.11**	**-4,226,339**	**13,983,238**
3.	**Changes in reserves resulting from valuation at fair value**	**2.4.10**	**-5,514**	**16,304**
	– Revaluation of investments measured at fair value through equity		-6,808	20,128
	– Adjustment to reserves resulting from valuation at fair value for deferred tax liabilities		1,294	-3,824
5.	**Other components of comprehensive income**	**2.4.10**	**502,554**	**-137,686**
	– Actuarial gains/losses in provisions for severance pays		561,661	-146,305
	– Impact of deferred tax on actuarial gains/losses in provisions for severance pays		-59,107	8,619
6.	**Total comprehensive income for the period (1 + 2 + 3 + 4 + 5)**	**2.6.12**	**-3,729,299**	**13,861,856**

1.4 Cash flow statement

	ITEM (in EUR)	2022	2021
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
a.	**Inflows from operating activities**	**86,175,461**	**96,201,531**
	Inflows from sale of goods and services	84,507,832	94,276,908
	Other inflows from operating activities	1,667,629	1,924,623
b.	**Outflows from operating activities**	**-85,949,315**	**-91,323,139**
	Purchase of material and services	-54,012,281	-61,613,343
	Salaries and employees' share in the profit	-24,933,421	-23,246,551
	Charges (contributions and other taxes)	-5,833,845	-5,188,117
	Other outflows from operating activities	-1,169,768	-1,275,128
c.	**Positive or negative net cash flow from operating activities (a + b)**	**226,146**	**4,878,392**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
a.	**Inflows from investing activities**	**757,357**	**9,314,831**
	Inflows from interests and dividends received relating to investing activities	256,686	426,219
	Inflows from disposal of property, plant and equipment	500,671	625,082
	Inflows from disposal of financial investments	0	8,263,530
b.	**Outflows from investing activities**	**-8,344,721**	**-10,182,867**
	Cash payments for the acquisition of intangible assets	-2,769,308	-2,082,138
	Purchase of property, plant and equipment	-5,575,413	-8,100,729
c.	**Positive or negative net cash flow from investing activities (a + b)**	**-7,587,364**	**-868,036**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
a.	**Inflows from financing activities**	**37,750,000**	**25,677,442**
	Inflows from the increase in financial liabilities	37,750,000	25,677,442
b.	**Outflows from financing activities**	**-31,257,710**	**-28,850,256**
	Interest paid on financing activities	-355,617	-309,650
	Repayments of financial liabilities	-28,754,821	-26,798,930
	Payments of dividends and other profit shares	-2,147,272	-1,741,676
c.	**Positive or negative net cash flow from financing activities (a + b)**	**6,492,290**	**-3,172,814**
D.	**CLOSING BALANCE OF CASH ASSETS**	**566,426**	**1,435,354**
	Net cash flow for the period (sum of net cash flows Ac, Bc and Cc)	-868,928	837,542
	Opening balance	1,435,354	597,812

Explanatory Notes to the Cash Flow Statement are presented in section 2.7 Explanatory Notes to the Cash Flow Statement.

1.5 Statement of changes in equity

STATEMENT OF CHANGES IN EQUITY from January 1 to December 31, 2022 (in EUR)	Called-up capital	Share premium	Revenue reserve				Reserves resulting from valuation at fair value	Retained net profit or loss	Net profit or loss for the period		Total
	Share capital		Legal reserves	Reserves for own shares and interests	Own shares and interests	Other revenue reserves		Retained net profit	Net loss of the period	Net loss of the period	
A.1. Balance at the end of the previous reporting period	**150,955,090**	**62,260,317**	**5,441,216**	**886,371**	**-886,371**	**12,295,266**	**-759,747**	**0**	**4,410,426**	**0**	**234,602,568**
A.2. Balance at the beginning of the reporting period	**150,955,090**	**62,260,317**	**5,441,216**	**886,371**	**-886,371**	**12,295,266**	**-759,747**	**0**	**4,410,426**	**0**	**234,602,568**
B.1. Changes in equity — transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-2,147,272**	**0**	**0**	**-2,147,272**
g) Payment of dividends	0	0	0	0	0	0	0	-2,147,272	0	0	-2,147,272
B.2. Total comprehensive income in the reporting period	**0**	**0**	**0**	**0**	**0**	**0**	**497,040**	**0**	**0**	**-4,226,339**	**-3,729,299**
a) Input of net profit or loss from the reporting period	0	0	0	0	0	0	0	0	0	-4,226,339	-4,226,339
c) Changes in reserves resulting from valuation of investments at fair value	0	0	0	0	0	0	-5,514	0	0	0	-5,514
d) Other components of comprehensive income in the reporting period	0	0	0	0	0	0	502,554	0	0	0	502,554
B.3. Changes in equity	**0**	**0**	**0**	**0**	**0**	**0**	**60,513**	**2,147,272**	**-4,410,426**	**2,202,641**	**0**
a) Allocation of the remainder of net profit in the comparative reporting period to other equity components	0	0	0	0	0	0	0	4,410,426	-4,410,426	0	0
c) Loss settlement as a deductible component of equity	0	0	0	0	0	0	0	-2,202,641	0	2,202,641	0
f) Other changes in equity	0	0	0	0	0	0	60,513	-60,513	0	0	0
C. Balance at the end of the reporting period	**150,955,090**	**62,260,317**	**5,441,216**	**886,371**	**-886,371**	**12,295,266**	**-202,194**	**0**	**0**	**-2,023,698**	**228,725,997**
DISTRIBUTABLE LOSS	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-2,023,698**	**-2,023,698**

Explanatory Notes to the Statement of Changes in Equity are presented in section 2.8 Disclosures in the Statement of Changes in Equity.

STATEMENT OF CHANGES IN EQUITY from January 1 to December 31, 2021 (in EUR)		Called-up capital	Share premium	Revenue reserve				Reserves resulting from valuation at fair value	Retained net profit or loss		Net profit or loss for the financial year	Total
		Share capital		Legal reserves	Reserves for own shares and interests	Own shares and interests	Other revenue reserves		Retained net profit	Retained net loss	Net profit for the year	
A.1.	**Balance at the end of the previous reporting period**	**150,955,090**	**62,260,317**	**4,744,833**	**886,371**	**-886,371**	**3,474,414**	**-693,942**	**0**	**0**	**1,741,676**	**222,482,387**
A.2.	**Balance at the beginning of the reporting period**	**150,955,090**	**62,260,317**	**4,744,833**	**886,371**	**-886,371**	**3,474,414**	**-693,942**	**0**	**0**	**1,741,676**	**222,482,388**
B.1.	**Changes in equity — transactions with owners**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-1,741,676**	**0**	**0**	**-1,741,676**
g)	Payment of dividends	0	0	0	0	0	0	0	-1,741,676	0	0	-1,741,676
B.2.	**Total comprehensive income in the reporting period**	**0**	**0**	**0**	**0**	**0**	**0**	**-121,382**	**0**	**0**	**13,983,238**	**13,861,856**
a)	Input of net profit/loss from the reporting period	0	0	0	0	0	0	0	0	0	13,983,238	13,983,238
c)	Changes in reserves resulting from valuation of investments at fair value	0	0	0	0	0	0	16,304	0	0	0	16,304
d)	Other components of comprehensive income in the reporting period	0	0	0	0	0	0	-137,686	0	0	0	-137,686
B.3.	**Changes in equity**	**0**	**0**	**696,383**	**0**	**0**	**8,820,852**	**55,577**	**1,741,676**	**0**	**-11,314,488**	**0**
a)	Allocation of the remainder of net profit in the comparative reporting period to other equity components	0	0	0	0	0	0	0	1,741,676	0	-1,741,676	0
b)	Allocation of a part of net profit in the reporting period to other equity components pursuant to decisions by the management and supervisory bodies	0	0	696,383	0	0	8,820,852	0	0	55,577	-9,572,812	0
f)	Other changes in equity	0	0	0	0	0	0	55,577	0	-55,577	0	0
C.	**Balance at the end of the reporting period**	**150,955,090**	**62,260,317**	**5,441,216**	**886,371**	**-886,371**	**12,295,266**	**-759,747**	**0**	**0**	**4,410,426**	**234,602,568**
	DISTRIBUTABLE PROFIT	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4,410,426**	**4,410,426**

Explanatory Notes to the Statement of Changes in Equity are presented in Section 2.8 Disclosures in the Statement of Changes in Equity.

INTRODUCTION

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2. Explanatory Notes to Financial Statements of Elektro Celje

2.1 Reporting Company

Elektro Celje, d. d., is a public limited company with its registered head office in Slovenia at Vrunčeva 2a, 3000 Celje. The Company's primary area of operation is the planning, building, managing, operating, and maintaining of the Elektro Celje distribution area, which guarantees the long-term performance of the electricity network and provides customers with a reliable, safe, and effective supply of electricity. In order to carry out activities within the framework of GJS SODO's economic public services, the Company signed an Agreement on the Lease of Electrical Distribution Infrastructure and the Provision of Services for the System Operator of the Distribution Network with SODO, d. o. o. The Company's activities are also focused on research and innovation, as well as the construction of smart networks, in which it is successful in obtaining grants from various European funds through participation in international projects.

Elektro Celje is the parent company of the Elektro Celje Group, which also includes the subsidiary Elektro Celje OVI, obnovljivi viri in inženiring, d. o. o., which is 100% owned by the Company. The associated companies are ECE, energetska družba, d. o. o., a company for the sale of electricity and other energy products, consulting, and services, and Informatika, informacijske storitve in inženiring, d. o. o., a company for information services and engineering. With the sale of Elektro Celje's shareholding in ECE in 2021 (the 74.3256% shareholding was reduced to 36.4195%), the Company no longer meets the condition of parent company in 2022, paragraph 2 of Article 56 of the Companies Act (ZGD-1) and is no longer required to draw up consolidated financial statements.

The Company's Financial Statements are prepared for the financial year that ended on December 31, 2022 and are based on the operating Company's assumptions. The Annual Report and the Financial Statements of the Company are available on the website at https://www.elektro-celje.si/si/elektro-celje/letna-porocila.

2.2 Bases for Preparation

a) Declaration of Conformity

The Companies Act (hereinafter referred to as ZGD-1) regulates the form and content of the Company's Financial Statement as part of the Annual Report. The individual Financial Statements are included in this document, encompassing the Balance Sheet, Income Statement, Statement of Other Comprehensive Income, Cash Flow Statement, Statement of Equity, and the Explanatory Notes pertinent to these statements.

The fundamental rules governing the field of accounting that were taken into account in those statements are in accordance with the corresponding Positions and Explanatory Notes as adopted by the Professional Council of the Slovenian Institute of Auditors, as well as the Slovenian Accounting Standards 2016 (hereinafter referred to as SAS 2016). Any changes in accounting policies are disclosed in the Accounting Rules.

The Company's operations are carried out in accordance with energy regulations (ZOEE, Act on the Methodology for Determining the Regulatory Framework and Network Charges for Electricity System Operators) as well as accounting, financial, and tax regulations.

b) Reporting by Business and Geographical Segments

In accordance with the regulations of the energy legislation, the Company provides accounting monitoring and reporting by area, separately for the activity of the distribution network system operator and market activity. The Income Statement and Balance Sheet by Activity are shown in the Explanatory Notes to the Financial Statements in Section 3 Disclosures under the Electricity Supply Act. The criteria and disclosures for allocating direct and indirect costs, expenses, revenues, assets, and asset sources per activity are explained and disclosed. The activities are considered area segments by SAS 2016 (Slovenian Account Standards), whereas the Company has no geographical segments.

c) Basis for Measurement

Financial statements are prepared using the original values. Exceptions contain financial instruments whose prices are published in an active market and the value of which can be measured reliably, and which are thus measured and accounted for at fair value.

Financial statements reflect an authentic and honest presentation of the Company's financial position, income statement, and cash flows. They are prepared on the basis of fundamental accounting assumptions. These are the occurrences of a business event and the perpetual nature of the Company's activities. This considers the principles of comprehensibility, relevance, reliability, and comparability.

d) Functional and Presentation Currency

The Financial Statements are shown in Euros (EUR) without cents, which is also the Company's functional currency. Rounding off data can result in insignificant deviations in table totals. The Financial Statements present comparable information to the previous period.

e) Use of Estimates, Assumptions and Significant Insecurities in the Operations

The preparation of Financial Statements in accordance with SAS 2016 requires the use of estimates and assumptions that affect the carrying amount of reported assets and liabilities on the reporting date as well as the amount of income, costs, and expenses in the reporting period. Estimates and assumptions are regularly reviewed, based on the best available data about current and upcoming activities and events. Adjustments are recognised during the period of change and are applicable to all future periods that are affected by these changes. Significant estimates and assumptions include:

- **Estimate of the useful life of depreciable assets**
  When estimating useful life, the Company considers expected physical wear, technical and economic ageing, as well as expected legal, leasing, and other restrictions on use. The useful life of a fixed asset is determined by a Joint Commission of electricity distribution companies appointed specifically for that purpose.

- **Determination of the Discount Rate and Duration of Leases**
  The Company defines the duration of the Lease based on the period during which it cannot be terminated. It is also taken into account how long the lease has the option of being renewed or terminated.

- **Measurement of Value Adjustments for Receivables due from Customers**
  The Company makes full value adjustments for receivables in bankruptcy proceedings, receivables in litigation, and receivables that are more than 90 days past maturity on the Balance Sheet date. The Company performs a value adjustment depending on the results of compulsory compositions or in the amount of 80% if the compulsory composition has not yet been confirmed for receivables in compulsory composition proceedings and simplified compulsory composition proceedings.

- **Assessment of Long-Term Benefits for Employees**
  In the context of long-term reserves for employee benefits, the current value of future payments for severance upon retirement, long-service awards, and solidarity allowances in the event of employee death is recorded. It is recognised using an actuarial calculation based on assumptions and estimates that were valid at the time of the calculation (determination of the discount rate, assessment of employee turnover, mortality, and disability until retirement, salary growth and amounts from the Tax Treatment Regulation, compliance with the Statutory Retirement Provisions, and the applicable employer's contribution rate).

- **Assessment of Formed Reserves for Lawsuits and Contingent Liabilities**
  Reserves and contingent liabilities are recognised when the Company has present liabilities (with a probability of greater than 50%) that can be reliably estimated as a result of a past event. The amount of reserves for lawsuits is determined based on the known amount of compensation claims for damages or the expected possible amount if the claim amount is not yet known, whereas eligibility is determined based on the state of disputes and the likelihood of a favourable or unfavourable resolution.

- **Evaluation for the Elimination of Long-Term Accrued Expenses and Deferred Revenues**
  The Company defines long-term accrued expenses and deferred revenues for the free acquisition of fixed assets and the charged average connection costs by group in accordance with the useful life of the acquired assets. They are used to offset the depreciation costs of these depreciable assets by transferring them to operating revenues.

- **Assessment of the Possibility of Using Revenues and Liabilities for Deferred Tax Assets**
  The Company generates a deferred tax asset that is available in the event of probable future taxable profits that may be burdened by deductible temporary differences. On the Balance Sheet date, the Company verifies and formulates the amount of the declared deferred tax liability (from the revaluation of the fair value of financial investments) and the amount of the declared deferred tax assets (from the creation of provisions for long-term employee benefits, impairment of financial investments and receivables, and unused investment reliefs) at the tax rates expected to be applied in the financial year in which the deferred tax is repaid.

- **Financial Investments Assessment**
  The Company revalues long-term investments at the end of each financial year if the reported book value is greater than the market value calculated using the most recently published stock exchange rate. Other long-term investments that are not listed on an active market are revalued if their proven book value exceeds their proven realisable value.

REGULATORY FRAMEWORK FOR 2022

The majority of the Company's revenue comes from the Contracts or the Lease of Electrical Distribution Infrastructure and the Provision of Distribution Services of the Operator and associated annexes concluded with SODO for the implementation of activities under the economic public services GJS SODO.

On the basis of energy legislation, the Energy Agency has the authority to determine the methodology for accounting network charges and SODO-eligible costs. Due to the uncertainty of forecasted electricity consumption based on the pace of economic recovery following the COVID-19 epidemic in the coming years, as well as the intention to revise the network charge calculation methodology in light of the implementation of new legislative requirements, the Agency set the Regulatory Framework and tariff lines only for 2022. An Act was adopted to amend and supplement the Act on the Methodology for Determining the Regulatory Framework and Methodology to Calculate Network Charge for Electro Operators (Official Gazette of the Republic of Slovenia, No. 145/21), which was valid for the period 2019–2021, and only necessary changes to the methodology to establish the Regulatory Framework and methodology for network charging were implemented. A decision based on the Act defined the regulatory framework for operators' distribution and transmission activities in the regulatory year 2022 and estimated the network charge deficit for the regulatory year 2021, with a 14.2% increase in the network charge for the distribution system in the tariff lines for 2022 compared to 2021.

When calculating the planned regulated return on assets, the weighted average cost of capital before taxation (WACC) of 5.15% was used. On February 22, 2022, the Government passed the Act on Urgent Measures to Mitigate the Consequences of High Energy Prices (hereinafter referred to as ZUOPVCE), which mandated that electricity operators' tariffs for charging power and assumed working energy for all demand groups be reduced to zero from February 1, 2022, to April 30, 2022. The network charge deficit that arose as a result of the Act's implementation was settled in the preliminary calculation at the expense of a reduction in the recognised regulated return on assets. By reducing the recognised rate of return (from 5.15% to 0.31%), in the preliminary RF calculation for 2022, EUR 12,728,460 less return, or only EUR 815,253, were recognised to the Company, which was not sufficient to meet the costs and expenses of the Company's regulated activity that were not recognised in the regulatory year calculation according to the network Act on Methodology.

The controlled eligible operating and maintenance costs remained determined on the basis of the average realised eligible costs from 2011 to 2013 and vary depending on the efficiency factor, inflation rate, change in line length, number of stations, and users. Nevertheless, their one-time increase was determined due to the changed situation in the field of insurance premiums, whereby Elektro Celje was additionally granted EUR 232,327 for higher insurance premiums.

In the context of uncontrolled costs, 10% of costs for eliminating damage events are recognised. The revaluation of operating expenses related to receivables due from customers in connection with network charges up to 0.5% of the network charges for the distribution system, the revaluation of operating expenses for fixed assets of electricity infrastructure, compensation resulting from the placement of infrastructure on space, membership fees prescribed by legislation, and compensation for the use of building land were also recognised. In the area of investment in research and innovation, costs and revenues are recognised (through non-repayable grants from the European Union) for qualified projects within the Energy Agency. The aim is to promote research and demonstration projects and innovative approaches to smart networks with the goal of better exploiting existing electricity infrastructure and renewable energy sources, as well as low-carbon and energy-efficient solutions, using the concept of open innovation. More efficient investments in the network are ensured with tests of dynamic network tariffs for energy in the distribution network and the dissemination of knowledge gained from the implementation of projects to ensure benefits and savings in the use of the final network customer and on the basis of the results of the projects.

With the amendment to Article 76 of the Act, the incentives from free European funding increased (from 2% to 6%). Obtaining free funds from the state and the EU is critical for network development and, more importantly, for all cash inflows for new investments, as it relieves customers of the need to pay network charges. In 2022, the Company received EUR 18,989 in incentives for assets acquired for free (compared to EUR 8,324 in 2021). It also received EUR 13,841 in savings from the purchase of system electricity metres with a communication module.

The area of stimulation or penalization from the control of amounts of electricity losses in the network is governed by the Company's Agreement with SODO, Revenue from this heading was EUR 88,967 in 2022 (a recognised loss percentage of 4.30%), and EUR 654,874 in 2021 (a recognised loss percentage of 4.81%).

Economic Operations with SODO

Since 2007, the company SODO, has been performing as a concessionaire for the implementation of Public Utilities Services of the system operator of the electricity distribution network on the Republic of Slovenia's territory. Elektro Celje, the owner of the electrical distribution infrastructure, and SODO entered into an agreement for the lease of the electrical distribution infrastructure and the provision of services. In accordance with the terms of the Agreement, the contracting parties also signed annexes Nos. 2, 3, and 4, which set forth the amount of the Lease and the amount of services to be provided in the distribution network for the regulatory period of 2022.

The preliminary accounting for the regulatory year 2022, which the Company received in March 2023, was completed using information from the Company's incomplete financial statements. Accordingly, in 2022, the Agreement value of services and lease was already charged for EUR 1,991,813 more than the value determined in accordance with the Network Act's and the Intervention Act's ZUOPVCE's provisions. In March, the Company issued a credit for the calculated surplus and reduced revenue for 2022 by the amount of the difference. The final calculation for the regulatory year 2021 will be based on audited figures from both Contracting Parties and the Energy Agency's Decision.

In 2022, the Company also received from the distribution network system operator the calculation of the final deviations of the regulatory year 2021 (in the amount of EUR -121,667) and the calculation of contractual interest for the identified deviations in the preliminary calculation in 2021 (in the amount of EUR 37,263), which were included in the contractual value for RF 2023. The short-term portion of the long-term receivables from SODO due in 2023 is EUR 1,102,552 (or one-third of the unpaid deficit of the preliminary and final Statement of the regulatory year 2021).

Impact of the Economic and Operating Situations on the Financial Year 2022

In response to the implementation of the Intervention Act during the energy crisis, the Company managed to find an alternative path. Thus, it adapted its operations to the key measures adopted by the Government of the Republic of Slovenia in the field of high energy prices. With the adoption of the Intervention Act, customers were exempted from the payment of the network charge from February 1 to April 30, 2022, at the expense of a reduction in the regulated return on the assets of electro operators. As a result, in June 2022, due to lower inflows and revenues under the Agreement with SODO, d. o. o., the Company adopted a revision of the Business Plan for 2022 and reduced investments (from EUR 30.3 million to EUR 19.3 million), while when planning the Income Statement, the Company took into account the lower revenue of SODO's activities by an estimated EUR 12.1 million. After the adoption of the rebalance, the Company's operations went mostly smoothly. The planned Income Statement was achieved. In the absence of operating risks, the Company used the provisions of the SAS 2016 to measure assets and liabilities in 2022. The realisation of adverse events due to the epidemic was also small in 2022 and did not affect the Company's liquidity risk.

The Company managed its resources and investments in such a way that it was able to settle its obligations at any time. By implementing a policy of regular liquidity management on a monthly, weekly, and daily basis, it planned cash flows at the lowest possible cash balance on the bank accounts. In 2022, there were only EUR 882 (EUR 2,852 in 2021) of newly created adjustments to short-term receivables, while there were also EUR 17,834 of settled ones (EUR 10,379 in 2021).

The Company has certain financial commitments in its loan agreements with its banking partners, which it regularly monitors and which are expected to be fully fulfilled on the basis of audited Financial Statements for each financial year. However, financial commitments relating to the loan received by the European Investment Bank are reviewed on a semi-annual basis. Failure to comply with financial commitments on the Balance Sheet cut-off date could lead to a change in the terms of the contracts, such as a change in the timing of repayment of the loan and interest rates, but due to the expected breach of financial commitments on the net financial debt/EBITDA and financial debt/EBITDA indicators, the Company received an advance notice of the breach of those financial indicators from the lending banks in due time.

The State Aid received to contain and eliminate the consequences of the epidemic in the total amount of EUR 34,745 (EUR 66,728 in 2021) includes the reimbursements received by the Health Insurance Institute of Slovenia in the amount of EUR 1,211 (Article 56 of the Act on Intervention Measures to Contain the COVID-19 epidemic and Mitigate Its Consequences for Citizens and the Economy, hereinafter referred to as ZIUZEOP, and Article 20 of the Act on Temporary Measures for the Mitigation and Elimination of the Consequences of COVID-19, hereinafter referred to as the ZZUOOP), received refunds from the Employment Service of the Republic of Slovenia in the amount of EUR 18,827 (Article 13 of the Act on Intervention Measures to Prepare for the Second Wave of COVID-19, hereinafter referred to as ZIUPDV, and Article 57 ZZUOOP) and quick test subsidies worth EUR 14,707 (Article 10 of the Decree on Temporary Measures for the Prevention and Control of Infections with the Infectious Disease COVID-19). There is no risk of recovery of State Aid.

The financial year 2022 was also marked by uncertainty about the sufficient supply of energy products and the evolution of their prices. In addition to the increase in the price of energy products, the Company's operations were also affected by the persistent increase in the price of materials and services, which was mainly due to supply problems. By raising key interest rates, the European Central Bank ended the period of negative interest rates, and the consequence for the Company was reflected in the growth of financial expenditure from loans with variable interest rates.

2.3 Important Accounting Policies

The Accounting Policies used by the Company in the preparation of financial statements did not change in 2022 and remained the same as those used in the previous financial year's preparation of financial statements. When selecting them, the Company considered the need for caution, the importance of content over form, and the importance of corporate events. The Company does not use Accounting Policies that do not comply with the individual SAS 2016 Standards. The Accounting Policies disclosed in the Annual Report for each item define the items for which SAS 2016 gives the Company a choice of different valuation methods.

In accordance with the provisions of SAS 2016, the Company discloses all significant items. The Accounting rules define the importance of individual items. In the Balance Sheet, these are the values of significant operations or events that exceed 2% of the value of assets or liabilities on the Balance Sheet date, and in the Income Statement, these are items whose values exceed 2% of all revenue or expenses for the business year.

a) Intangible Assets and Long-Term Deferred Expenses and Accrued Revenues

Intangible assets are non-monetary assets that, in most cases, have no physical form and enable the Company's activities to be carried out. Among the intangible assets disclosed by the Company are long-term property rights (primarily software investment), similar assets in preparation, deferred expenses, and accrued revenues (long-term deferred expenses). Investments in real rights to immovable property are disclosed in the item Land and Buildings in accordance with SAS 2.39.

Recognition and Derecognition of Intangible Assets

Intangible assets are recognised when the economic benefits associated with them are likely to flow and their costs can be reliably measured. Recognition is de-recognised upon disposal or when no economic benefit is expected from its use and subsequent disposal.

Initial Accounting Measurement and Measurement upon Recognition

An intangible asset is initially recognised by its purchase value, which includes import and non-refundable purchase taxes after discounts and any directly attributable costs of preparing the asset for its intended use. The purchase price is then reduced by depreciation adjustments. Intangible fixed assets are revalued by the Company due to impairment when their book value exceeds their recoverable value.

Depreciation and Useful Lives

Significant groups of depreciable intangible assets	Estimated useful life in years	Depreciation rate (in %) Minimum	Maximum
Computer software	3–5	20.00	33.33
Rights in rem on immovable property	100	1.00	1.00

All intangible assets are depreciable assets with a finite useful life. The straight-line depreciation method is employed.

The depreciation basis is equal to the purchase price of intangible assets. Depreciation of intangible assets begins on the first day of the month following the month in which the asset is available for use. For this period, depreciation calculated for each accounting period is recorded as a cost or operating expense.

Long-Term Deferred Expenses and Accrued Revenues include amounts of deferred expenses and expenses related to a period of more than one year that do not yet burden the Income Statement.

b) Tangible Fixed Assets

A tangible fixed asset is an asset that the Company owns, leases, or otherwise controls and uses in the provision of services or leases or for office purposes and is expected to be used for such purposes for more than one accounting period. Groups of tangible fixed assets include immovable property (land, buildings), equipment, and other tangible fixed assets, as well as investments in the acquisition of such assets and receivables for advances in this regard. Some small tools with useful lives of more than a year (convenient tools and devices) are also classified as tangible fixed assets.

Recognition, Measurement and Derecognition of Tangible Fixed Assets

A tangible fixed asset is recognised when the economic benefits associated with it are expected to flow in and the purchase price can be reliably measured. A fixed asset is valued at its purchase value upon initial recognition, which includes the purchase price, import duties, non-refundable purchase fees, and costs directly related to its activation for the intended use. The purchase value also includes borrowing costs related to the acquisition of a new tangible asset in the case of fixed assets where the period from the date of provision of services of the first invoice for construction assembly services or equipment to bringing the fixed asset into use is longer than one year, and, more specifically, for the period from the payment deadline of each invoice until the date of bringing the fixed asset into use, whereby the capitalization rate is calculated for each individual investment, taking into account the weighted average rate of withdrawals of investment loans in the current year. If the purchase price of the fixed asset is significant, it is subdivided. If these parts have different useful lives and/or patterns of use that are significant in relation to the total cost of the tangible fixed asset, each part is considered separately.

Land is valued at its purchase price, which includes the costs of real estate turnover taxes and Land Registry fees. The purchase value of construction facilities includes expenses for the purchase, construction, or upgrading of facilities, project planning and other documentation on the basis of which the purchase, construction, or upgrading was carried out, land development, permits for the manufacture of connections, and other costs directly attributable to preparing them for use. Expenditure for the acquisition of land on which construction buildings stand, as well as expenditure for the acquisition of land intended for access to buildings or other needs related to their use, are not included. The purchase value of equipment includes expenditures for the purchase, production, or elaboration of equipment, as well as delivery, installation, and other expenses incurred during the purchase, production, or elaboration.

The purchase value of tangible fixed assets constructed or produced by the Company consists of costs incurred during their construction or production as well as indirect costs incurred during their construction or production that can be attributed to the asset. It is not formed by costs unrelated to their construction or production, as well as costs that the market does not recognise. The purchase price of such a fixed asset cannot be higher than the market price of identical or similar fixed assets. The Company's investments are divided into renovations, which cover major repairs of fixed assets due to wear, substitutions and capacity increases, which include investments for replacing or increasing the capacity of existing fixed assets; and new investments, which include investments in the acquisition of new fixed assets. Fixed assets acquired for free are valued at their purchase price. If this information is unavailable, they are valued at the fair market value specified in the free acquisition agreement.

In evaluating tangible fixed assets, the Company uses the purchase value model and carries them at their purchase value, decreased by depreciation value adjustments and accumulated impairment losses. Subsequently, incurred repair and maintenance costs are reported as maintenance costs if they arise as a result of the restoration and preservation of future economic benefits expected on the basis of the initially estimated level of effectiveness of the assets. The estimated amounts of the costs of regular inspections or repairs of tangible fixed assets are considered parts of tangible fixed assets.

Recognition of a tangible fixed asset is derecognized on disposal or if future economic benefits are no longer expected from its use or disposal. Disposals and exclusion of tangible fixed assets are the result of new investments, investments in reconstruction and restoration, technical, economic, and physical obsolescence of the fixed asset, sales, and damage events (mainly weather events). Profits and losses on sales, or exclusions determined by comparing sales revenue with book value, are included in the Company's Income Statement.

Revaluation

When a tangible fixed asset's book value exceeds its recoverable value due to impairment, the Company revalues the asset. The recoverable value is the fair value less the costs of sale or the value in use, whichever is higher. An important change in the operating situation is one in which the assumptions used to assess value in use and fair value less costs of sale change by more than 5% in one year. The review of impairments is based on the material asset with the longest useful life. The Company classifies as a material asset any asset with a cost equal to 0.5% of the total purchase prices of tangible fixed assets. A decrease in the value of depreciable assets due to impairment is treated as a revaluation of operating expenses as a carrying amount that no longer has any usefulness. However, if this asset is sold and the net realisable value exceeds the book value, the difference is treated as revaluation income.

Authorised appraisers determine the value of land, building construction, and distribution equipment. Since it makes up less than 5% of the value of all fixed assets, the Company typically does not revalue other equipment.

Depreciation and Useful Lives

A tangible fixed asset begins to depreciate on the first day of the month following its availability for use. The Company employs the straight-line depreciation method. Depreciation is calculated individually until the value used to calculate depreciation is fully replaced. Adjustments to the value of fixed assets are carried out by the amount of depreciation, which is established in the final annual accounts of depreciation. Depreciation is not calculated for land, fixed assets of cultural, historical, or artistic interest, fixed assets that are permanently out of use, investments in fixed asset acquisition up to availability for use, or advances for fixed asset acquisition.

For major fixed assets with a purchase value higher than EUR 1 million, the Company verifies their useful lives at least every two years, with depreciation rates recalculated if expectations differ significantly from estimates. The recalculation effect is treated as a change in accounting estimates.

Significant groups of depreciable tangible fixed assets	Estimated useful life in years	Depreciation rate (in %)	
		Minimum	Maximum
Energy infrastructure buildings	20–40	2.50	5.00
Other buildings	20–40	2.50	5.00
Energy infrastructure equipment	3–33.33	3.00	33.33
Other equipment	2–33.33	3.00	50.00
Vehicles	8–12.5	8.00	12.50

c) Leases

THE COMPANY IN THE ROLE OF LESSEE

Right to Use Leased Assets

The Company determines whether the Contract is a Lease Contract or whether it contains Leases after the Contract has been completed. A Lease Contract is one that grants the right to use an asset for a set period of time in exchange for reimbursement. The right to use leased assets is recognised in the case of long-term leased assets (lease duration of more than one year) and leased assets of higher value (more than EUR 10,000, taking into account the value of the new asset).

Recognition, Measurement of Leases

A fixed asset acquired through leasing is a crucial component of the Company's fixed assets. The purchase value of the leased asset consists of the amount of the initial measurement of the lease liability and the value of lease payments made on or before the commencement date of the Lease, reduced by lease incentives received and increased by the initial direct costs incurred to the lessee, as well as an estimate of the costs to be incurred by the lessee in dismantling or removing the leased asset, restoring its location, or returning the leased asset to the condition required by the Lease terms.

Following initial recognition, the Company measures the reported asset at purchase value, less accumulated depreciation and impairment losses, and corrects for the re-measurement of the lease liability.

Depreciation, Useful Lives and Revaluation

Depreciation of rights to use leased assets	Estimated useful life in years	Depreciation rate in %	
		Minimum	Maximum
Right to use property rights	3	33.33	33.33
Right to use equipment	3–6.08	16.45	33.33

The Company depreciates the asset representing the right to use from the start of the Lease to the end of its useful life, or until the end of the Lease's duration, whichever is shorter. Depreciation rates are estimated based on the lease period. If, by the end of the Lease, ownership of the asset is transferred to the lessee or the Company exercises the purchase option, depreciation is calculated based on the estimated useful life.

The right to use the leased asset is reassessed if the duration period of the Lease, the amount of the lease payments (e.g., a change in future amounts of the lease payments as a result of a change in the index or rate of determining the amount of the lease payments), or the estimate of the Lease termination fee changes, and whenever the Lease Contract is modified and this change is not accounted for as a separate Lease. The Company also revalues the right to use the assets for possible impairment in accordance with the requirements of SAS 17.

Liabilities for Leased Assets

At the start of the Lease, the liabilities for the leased assets are shown in the same amount as the rights to use the assets and are reduced by repayments.

Recognition, Measurement and Revaluation of Lease Liabilities

The Company establishes the Lease Liability at the current value of the unpaid lease payments as of the Lease Commencement Date. Lease payments are discounted by the average weighted interest rate of investment loans after the Lease's start date.

Following initial recognition, the amount of the Lease Liability is increased by the remuneration of the Lease Liability, decreased by Lease payments made to the lessor, and increased or decreased by adjusting the amount of the liability to a reassessment or change in the Lease. Accrued interest costs are added to the period's financial expenses. Lease liabilities are reflected in the Financial Liabilities item under Short-Term/Long-Term Liabilities (section 2.4.12).

COMPANY IN THE ROLE OF LESSOR

The assets that the Company leases are reflected in the Balance Sheet according to the nature of the asset that is the subject of the Lease, while the lease payments from the operating lease are recognised under the Company's operating income.

SHORT-TERM AND LOW-VALUE LEASES

The Company applies the exception in the case of leases of assets up to a value of EUR 10,000 and in the case of leases with a period of 12 months or less that do not include the possibility of purchase. It recognises the costs associated with the Lease of these assets as lease costs evenly over the life of the Lease, or on another systematic basis that best reflects the pattern of benefits it receives.

d) Financial Investments

Financial investments are financial assets that an investor company holds in order to increase its financial income from the returns generated by them. They are shown on the Balance Sheet as long-term investments, i.e., those that the Company intends to hold for more than a year and are not held for trading, and short-term financial investments. Long-term financial investments that are due within a year of the Balance Sheet date are reclassified as short-term investments on the Balance Sheet.

In the Balance Sheet, the Company shows long-term financial investments in the equity of subsidiaries and associated companies, as well as other shares and shareholdings. Long-term investments are measured at purchase value or at fair value by equity. The profit pay-outs from long-term financial investments are recognised as financial revenue at the moment when the Company acquires the right to pay out dividends. Exposure to various types of risks, in particular the risk of a reduction in the value of financial investments below their purchase value, is not hedged by financial instruments. The value that best represents the maximum possible exposure to such risk is the total value of the investment.

Recognition, Measurement and Derecognition of Financial Investments

Financial investments are recognised if the economic benefits associated with them are likely to flow and their purchase value can be measured reliably. When acquiring or selling them, the Company recognises them according to the day of trading or settlement. The Company performs derecognition of a financial asset the moment a contractual obligation related to cash flows no longer exists, or when all the risks and benefits associated with the ownership of the financial risk are transferred to a third party.

Upon initial recognition, the investment is measured at fair value. Transaction costs arising directly from the purchase or issue of a financial asset are also added, except for assets measured at fair value through profit or loss. Upon initial recognition, the Company classifies its financial investments as financial assets measured at fair value through profit or loss, investments held to maturity date, loans, assets available for sale, or financial assets measured at purchase value. Financial assets measured at fair value through profit or loss are generally short-term investments. The financial investment in the subsidiary's equity is measured and accounted for by the Company at purchase value. If the investment fair values of shares and interests cannot be measured reliably, they are valued using the purchase value model, increased by transaction costs and decreased by eventual impairment.

Revaluation of Financial Investments

The Company revalues its financial investments to their fair value at the end of the financial year in question. It also confirms whether a market for an individual financial investment exists or whether sufficient transactions have occurred to reflect its fair value. If the recorded book value of long-term financial investments exceeds the market value calculated using the last published Stock Exchange price, the Company implements an impairment; if the proven fair value calculated using the last published Stock Exchange price exceeds the book value, the Company appreciates the financial investments. Proven profits or losses resulting from a change in the fair value of a financial asset are recognised directly in equity as an increase (profit) or a decrease (loss) in reserves as a result of valuation at fair value.

Financial investments that are not listed on an active market are impaired if their proven book value exceeds their proven realisable value. On the Balance Sheet day, the Company evaluates whether there are objective reasons to test the assessment of impairment of an investment if any investment loses value significantly or permanently (the book value of the investment on the Balance Sheet is more than 20% higher than the proportional part of the book value of the Company's total capital) or if there is unbiased evidence indicating a permanent impairment of the investment (future Company's business plans). The amount of loss is calculated as the difference between the investment book value on the Balance Sheet date and the current value of the expected future cash flows of this investment, discounted at the current market return (recoverable amount) applicable to similar financial assets, and recorded as a financial expense in the Income Statement, profit and loss. Such impairment losses must not be reversed.

e) Deferred Taxes

The Balance Sheet liability method is used to show deferred tax assets and liabilities, taking into account temporary differences between the book value of assets and liabilities for financial reporting purposes and the values for tax reporting purposes. The amount of deferred tax is based on the expected method of reimbursement or settlement of the book value of assets and liabilities using the tax rates that are expected to be applied when the deferred tax asset is repaid and the liability is settled. Whenever the book value of deferred tax changes due to changes in tax rates or regulations, a reassessment of the recoverability of deferred tax assets, or changes in the expected method of recovery of the assets, the resulting deferred tax is recognised in profit or loss, except to the extent that it relates to items previously recognised outside profit or loss.

Deferred tax assets are the amounts of income taxes recoverable in future fiscal periods, primarily due to differences between taxable and accounting profit, in the case of temporary tax-unrecognized expenses, such as receivable impairment, creation of long-term provisions, difference between calculated accounting and tax-recognized depreciation, and impairment of financial investments valued at purchase value. They are recorded in the amount of probable available future taxable profit that could be burdened by deferred receivables in the future. Deferred tax assets reduce tax expense, thereby contributing to increased profit or loss or directly increasing capital. Deferred tax assets are reduced by the amount that is no longer likely to be relieved in relation to the assets.

Deferred tax liabilities of persons are the amounts of tax that must be paid in future periods according to taxable temporary differences (revaluation of land and buildings, valuation of financial investments at fair value, actuarial profits or losses).

f) Assets Held for Sale

If the asset's book value is provided primarily by sale rather than continued use, the asset is classified as a disposal group for sale. Assets for sale are available for immediate sale in their current state, and their sale is highly likely (management adopted the sales plan, active marketing of the asset's sale is underway, and it is expected to be carried out).

When an asset is placed in the disposal group for sale, it stops depreciating. The asset for disposal or sale is valued at its book value or fair value less the cost of sale, whichever is lower.

g) Inventories

Inventories are short-term tangible assets that will be used in the creation of products or the provision of services. The Company's inventories include material and small tools with a useful life of up to one year, which have the characteristics of inventories but may also include those with useful lives exceeding one year if their individual cost does not exceed EUR 500. The Company also includes protective equipment and tools in its small inventories. In its analytical records, the Company monitors material inventories by individual material.

Recognition, Measurement and Derecognition of Inventories

Material in stock is recognised in the book records and Balance Sheet if the economic benefits associated with it are likely to flow and its value or cost value can be measured reliably. Recognition in inventory is eliminated when the material is consumed, sold, or otherwise ceases to exist, which is confirmed by the relevant documents.

The quantity unit of stock of materials is valued at the purchase price, consisting of the purchase price reduced by discounts obtained, import and other non-refundable purchase duties, and direct acquisition costs, or net realisable value, namely the least of them. The consumption of material stocks is valued using the weighted average price method.

Revaluation of Inventories

Stocks of materials are revalued as a result of impairment if their book value exceeds their net realisable value. Write-offs of damaged and obsolete inventories are carried out regularly by the Company throughout the year and during stock-taking.

h) Receivables

Receivables are property rights and other rights based on legal relationships to demand that a particular person pay a debt or, in the case of advanced payments, to demand the supply of goods or rendered services. According to maturity, they are divided into short-term, to be redeemed no later than within a year, and long-term. Long-term receivables that are already due but not yet settled, as well as receivables that will be due within a year of the Balance Sheet date, are shown as short-term receivables. The receivables that occur in the Company are predominantly receivables from customers, employees, the State, suppliers, and for advanced payments made.

Recognition and Derecognition of Receivables

Receivables are recognised in the book accounts and Balance Sheet if the economic benefits associated with them are likely to flow and their original value can be measured reliably. Derecognition is implemented if they no longer fall under binding contractual rights because they have either expired or been ceded.

Measurement and Revaluation of Receivables

Upon initial recognition, the Company recognises receivables of all types in the amounts arising from relevant documents (invoices, contracts), assuming that they will be paid. Receivables from legal and natural persons abroad are converted into domestic currency on the day of their occurrence, using the current reference Exchange Rate of the European Central Bank. Later, receivables can increase or decrease (subsequent discounts, complaints), thereby affecting the relevant operating and financial revenues.

Revaluation of receivables (impairment and reversal of impairment) is a reduction or possibly a subsequent increase in their value relative to their collectible value. In the Balance Sheet, receivables are thus shown using the amortised cost method, which means that they are reduced by the amount of the value adjustment formed from disputed and doubtful receivables. The Company makes an evaluation of the evidence of impairment of receivables and a valuation adjustment in the total amount for receivables in bankruptcy proceedings, for receivables that are the subject of litigation, and for receivables that have been mature for more than 90 days on the Balance Sheet date. For receivables in compulsory composition proceedings, the Company carries out a valuation adjustment in relation to the decisions of compulsory settlements or in the amount of 80% if the compulsory settlement has not yet been confirmed. The formed adjustments are reduced by payments and write-offs of receivables on the basis of relevant supporting documents: court decisions, decisions on compulsory settlement, decisions on bankruptcy proceedings, and other relevant documents. Losses due to impairment adjustments to receivables are recognised in profit or loss among expenses. When, as a result of subsequent events, the amount of impairment loss decreases, this reduction in impairment loss is reversed after the Income Statement.

Long-term operating receivables related to receivables due from customers, which are undergoing compulsory settlements, are interest-bearing receivables in compliance with the decisions on compulsory settlements. Long-term operating receivables due from the Company SODO bear interest in accordance with the Network Act. Receivables of significant value that are not interest-bearing, are shown at discounted values in the Balance Sheet, taking into account the interest rate that is equal to the average interest rate on loans.

i) Cash

The Company's cash includes money in transaction accounts, deposits at commercial banks, and investments that can be converted to in advance known amounts of cash quickly or in the near future and where the risk of value changes is insignificant (overnight deposits with banks). They are shown in the amounts derived from the relevant documents.

j) Equity

Total equity is the liability to the owners of the Company that is due for payment when the Company goes out of business. It is defined by the amounts invested by the owners and the amounts generated during the operations that belong to the owners. It is reduced by losses from operations, the purchase of owned shares, and dividend payments. Equity consists of called-up capital, capital reserves, profit reserves, revaluation reserves, reserves resulting from valuation at fair value, retained net profit from previous years, and temporarily undistributed net profit for the business year. The ownership structure is presented in the section Presentation of Elektro Celje.

The Company's called-up capital is the share capital divided into 24,192,425 ordinary freely transferable shares. Ordinary shares give their holders the right to participate in the management of the Company, the right to part of the profits (dividends), and the right to the appropriate part of the remaining assets after the liquidation or bankruptcy of the Company. There are no agreements among shareholders that could lead to limitations on the transfer of securities and voting rights. The Company also has no restrictions on voting rights, except for its treasury shares, which do not have a voting right and do not pay a dividend. All shares are of the same class and were fully paid up. There were no newly issued shares. Shares are issued in book-entry form and are held at KDD (Centralna klirinško depotna družba, d. d.) (Central Security Clearing Company), in accordance with the regulations. The Company has no employee shareholder scheme during the business year. On December 31, 2022, the Company's Share Capital amounted to EUR 150,955,090. In 2020, it increased by EUR 50,001,889 through the conversion of other reserves from profits based on the decision of the General Meeting.

The Company's **Capital reserves** consist of the amounts of the reversals of the general capital revaluation adjustment and are formed in accordance with Art. 15 of the Introduction SAS 2006 (transitional provisions) with a view to application in accordance with Article 64 of the Companies Act (ZGD-1).

Profit reserves include legal reserves, reserves for Treasury shares, acquired Treasury shares, and other profit reserves. Profit reserves are formed in the amount and under the conditions laid down in Article 64 of the Companies Act (ZGD-1) and the Articles of Association of the Company from net profit amounts for the financial year. Reserves for Treasury shares are formed in accordance with the Articles of Association of the Company in the following order: From the net profit for the financial year, retained profit, and other profit reserves, exceeding the amount of any losses brought forward, which could not be offset against the net profit for the financial year. Other profit reserves are formed in the amount and under the conditions established by law and the Articles of Association of the Company. The Management Board may form other profit reserves in the proportion of up to — of the remaining net profit for the financial year that remains after legal reserves and reserves for treasury shares are formed, unless they already amount to one-half of the Share Capital. Other profit reserves represent their own source of investment financing. In accordance with the Companies Act (ZGD-1), capital and legal reserves may be used to cover net loss for the financial year if it cannot be covered from retained net profit or other profit reserves, and for coverage of the retained loss if it cannot be covered by net profit for the year or from other profit reserves. Acquired Treasury shares are an integral part of total equity and are deducted from it. The purpose and reason for the acquisition of treasury shares were determined by the decision of the 21st General Meeting of the Company Elektro Celje on August 31, 2016, namely, to increase the value of the Company's assets and maximise value for shareholders.

Reserves arising from revaluation to fair value refer to actuarial profits or losses from severance pay upon retirement and amounts of proven profit or loss from changes in the fair value of financial assets available for sale.

k) Provisions and Long-Term Accrued Expenses and Deferred Revenues

The purpose of these provisions is to collect amounts in the form of accrued costs or expenses that will, in the future, be used to cover costs or expenses incurred. Deferred revenue, which will cover estimated expenses for a period exceeding one year, is shown under long-term accrued expenses and deferred revenues.

Recognition and Derecognition of Provisions and Long-Term Accruals and Deferrals

Provisions are recognised when, as a result of a past event, there is a present obligation (with a probability greater than 50%) that is expected to be settled over an unspecified period and the amount of the obligation can be measured reliably. Derecognition occurs when all accrued options have expired or when accrued and deferred items are no longer required. The unused portion is transferred to other revenues.

Accruals for free assets are formed for the amounts received. Derecognition occurs when the options for which provisions were made have been exhausted or there is no longer a need for accruals.

Measurement of Provisions and Long-Term Accruals and Deferrals

The provision amount is the best estimate of the expenditures (including risks and uncertainties) required to settle typically long-term liabilities as of the Balance Sheet date. If the effect of the time value of money is significant, the expected expenditure is discounted to the current value. The difference resulting from the calculation of the net current value of the provision is recorded as a financial expense.

Accrued expenses and deferred revenues due to deferred revenue are transferred to the operating revenue of the financial year in which the costs or expenses for which they are formed arise.

These provisions are not revalued. At the end of the accounting period, they are adjusted so that their value is equal to the current value of the expenditure expected to be required to settle the obligation. Long-term accrued expenses and deferred revenues are also not revalued, but the reality and eligibility of their formation must be verified when drawing up the Financial Statements.

Provisions for Payment of Retirement Benefits and Long-Service Awards are created for long-service awards, severance pay upon retirement, and solidarity allowances in the case of the death of an employee in the value of estimated future payments discounted on the Balance Sheet date. The actuarial calculation using the Projected Unit Credit method is based on a multi-decrement model and takes into account current service costs, interest costs, benefit payments, and actuarial profits and losses arising as a result of changes in actuarial assumptions and adjustments based on experience and made by a certified actuary.

In accordance with SAS 10.35, on the balance cut-off date, the Company determines and recognises in the Income Statement revenues or expenses related to the adjustment of provisions for retirement benefits (long-service costs and interest), while actuarial profits and losses arising from liabilities for retirement benefits are recognised in equity within reserves at fair value. Similarly, in accordance with SAS 10.36, the Company, on the cut-off balance date, identifies and recognises in the Income Statement revenues and expenses related to the recalculation of provisions for long-service awards and allowance payments in the case of the death of an employee (long-service costs, interest, actuarial profits/losses).

Provisions for Lawsuits are formed for lawsuits in which the Company acts as a defendant. The amount of provisions is determined in relation to the known amount of the claim for damages or in relation to the expected possible amount if the claim is not yet known. At the end of the year, the eligibility of the provisions formed is assessed in relation to the state of disputes and the likelihood of a favourable or unfavourable resolution.

Long-Term Accrued Expenses and Deferred Revenues are formed for:

- Fixed assets acquired for free are classified into groups based on the depreciation rate of the assets acquired. Deferred revenue is converted to income in proportion to the accrued depreciation on these depreciable assets. Fixed assets acquired free of charge also refer to customer connections that the controlling company has acquired among its tangible assets with an obligation to maintain and rebuild in accordance with the Provisions (Official Gazette of the Republic of Slovenia, No. 126/07, General Conditions for the Supply and Consumption of Electricity from the Electricity Distribution Network).
- Long-term deferred revenue for the calculation of average connection costs charged in accordance with the Public Energy Agency of the Republic of Slovenia's Decision on the Determination of the Network Charge for the Use of Electricity Networks for the Period up to June 30, 2007, referring to dedicated payments for network connection or increasing connection power (financing investments in network expansion). They are intended to cover asset depreciation and are used by transferring them to operating income at the current depreciation rate of fixed assets in energy infrastructure, i.e., 3%.
- Long-term deferred revenue for Government and European grants, that are recognised in the periods during which the depreciation costs of these depreciable assets, or the costs and expenses for the coverage of which **these assets were acquired**.

l) Financial and Operating Liabilities

The Company discloses financial and operating liabilities, as well as long-term and short-term liabilities, depending on the maturity of the payment. Short-term liabilities mature into payments in less than a year.

Recognition and Elimination of Liabilities

Liabilities are recognised if their settlement is likely to reduce the factors allowing economic benefits and if the amount to settle them can be measured reliably. Recognitions are terminated when the liability specified in a contract or other legal instrument is discharged, cancelled, or expires.

Measurement and Revaluation of Liabilities

Liabilities are initially valued at the amounts arising from relevant documents on their origin, which for financial liabilities is evidence of received loans or obligations for the payment of interest, dividends, or payment of financial debt, and for operating liabilities, receipt of a product or service, performed work, or calculated cost, expense, or a share in the Income Statement, profit or loss.

Liabilities are measured at amortised cost. At least once a year, the Company estimates the fair value of short-term liabilities based on agreements prior to preparing financial statements. If the book values are lower than the determined fair values, they must be reinforced. Operating and financial liabilities are increased by accrued interest and decreased by amounts repaid or any other settlement. The book value of long-term liabilities is equal to their original value, less principal repayments and allocations under short-term liabilities. When purchasing on credit and the contractual payment deadline is missed, the portion of the debt relating to interest is treated as a financial expense. Subsequent reductions by the amount agreed with creditors (later discounts, refunds of sold materials, recognised complaints, etc.) reduce the relevant costs or operating or financial expenses. On the date of the Balance Sheet, the Company converts short-term liabilities with foreign currency denominators into domestic currency using the reference Exchange Rate of the European Central Bank.

The Company does not assess or disclose any short-term liabilities that have been impaired.

m) Short-Term Accruals and Deferrals

Short-term deferred costs and accrued revenues (capitalised) include short-term deferred costs and expenses (which are likely to occur in the following year, but whose size is reliably estimated and does not yet affect profit or loss), temporary non-accrued revenue (if justified in the Income Statement, for which the Company has not yet received payment and which could not be invoiced), and VAT on advances and overpayments of network charges received.

Recognition and Elimination of Short-Term Accruals and Deferrals

Short-term accruals and deferrals are recognised if such revenue, costs, or expenses are likely to be incurred at the time they are formed. Derecognition occurs when all accrued options have expired or accruals and deferrals are no longer required. It is only applied to items for which they were originally recognised. The reality of items in short-term deferred costs and accrued revenues must be justified on the Balance Sheet date, whereas items in accrued expenses and deferred revenue should not conceal reserves.

Revaluation of Short-Term Accruals and Deferrals

Accruals and deferrals are not revalued. At the end of the accounting period, their reality and eligibility for formation are verified.

n) Revenues

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

OPERATING REVENUE includes sales revenue, capitalised own services, and other operating revenue associated with business effects.

Sales Revenue arises from contracts with customers and reflects transfers (supplies) of agreed goods or services to them, namely in the expected payments to which the Company is entitled in exchange for these transfers. They include SODO revenues from electricity infrastructure leases and the provision of related services, as well as revenues from services provided (revenue from services provided to customers, leases). The amounts invoiced in the name and for the account of SODO, d. o. o., are not shown as revenue but rather as operating liabilities owed to the Company SODO. VAT and excise duty are not counted as sales revenue, but rather as withdrawal liabilities.

Capitalised own services are services provided by the Company for its own needs and capitalised among tangible or intangible long-term assets. The Company recognises revenue in the amount of the cost of building or producing such an asset, which may not exceed the cost of the same type of asset that the Group could purchase on the market.

Other operating revenue includes revenue from the reversal of provisions and long-term deferred expenses and accrued revenues (primarily for free-of-charge fixed assets), revenue associated with business effects (received compensation, subsidies, state aids, reimbursements, state grants, refunds, grants, recourses, and so on), and operating revenue from revaluation, resulting from the disposal of fixed assets (as surpluses of their sales value and over their book values), the sale of dismantled material, liability write-offs, and the reversal of valuation adjustments to receivables.

FINANCIAL REVENUE is generated by financial investments and receivables. These are interest revenue (interest on late payments of network charges and services received, interest on deposits, cash in accounts, and granted loans) and revaluation financial revenue (financial revenue from the sale of investments, revenue from dividend payments, and profit participation).

OTHER REVENUE consists of unusual items that are not expected to occur on a regular or frequent basis (recovered receivables written off in previous years, reimbursement for legal costs and damages, and so on).

Recognition and Accounting Measurement of Revenue

Revenue is recognised when the increase in the Company's economic benefits during the accounting period is associated with an increase in assets or a decrease in debts, and when the Company is reasonably expected to receive compensation for them.

Revenue from contracts with customers is recognised upon the transfer of control of goods or services to the customer based on the provisions of a specific purchase and sale contract with the customer. They are recognised in five steps: defining a contract, defining performance obligations, determining the transaction price, allocating the transaction price to enforceable obligations, and recognising revenue as the Company fulfils performance obligations (either gradually or instantly). Control is determined by the terms of the purchase contract. In most cases, the transfer occurs when the customer receives the goods or the service is provided. In order to determine whether it has transferred control of an asset to a customer, the Company, in accordance with SAS 15.44, considers the indicators of control transfer (right to compensation, right of ownership of the asset, physical possession of the asset, significant risks and benefits associated with ownership of the asset, and acceptance of the asset). Revenue is recognised in an amount that reflects the consideration for the service provided (the transaction price), less returns and discounts granted at the time of sale or later due to an earlier payment. Compensation may include either fixed or variable amounts, or both.

Revenue from the sale of services to customers is recognised based on the completion of the transaction and the service actually provided. The method of inputs (value of car rides, working hours, costs, etc.) that have already been spent by the metering date is used to measure the completion of the performance obligation. When the Company meets its performance obligation under the contract, liabilities for securities and advances received are recognised as revenue.

Revenue from interest is recognised on the date of occurrence using the effective interest rate method, revenue from dividends on the date when the shareholder's right to receive payment is exercised, and late charges on overdue payments of the network charge and services rendered at settlement when there is no doubt about their amount and maturity date.

o) Costs and Expenses

Costs and expenses are classified into operating, financial, and others.

OPERATING COSTS AND EXPENSES include the cost of materials and services, labour costs, value write-offs, and other operating expenses.

FINANCIAL EXPENSES are expenses from the Company's financing (borrowing costs, exchange differences, etc.) and expenses from investing (impairments and write-offs of financial investments) and are divided into parts related to the generation of operating revenues and parts related to the generation of financial revenue.

OTHER EXPENSES include unusual items and other expenses that reduce profit (fines, compensation, annuities, etc.).

Recognition and Accounting Measurement of Costs and Expenses

Costs and expenses are recognised if the decrease in economic benefits during the accounting period is associated with a decrease in the asset or an increase in debt, and this decrease can be reliably measured. When an appropriate revaluation is performed, revaluation operating expenses are recognised. Financial expenses from revaluation are also recognised in the sale or other disposal or derecognition of financial investments that are not equity instruments or in the sale of receivables as a negative difference between the sale and book value, adjusted for any reserve arising from valuation at fair value. Regardless of the payments associated with them, financial expenses are recorded at the time of accounting. Borrowing costs are recorded in the Income Statement using the effective interest method, with the exception of costs capitalised and attributable to tangible fixed assets under construction or preparation.

The consumption of material stocks is valued using the weighted average price method. Labour costs include salaries and other labour costs calculated in gross amounts, as well as contributions calculated by the Company from these bases and not included in the gross amount. The Company followed the Provisions of General and industry Collective Agreements, as well as individual Employment Contracts, for salary payment. Refunds are scheduled using gross mode. Depreciation and operating expenses from revaluation are examples of write-offs. Depreciation was calculated using depreciation rates determined by the so-called single commission of all five distribution companies based on the service life of fixed assets. Operating expenses from revaluation occur in connection with long-term intangible and tangible assets and current assets, as a result of their revaluation to a lower value, as well as in connection with the sale or other disposal and derecognition of fixed assets.

p) Income Tax

Income tax consists of both current and deferred taxes. Current tax is the tax that the Company settles on taxable profits for the current financial year, using the tax rates in effect at the reporting date and taking into account any adjustments to tax liabilities from previous financial years.

r) Statement of Comprehensive Income

The Statement of Comprehensive Income is a Financial Statement that provides a true and fair view of all components of the Income Statement for the periods for which it is prepared and includes revenue and expenses that are not recognised in profit or loss but have an impact on the total owner's equity. According to SAS 21.8, the Company uses Version I of the Income Statement. The supplementary statement shows the total comprehensive income, which includes items from Art. 19 to 24 of the SAS 21.8 and items from Art. 25 to 29 of the SAS 21.10.

s) Cash Flow Statement

The Cash Flow Statement demonstrates the development of inflows and outflows from operating, investing, and financing activities and explains changes in the cash balance for the financial year in question. Cash includes cash in bank accounts and cash equivalents. Inflows from sales include VAT and excise duties; cash flow items from investing and financing activities are reported in non-offset amounts. The information for the Cash Flow Statement items is derived from analytical records, current account summaries, and offsets.

t) Statement of Changes in Equity

The Statement of Changes in Equity faithfully and fairly presents the changes shown in all equity components in the Balance Sheet for the business year in accordance with SAS 23.4 and SAS 23.5 in the form of a Table of Changes in All Equity Components. Total Company equity consists of share capital as entered into the Court Registry, capital reserves, profit reserves, reserves arising from valuation at fair value, net profit or loss carried forward, and net profit or loss of the business year.

2.4 Explanatory Notes of Balance Sheet Items

The Balance Sheet is a fundamental Financial Statement that shows the balance of assets and liabilities, as well as their sources, as of December 31, 2022. It is written in the sequential, progressive order specified in SAS 20.4 and the Companies Act (ZGD-1). Balance sheet items are shown at their carrying amounts, which are the difference between the total value and valuation adjustments. The principle of individual valuation of assets and liabilities according to their sources is followed.

2.4.1 Intangible Assets and Long-Term Deferred Expenses and Accrued Revenue

Intangible assets and long-term deferred expenses and accrued revenue (in EUR)	December 31, 2022	December 31, 2021
Long-term property rights	4,136,142	4,186,365
Intangible fixed assets under preparation	501,302	24,321
Other long-term accrued revenue and deferred expenses	90,813	4,906
Total	**4,728,257**	**4,215,592**

Long-term property rights valued at EUR 4,136,142 as of December 31, 2022 (EUR 4,186,365 as of December 31, 2021) include licences, rights to use software, and software equipment for conducting electrical distribution activity. Long-term property rights worth EUR 2,501,436 were activated in 2022, primarily to ensure licence coverage and rights to upgrades of individual software. The rights to use the rented software equipment are detailed in section 2.4.2 Tangible Fixed Assets.

The intangible assets shown are the Company's property and are free of encumbrances. On December 31, 2022, the Company had not concluded contracts for the purchase of intangible assets, for which no liabilities had yet been recognised.

(in EUR)	December 31, 2022	December 31, 2021
Intangible assets and long-term deferred expenses and accrued revenue	915,726	646,161

Changes in intangible fixed assets (in EUR)	Long-term property rights	Intangible assets under preparation	Long-term accrued revenue and deferred expenses	Total
COST				
As of January 1, 2021	**15,626,514**	**0**	**7,465**	**15,633,979**
Increase	0	1,467,784	0	1,467,784
Carry-over from ongoing investments	1,443,463	-1,443,463	0	0
Decrease	-141,416	0	-2,559	-143,975
As of December 31, 2021	**16,928,561**	**24,321**	**4,906**	**16,957,788**
As of January 1, 2022	**16,928,561**	**24,321**	**4,906**	**16,957,788**
Increase	0	2,978,417	88,467	3,066,884
Carry-over from ongoing investments	2,501,436	-2,501,436	0	0
Decrease	-2,037,594	0	-2,560	-2,040,154
As of December 31, 2022	**17,392,403**	**501,302**	**90,813**	**17,984,518**
VALUE ADJUSTMENT				
As of January 1, 2021	**10,663,266**	**0**	**0**	**10,663,266**
Depreciation	2,208,609	0	0	2,208,609
Decrease	-129,679	0	0	-129,679
As of December 31, 2021	**12,742,196**	**0**	**0**	**12,742,196**
As of January 1, 2022	**12,742,196**	**0**	**0**	**12,742,196**
Depreciation	2,551,660	0	0	2,551,660
Decrease	-2,037,595	0	0	-2,037,595
As of December 31, 2022	**13,256,261**	**0**	**0**	**13,256,261**
CARRYING AMOUNT				
As of January 1, 2021	**4,963,248**	**0**	**7,465**	**4,970,713**
As of December 31, 2021	**4,186,365**	**24,321**	**4,906**	**4,215,592**
As of January 1, 2022	**4,186,365**	**24,321**	**4,906**	**4,215,592**
As of December 31, 2022	**4,136,142**	**501,302**	**90,813**	**4,728,257**

2.4.2 Tangible Fixed Assets

Tangible fixed assets (in EUR)	December 31, 2022	December 31, 2021
Land	6,378,744	6,311,161
Buildings	200,117,455	196,233,400
Equipment	63,187,993	65,275,784
Land, buildings and equipment under acquisition	7,380,423	8,892,138
Total	**277,064,615**	**276,712,483**

Investments in tangible assets totaled EUR 17,297,949 in 2022, as shown in the Investment and Project Planning section. In 2022, the cost of construction and production of tangible fixed assets under own control was EUR 12,186,760 (EUR 17,493,699 in 2021), while purchases from suppliers, including intangible asset acquisition, were EUR 8,089,607 (EUR 10,214,448 in 2021). There were no free acquisitions (EUR 359,330 in 2021). The book value of long-term intangible and tangible fixed assets leased to SODO, d. o. o., under the Agreement on Lease of Electricity Distribution Infrastructure and the Provision of Services for the System Operator and Related Annexes on 493,699 in 2021), while purchases from suppliers, including intangible asset acquisition, were EUR 8,089,607 (EUR 10,214,448 in 2021). There were no free acquisitions (EUR 359,330 in 2021).

The book value of long-term intangible and tangible fixed assets leased to SODO, d. o. o., under the Agreement on Lease of Electricity Distribution Infrastructure and the Provision of Services for the System Operator and Related Annexes on December 31, 2022, was EUR 272,660,308 (EUR 270,683,740 on December 31, 2021). The preliminary value of revenue from leases to SODO for the business year 2022 (EUR 25,526,591 for 2021) was EUR 14,952,209.

Engineering structures were written off at 66.2% (66.3% on December 31, 2021), and equipment was written off at 66.3% (64.6% on December 31, 2021). Borrowing costs attributed to newly activated construction facilities totaled EUR 3,273 in 2022 (EUR 1,526 in 2021). In progress, investments include EUR 651 in interest (EUR 1,314 in 2021).

Easement rights worth EUR 129,596 (EUR 105,782 on December 31, 2021), which are managed as intangible assets in the Balance Sheet under SAS 2.39, are shown in the item Land and Buildings and Investments in Progress on December 31, 2022.

As of December 31, 2022, the Company had no tangible fixed assets that were pledged as a guarantee for liabilities or placed under a financial lease.

Changes in tangible fixed assets (in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
PURCHASE VALUE					
As of January 1, 2021	**6,018,706**	**570,364,431**	**178,890,264**	**6,590,421**	**761,863,822**
Increase	0	0	0	26,599,692	26,599,692
Carry-over from ongoing investments	303,500	15,870,491	8,123,984	-24,297,975	0
Decrease	-6,255	-4,485,556	-2,883,080	0	-7,374,891
As of December 31, 2021	**6,315,951**	**581,749,366**	**184,131,168**	**8,892,138**	**781,088,623**
As of January 1, 2022	**6,315,951**	**581,749,366**	**184,131,168**	**8,892,138**	**781,088,623**
Increase	0	0	0	17,297,949	17,297,949
Carry-over from ongoing investments	89,726	13,625,406	5,094,532	-18,809,664	0
Decrease	-20,920	-3,668,737	-1,867,749	0	-5,557,406
As of December 31, 2022	**6,384,757**	**591,706,035**	**187,357,951**	**7,380,423**	**792,829,166**
VALUE ADJUSTMENT					
As of January 1, 2021	**3,887**	**380,372,195**	**114,976,293**	**0**	**495,352,375**
Depreciation	903	9,592,966	6,697,515	0	16,291,384
Decrease	0	-4,449,195	-2,818,424	0	-7,267,619
As of December 31, 2021	**4,790**	**385,515,966**	**118,855,384**	**0**	**504,376,140**
As of January 1, 2022	**4,790**	**385,515,966**	**118,855,384**	**0**	**504,376,140**
Depreciation	1,223	9,626,182	7,147,402	0	16,774,807
Decrease	0	-3,553,568	-1,832,828	0	-5,386,396
As of December 31, 2022	**6,013**	**391,588,580**	**124,169,958**	**0**	**515,764,551**
CARRYING AMOUNT					
As of January 1, 2021	**6,014,819**	**189,992,236**	**63,913,971**	**6,590,421**	**266,511,447**
As of December 31, 2021	**6,311,161**	**196,233,400**	**65,275,784**	**8,892,138**	**276,712,483**
As of January 1, 2022	**6,311,161**	**196,233,400**	**65,275,784**	**8,892,138**	**276,712,483**
As of December 31, 2022	**6,378,744**	**200,117,455**	**63,187,993**	**7,380,423**	**277,064,615**

(in EUR)	December 31, 2022	December 31, 2021
Liabilities to suppliers for tangible fixed assets	785,959	1,792,566

RIGHTS TO USE LEASED ASSETS

The Company leases tangible assets (servers and telecommunications infrastructure, as well as passenger vehicle batteries) and intangible assets (software) that are capitalised in accordance with IFRS 16 (International Financial Reporting Standard). The lease term varies from 3 to 6 years.

The carrying amount of leased asset rights on December 31, 2022, was EUR 627,817 (EUR 5,068 on December 31, 2021). Lease payment amounts are determined and fixed by the contract for the entire lease period. The bailiff secured payments to the lessor for the leased assets in 2022. The possibility of terminating an individual Lease Contract exists in the event of a breach of the parties' contractual obligations or based on mutual agreement, while the possibility of renewing the Lease Contract is not specified in the Contracts.

The values of the right to use leased assets and liabilities are estimated by discounting future cash flows over the lease period. Cash flows are discounted by the average weighted interest rate of investment loans after the lease's start date. Depreciation charges are calculated using depreciation rates based on the remaining lease duration.

Payments of the lessee's obligations arising from the lease of assets are not secured.

Changes of rights of use (in EUR)	Change of rights to use property, plant and equipment	Change of rights to use leased equipment	Total
PURCHASE VALUE			
As of January 1, 2021	**0**	**9,998**	**9,998**
As of December 31, 2021	**0**	**9,998**	**9,998**
As of January 1, 2022	**0**	**9,998**	**9,998**
Increase	226,769	709,821	936,590
As of December 31, 2022	**226,769**	**719,819**	**946,588**
VALUE ADJUSTMENT			
As of January 1, 2021	**0**	**3,286**	**3,286**
Depreciation	**0**	**1,644**	**1,644**
As of December 31, 2021	**0**	**4,930**	**4,930**
As of January 1, 2022	**0**	**4,930**	**4,930**
Depreciation	75,590	238,251	313,841
As of December 31, 2022	**75,590**	**243,181**	**318,771**
CARRYING AMOUNT			
As of January 1, 2021	**0**	**6,712**	**6,712**
As of December 31, 2021	**0**	**5,068**	**5,068**
As of January 1, 2022	**0**	**5,068**	**5,068**
As of December 31, 2022	**151,179**	**476,638**	**627,817**

2.4.3 Long-Term Financial Investments

Changes in long-term financial investments (in EUR)	Investments in the Group	Investments in associates	Other investments	Total
Carrying amount as of January 1, 2021	4,501,454	206,987	203,230	4,911,671
Transfer to investments in associates	-2,695,502	2,695,502	0	0
Changes in other comprehensive income	0	0	20,128	20,128
Carrying amount as of December 31, 2021	1,805,952	2,902,489	223,358	4,931,799
Carrying amount as of January 1, 2022	**1,805,952**	**2,902,489**	**223,358**	**4,931,799**
Changes in other comprehensive income	0	0	-6,808	-6,808
Carrying amount as of December 31, 2022	**1,805,952**	**2,902,489**	**216,550**	**4,924,991**

Financial investments are not pledged as a guarantee of obligations. Likewise, the Company was not a partner in another company for which it possessed unlimited liability for the obligations of such a company. Taking into account the available data on the operations of the subsidiary, associate companies, and investments in stakes and shares of others, it is estimated that for each individual investment there are no signs that would require an impairment of investments.

The investment in Elektro Celje OVI, d.o.o., Vrunčeva 2a, Celje, is a **long-term financial investment in a Group company**. It has a purchase value of EUR 1,805,952 (the in-kind contribution is EUR 1,733,433, and the cash contribution, which increased by EUR 60,000 in 2020, is EUR 72,519). Elektro Celje owns 100% of the company.

Long-Term Investments in Associated Companies

Investments in Associated Companies for the Long Term The sale of shareholdings in the company ECE d. o. o. reduced Elektro Celje's shareholding in ECE (from 74.3256% to 36.4195%). Elektro Celje regards the company ECE as an associate company as of November 1, 2021. A purchase and sale option was also established for the sale of the remaining share to the company HSE, d. o. o., between November 1 and May 31, 2025.

The investment impairment in the associated company, Informatika, d. o. o., occurred on December 31, 2015, with a EUR 103,508 adjustment.

Long-Term Investments in Shares and Shareholdings of Other Companies

The long-term financial investment in the shareholding of the company Stelkom is presented at purchase value. The last revaluation took place in 2004, when the company carried out an investment impairment of EUR 1,243. Considering that on December 31, 2022, there was no objective evidence of a possible investment impairment, the company considered that it was not necessary to revalue it in 2022.

Other financial investments include an investment in Zavarovalnica Triglav, for which a revaluation was carried out on December 31, 2022. Due to the lower stock market price compared to the book value, on December 31, 2022, an appropriate reduction effect of EUR 6,808 was recognised in equity.

Company name	Company Head Office	As of December 31, 2022		As of December 31, 2021	
		Amount (in EUR)	Number of shares or shareholdings	Amount (in EUR)	Number of shares or shareholdings
Elektro Celje Energija, d. o. o.	Vrunčeva 2a, Celje	2,695,502	36.42 %	2,695,502	36.42 %
Informatika, d. o. o.	Vetrinjska ulica 2, Maribor	206,987	16.57 %	206,987	16.57 %
Total		**2,902,489**		**2,902,489**	

Company name	Company Head Office	As of December 31, 2022		As of December 31, 2021	
		Amount (in EUR)	Number of shares or shareholdings	Amount (in EUR)	Number of shares or shareholdings
Stelkom, d. o. o.	Špruha 19, Trzin	114,430	12.64 %	114,430	12.64 %
Zavarovalnica Triglav, d. d.	Miklošičeva cesta 19, Ljubljana	102,120	2,960	108,928	2,960
Total		**216,550**		**223,358**	

2.4.4 Deferred Tax Assets

Deferred tax assets (in EUR)	December 31, 2022	December 31, 2021
Revaluation of short-term receivables	59,708	83,869
Revaluation of long-term receivables	6,025	7,047
Provisions for long-term employee benefits	560,192	653,294
Financial assets measured at purchase value	19,667	19,667
Long-term accrued expenses and deferred revenue from fixed assets acquired free of charge	599,707	670,214
Uncovered tax loss	1,003,701	0
Unused deduction	549,550	0
Total	**2,798,550**	**1,434,091**

In 2022, a 19% tax rate was used to calculate deferred tax assets, which will also be used in 2023 (the same as in 2021). On December 31, 2022, the Company did not have any other significant temporary tax differences or tax credits that could be used as an additional source to produce deferred tax assets.

Changes in deferred tax assets (in EUR)	Short-term receivables	Long-term receivables	Provisions for long-term benefits	Investments	Long-term accrued expenses and deferred revenue for fixed assets acquired free of charge	Uncovered tax loss	Unused deduction	Total
As of January 1, 2021	**96,939**	**9,697**	**640,445**	**19,667**	**740,720**	**0**	**0**	**1,507,468**
Recognised in the Income Statement	0	0	4,230	0	0	0	0	4,230
Recognised in the Statement of Comprehensive income	0	0	8,619	0	0	0	0	8,619
Reversed in the Income Statement	-13,070	-2,650	0	0	-70,506	0	0	-86,226
As of December 31, 2021	**83,869**	**7,047**	**653,294**	**19,667**	**670,214**	**0**	**0**	**1,434,091**
As of January 1, 2022	**83,869**	**7,047**	**653,294**	**19,667**	**670,214**	**0**	**0**	**1,434,091**
Recognised in the Income Statement	0	0	0	0	0	1,003,701	549,550	1,553,251
Reversed in the Income Statement	-24,161	-1,022	-33,996	0	-70,507	0	0	-129,686
Reversed in the Statement of Comprehensive Income	0	0	-59,106	0	0	0	0	-59,106
As of December 31, 2022	**59,708**	**6,025**	**560,192**	**19,667**	**599,707**	**1,003,701**	**549,550**	**2,798,550**

2.4.5 Assets Held for Sale

Assets held for sale (in EUR)	December 31, 2022	December 31, 2021
Tangible fixed assets classified for sale	148,354	311,626
Total	**148,354**	**311,626**

The Company reclassified public and road lighting from tangible fixed assets to assets held for sale at book value. On December 31, 2022, their condition was EUR 148,354 and, according to the conclusion of 2021, it was EUR 163,272 lower due to the stipulated agreements on their divestment with municipalities. The majority of asset sales in 2021 (EUR 3,297,847) were operating shares in ECE (EUR 2,805,522).

Changes of assets held for sale (in EUR)	Tangible fixed assets classified for sale	Financial investments classified for sale	Total
As of January 1, 2021	803,951	2,805,522	3,609,473
Sales	-492,325	-2,805,522	-3,297,847
As of December 31, 2021	311,626	0	311,626
As of January 1, 2022	**311,626**	**0**	**311,626**
Sales	-163,272	0	-163,272
As of December 31, 2022	**148,354**	**0**	**148,354**

2.4.6 Inventories

On November 30, 2022, a deficit of EUR 11,109 and a surplus of EUR 7,581 were recorded in stock inventory. In 2022, inventories worth EUR 4,162 were written off due to obsolescence or changes in the quality of the materials. On December 31, 2022, the Company had no inventories pledged as security for its obligations.

Inventories (in EUR)	December 31, 2022	December 31, 2021
Material	2,301,685	2,350,001
Material in processing	1,095	4,757
Small tools	100,621	102,064
Total	**2,403,401**	**2,456,822**

Write-off, inventory deficit and surplus (in EUR)	2022	2021
Write-off of non-current stocks	4,162	5,481
Inventory deficit	-11,109	-2,221
Inventory surplus	7,581	5,144
Total	**634**	**8,404**

2.4.7 Receivables

The value of the Company's operating receivables was EUR 14,135,499 (EUR 13,031,492 on December 31, 2021) at the cut-off date of December 31, 2022, and was not pledged as a guarantee of obligations.

Long-Term Operating Receivables

Long-term operating receivables (in EUR)	December 31, 2022	December 31, 2021
Operating trade receivables	2,236,855	3,429,302
Value adjustment to trade receivables	-31,710	-37,094
Discounted trade receivables from SODO	-36,707	-101,848
Long-term operating trade receivables	**2,168,438**	**3,290,360**
Long-term operating receivables due from others	**1,519**	**2,789**
Total	**2,169,957**	**3,293,149**

On December 31, 2022, long-term operating receivables due from customers in the amount of EUR 2,168,438 include EUR 40 of commercial receivables under compulsory settlements with a payment deadline of more than a year and long-term receivables due from Company SODO in the amount of EUR 2,168,398; EUR 2,205,105 from the preliminary accounting for RF 2021; and —36,707 EUR from the discounting of this receivable. The receivables due from Company SODO are no longer remunerated following its inclusion in the regulatory framework, but were shown at discounted value in accordance with SAS 5.36, using an interest rate equal to the average weighted interest rate of long-term loans as of December 31, 2022 (of 1.1222).

Short-Term Operating Receivables

On December 31, 2022, the Company reported short-term operating receivables totaling EUR 11,965,542; these included 0.06% (leases and supply of charging station equipment) from Group companies. Short-term receivables due from domestic customers (EUR 11,387,419) consisted of receivables for maintenance and lease of electricity infrastructure and provision of services for SODO, d. o. o. (EUR 8,439,123), receivables due from customers for network charges (EUR 2,477,283), receivables due from customers for services (EUR 349,754), receivables for Lease, average connection costs, sold fixed assets, and waste materials (EUR 139,612), and the discounted value of SODO receivables from the preliminary accounting for the financial year 2021 (EUR –18,353). Short-term interest receivables reduced by adjustments to the value of interest receivables amounted to EUR 2,170 (of which default interest for network charges was EUR 1,491 and for services EUR 679). Receivables due from others totaling EUR 568,084 include input VAT receivables (EUR 4,067), corporate tax receivables (EUR 293,260), receivables due from State government institutions (EUR 251,392), and other short-term operating receivables (EUR 19,365).

Short-term operating receivables (in EUR)	December 31, 2022	December 31, 2021
Short-term operating receivables from companies within the corporate group	**6,669**	**2,151**
Short-term receivables from foreign customers	1,200	1,200
Short-term receivables from domestic customers	11,705,013	9,675,088
Value adjustment to trade receivables	-299,241	-413,230
Discounted trade receivables from SODO	-18,353	-697
Receivables for interest	10,870	20,986
Value adjustment to receivables for interest	-8,700	-18,955
Advance payments made	1,548	47,372
Value adjustment to advance payments made	-1,548	-1,548
Short-term trade receivables	**11,390,789**	**9,310,216**
Short-term operating receivables due from others	572,846	433,660
Value adjustment to short-term receivables from others	-4,762	-7,684
Short-term operating receivables due from others	**568,084**	**425,976**
Total	**11,965,542**	**9,738,343**

The Company's operating receivables were not pledged as a guarantee of the Company's liabilities. Except for regular invoices for network and electricity energy, the Company had no receivables due from the Management Board, Supervisory Board, or internal owners.

Section 2.9.1 Credit Risk presents operating receivables in accordance with the due date for Long-term property rights as well as changes to the value of receivables.

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2.4.8 Cash

Cash (in EUR)	December 31, 2022	December 31, 2021
Cash in current accounts	566,426	1,435,354
Total	**566,426**	**1,435,354**

Cash is shown at its original value and represents assets in bank accounts. In 2022, the Company had an agreement with a commercial bank to use the limit for the allowed negative balance on a bank account worth EUR 500,000 (the same as in 2021), which was valid until December 31, 2022. There was no negative balance on any of the bank accounts at the end of the year.

2.4.9 Deferred Expenses and Accrued Revenues

Accrued revenue and deferred expenses (in EUR)	December 31, 2022	December 31, 2021
Short-term deferred expenses	143,655	57,082
Short-term accrued projects	284,890	137,471
Short-term accrued revenue - SODO	0	648,783
VAT from advance payments and overpayment of network charge received	3,083	5,325
Total	**431,628**	**848,661**

Non-invoiced projects from customer services are short-term deferred revenues in the amount of EUR 284,890 (EUR 137,471 in 2021), which will be charged in 2023 in accordance with contractual provisions. Deferred expenses and accrued revenues are realistic and do not include any hidden reserves.

2.4.10 Equity

Equity (in EUR)	December 31, 2022	December 31, 2021
Share capital	**150,955,090**	**150,955,090**
Share premium	**62,260,317**	**62,260,317**
Revenue reserve	**17,736,482**	**17,736,482**
Legal reserves	5,441,216	5,441,216
Reserves for treasury shares	886,371	886,371
Treasury shares	-886,371	-886,371
Other revenue reserves	12,295,266	12,295,266
Reserves resulting from valuation at fair value	**-202,194**	**-759,747**
Net profit or loss for the period	**-2,023,698**	**4,410,426**
Total	**228,725,997**	**234,602,568**

In 2022, the value of Share Capital, capital, and profit reserves remained unchanged. On the Balance Sheet date, the Company owned 333,849 Treasury shares, representing 1.3799% of the Company's total shares. By acquiring its Treasury shares, the Company, in accordance with the Articles of Association and paragraph 5 of Article 64 of the Companies Act (ZGD-1), formed reserves for Treasury shares in the Balance Sheet from the net profit of the fiscal year 2018, which amounted to EUR 886,371 on December 31, 2022, i.e., EUR 2.655 per share (same on December 31, 2021).

On December 31, 2022, the reserves resulting from the revaluation at fair value amounted to 202,194 EUR. In 2022, they increased by EUR 623,468 (EUR 1,294 for deferred tax from adjustments in the value of reserves due to revaluation of financial investments and EUR 622,174 from the transfer of the proportional part of the actuarial loss found in the formation of retirement severance pay provisions to the transferred profit or loss) and reduced by EUR 65,915 (EUR 6,808 from revaluation of Zavarovalnica Triglav d. d. shares and EUR 59,107 for deferred tax on actuarial losses).

The nature and purpose of all reserves are described in section 2.3.j Equity.

The net profit or loss for the financial year in question was EUR 2,023,698 (EUR 4,410,426 on December 31, 2021). The Company partially offset the established loss in 2022 of EUR 4,226,339 with transferred profits from previous years totaling EUR 2,202,641.

On December 31, 2022, the book value of the share was EUR 9.45 (EUR 9.70 on December 31, 2021), and the net profit or loss per share was —0.18 EUR (0.59 EUR on December 31, 2021). The latter is calculated by dividing the accounting period's net profit or loss by the weighted average number of ordinary shares outstanding during the period (EUR 23,858,576). Treasury shares are not included in the calculation. The balance of individual components and the changes of individual components in equity in 2022 are shown in the Statement of Changes in Equity (Section 1.5) on January 1 and December 31, 2022.

2.4.11 Provisions and Long-Term Accrued Expenses and Deferred Revenues

Provisions and long-term accrued expenses and deferred revenue (in EUR)	December 31, 2022	December 31, 2021
Long-term provisions for severance pays and long-service awards	6,301,953	7,048,732
Provisions for lawsuits	141,667	197,993
Long-term accrued expenses and deferred revenue:	10,948,160	11,677,560
- for State and EU grants	*724,069*	*798,187*
- for fixed assets acquired free of charge	*8,413,724*	*8,961,014*
- for connection fees	*1,810,367*	*1,918,359*
Total	**17,391,780**	**18,924,285**

Changes in provisions and long-term accrued expenses and deferred revenue (in EUR)	Provisions for longterm benefits	Other provisions	Long-term accrued expenses and deferred revenue	Total
As of January 1, 2021	6,910,193	193,843	12,638,240	19,742,276
Utilisation	-434,246	0	0	-434,246
Recognition	572,785	24,000	385,184	981,969
Reversal	0	-19,850	-1,345,864	-1,365,714
As of December 31, 2021	7,048,732	197,993	11,677,560	18,924,285
As of January 1, 2022	**7,048,732**	**197,993**	**11,677,560**	**18,924,285**
Utilisation	-392,571	0	0	-392,571
Recognition	0	12,000	379,370	391,370
Reversal	-354,208	-68,326	-1,108,770	-1,531,304
As of December 31, 2022	**6,301,953**	**141,667**	**10,948,160**	**17,391,780**

Long-term Provisions for Long-service Benefits of Employees

Long-term provisions for long-service awards, retirement payments, and allowances in the event of an employee's death worth EUR 6,301,953 were established in the amount of estimated future payments discounted on December 31, 2022. On December 31, 2022, actuarial calculations took into account the following assumptions: statistical probabilities of mortality and disability, retirement in accordance with the law and staff turnover (2.5% aged up to 40 years, 1% aged 41 to 50 years, 0% older than 51 years), discount rate (3.7686%), salary growth in the Republic of Slovenia, enterprise, and the electrical industry (6% in 2023, 4.5% in 2024, and 3.5% in 2025), and the employer's applicable contribution rate (16.1% in the case of payments in excess of the amounts specified in the Regulation on Tax Treatment of Reimbursement of Expenses and Other Income From Employment).

In 2022, the rate of return on corporate bonds increased significantly (from 0.9852% to 3.7686%) for Markit iBoxx € Corporates 10+ (EOD), which, according to the Standard, are used to discount liabilities for long-service awards, employee severance pay, and solidarity. In addition to actuarial losses of EUR 772,224 (due to changes in financial assumptions and experiential adjustments), provisions at the Balance Sheet date were lower for payments of long-service awards, retirement severance pay, and solidarity based on actual costs incurred for long-term benefits (EUR 392,571), with additional provisions for EUR 418,016 (EUR 572,785 in 2021).

Liabilities related to long-term employee benefits (in EUR)	Long-service bonuses	Severance pays	Death allowance	Total
As of January 1, 2021	1,850,985	4,890,540	168,668	6,910,193
Current service costs	139,650	259,598	13,123	412,371
Interest expense	6,280	15,848	576	22,704
Payments of benefits	-135,912	-296,453	-1,881	-434,246
Actuarial surplus	-58	146,305	-8,537	137,710
As of December 31, 2021	1,860,945	5,015,838	171,949	7,048,732
As of January 1, 2022	**1,860,945**	**5,015,838**	**171,949**	**7,048,732**
Current service costs	126,841	215,089	10,704	352,634
Interest expense	17,593	46,146	1,643	65,382
Payments of benefits	-165,562	-214,415	-12,594	-392,571
Actuarial surplus	-182,817	-561,661	-27,746	-772,224
As of December 31, 2022	**1,657,000**	**4,500,997**	**143,956**	**6,301,953**

Sensitivity analysis	Discount rate		Salary growth		Staff turnover		Life expectancy	
Change in percentage point	0.50	- 0.50	0.50	- 0.50	1.00	- 1.00	+ 1 year	– 1 year
Impact on the state of liabilities (in EUR)	-232,880	251,478	249,966	-233,692	-469,108	191,271	6,056	-6,641

Other Provisions

Other provisions in the amount of EUR 141,667 include provisions formed and debited to operating expenses for lawsuits; EUR 12,000 were formed in both 2016 and 2017 (due to TS land ownership), EUR 30,000 in 2018 (EUR 18,000 due to damage caused by route clearing and EUR 12,000 for a lawsuit over TS land ownership), EUR 51,667 in 2020 (lawsuit over TS land ownership), EUR 24,000 in 2021 (due to TS land ownership), and EUR 12,000 in 2022 (due to TS land ownership). According to the situation at the end of 2021, they fell by EUR 56,326 (the court ruled in favour of the Company in a legal action for damage to a building during the construction of cable lines).

Long-term Accrued Expenses and Deferred Revenue

Long-term accrued expenses and deferred revenue totaled EUR 379,370; the reduction of long-term accruals for depreciation of fixed assets taken over free of charge and the average connection and assumed costs totaled EUR 655,282; the use of ceded contributions under the Employment Rehabilitation and Disabled Persons Act was EUR 3,800; the use of State subsidies for the purchase of fixed assets was EUR 98,590; and the drawdown of grants from the European Union, which are intended to meet the costs incurred and expenses of European pilot projects, was EUR 351,098.

2.4.12 Financial Liabilities

Financial liabilities (in EUR)	December 31, 2022	December 31, 2021
Long-term financial liabilities to banks	37,479,584	29,317,738
Long-term lease liabilities	316,323	3,485
Long-term financial liabilities	**37,795,907**	**29,321,223**
Short-term financial liabilities to banks	9,338,154	8,504,821
Short-term lease liabilities	313,856	47,488
Short-term payables for dividends paid out	375	852
Short-term financial liabilities	**9,652,385**	**8,553,161**
Total	**47,448,292**	**37,874,384**

On December 31, 2022, the book value of liabilities was equal to their paid values, and they were not subject to financial risks (Section 2.9.4). On December 31, 2022, the Company had no long-term liabilities to members of the Management Board, Supervisory Board, or internal owners.

Bank Loans

Financial liabilities to banks totaling EUR 46,817,738 include long-term loans obtained from domestic and foreign banks to finance investments.

The Company borrows in accordance with Article 87 of the Public Finance Act, which refers to the Decree on the Terms and Conditions and Methods of Borrowing by Legal Entities. According to the Decree, the Ministry of Finance's approval is required before starting any borrowing procedure or signing contracts with banks. To finance investments in the period 2015–2017, the Company signed a loan agreement with the European Investment Bank in 2015 for EUR 28 million, with credit terms determined upon absorption of individual tranches (moratorium of 2 to 36 months, maturity up to 15 years, interest rate, etc.). Credit agreements for financing investments totaling EUR 20.8 million were signed with commercial banks in 2018 and 2019 (with a repayment period of 5 years and a one-year moratorium), EUR 21.1 million in 2020 and 2021 (with a repayment period of 6 years and a one-year moratorium), and EUR 15.2 million in 2022 (with a repayment period of 7 years and a one-year moratorium). The principal due for payment five years after the Balance Sheet date is EUR 6,051,708 (EUR 4,890,519 on December 31, 2021), and the interest value is EUR 136,093 (EUR 46,657 on December 31, 2021).

In 2022, the Company used EUR 17.5 million in investment loans, with principal payments totaling EUR 8,504,821. The principal is due in 2023 for EUR 9,338,154. To finance the occasional deficit in liquid assets, the Company employed revolving credit amounting to up to EUR 3,000,000 under the Contract concluded in 2019 with a maturity of 33 months.

The average weighted interest rate on investment loans in 2022 was 0.792%, while the average weighted interest rate on investment loans as of December 31, 2021, was 0.738%. The Company does not use financial instruments to safeguard itself against fluctuations in EURIBOR interest rates. Exposure to interest rate risk and maturity of financial liabilities are presented in sections 2.9.4 Market Risk and 2.9.2 Liquidity Risk.

Loans are secured by bills of exchange and financial commitments. Financial commitments to take out long-term loans are related to the monitoring of the following indicators: financial debt/average equity (less than 0.40), net financial debt/EBITDA (less than 2.70), financial debt/EBITDA (less than 2.5), financial debt/equity (less than 0.3), and EBITDA/financial expenditure on financial liabilities (more than 12). On the Balance Sheet date, the Company met all financial commitments to lending banks, with the exception of the indicators net financial debt/EBITDA and financial debt/EBITDA, for which it received an advance notice of breach in a timely manner.

Lease Liabilities

The Company shows liabilities for the leased assets among the lease liabilities recognised by the right to use the assets.

Changes in lease liabilities recognised by the right to use the assets (in EUR)	Amount
As of January 1, 2021	6,771
Payment of rents	-1,636
As of December 31, 2021	5,135
As of January 1, 2022	**5,135**
Rent increase	936,591
Payment of rents	-311,547
As of December 31, 2022	**630,179**

2.4.13 Operating Liabilities

Operating liabilities (in EUR)	December 31, 2022	December 31, 2021
Long-term operating trade payables	577,452	0
Long-term operating liabilities	**577,452**	**0**
Short-term liabilities to companies within the corporate group	46,371	41,207
Short-term trade payables for fixed assets	1,701,685	2,438,727
Short-term trade payables for current assets	1,481,538	2,145,246
Short-term trade payables for non-invoiced material and services	8,115	6,110
Short-term operating liabilities from operations for third party account (the Company SODO)	3,002,965	3,522,713
Short-term liabilities to employees	2,943,685	3,358,728
Short-term liabilities to state and other institutions	490,077	1,035,205
Short-term liabilities based on advance payments	225,909	184,378
Other short-term operating liabilities	481,112	474,648
Short-term operating liabilities	**10,381,457**	**13,206,962**
Total	**10,958,909**	**13,206,962**

The Company shows liabilities for the leased assets among the lease liabilities recognised by the right to use the assets. On the Balance Sheet date, the Company had long-term operating commitments of EUR 577,452 for licences and software upgrades.

Short-term operating liabilities to Group companies (EUR 46,371) include liabilities to Subsidiary Elektro Celje OVI for electricity supplied (EUR 4,833), thermal heating (EUR 28,728), and project documentation production (EUR 12,810).

The majority of short-term operating liabilities are obligations to the Company SODO in the amount of EUR 3,002,965 (for network charges with surcharges charged by the Company to electricity customers in the supply area) and business liabilities to suppliers in the amount of EUR 3,191,338 (primarily for investments and maintenance of fixed assets). Short-term liabilities to employees include accrued and unpaid salaries, severance payments, and long-service awards for December 2022, as well as liabilities for their contributions (EUR 2,943,685), liabilities to the State and other institutions (EUR 490,077), and VAT liabilities (EUR 479,428). Other short-term operating liabilities (EUR 481,112) primarily include liabilities arising from deposits submitted by tenderers in response to Public Tenders (EUR 231,687) and liabilities for voluntary supplementary pension insurance (EUR 103,622).

As of December 31, 2022, the Company had settled overdue liabilities with suppliers. Other short-term liabilities are due for payment within three months of the Balance Sheet date, except for liabilities arising from provider deposits that are in accordance with the Contract. Except for the salaries and attendance fees of the members of the Supervisory Board and the Audit Committee of the Supervisory Board for December 2022, the Company had no other liabilities to the Management Board, Supervisory Board, or internal owners. Additionally, it did not provide them with any loans, advances, or guarantees on liabilities. The Company's liabilities are not secured by real collateral. Section 2.9.2 Liquidity Risk outlines the risks associated with the Company's solvency.

2.4.14 Deferred Tax Liabilities

Changes in deferred tax liabilities (in EUR)	Financial Investments
As of January 1, 2021	12,011
Recognised in the Statement of comprehensive income	3,825
As of December 31, 2021	15,836
As of January 1, 2022	**15,836**
Reversed in the Statement of comprehensive income	-1,294
As of December 31, 2022	**14,542**

2.4.15 Intangible assets and long-term deferred expenses

Short-term accrued expenses and deferred revenues (in EUR)	December 31, 2022	December 31, 2021
Accured costs and expenses	670,388	679,325
Deviations in RF for SODO activity	1,991,813	73,137
VAT from advance payments made	0	1,423
Total	**2,662,201**	**753,885**

Short-term accruals include labour costs for unused annual leave of employees for 2022 worth EUR 667,911 (EUR 675,437 for 2021), pre-computed bank interest expenses worth EUR 2,477 (EUR 3,888 for 2021), and a surplus deficit for 2022 worth EUR 1,991,813, to be settled in April 2023 (in 2021, another EUR 73,137 of computed costs included metering and communication equipment charged by the Company but not yet installed, to users in 2021, and input VAT on advances made in the amount of EUR 1,423).

2.4.16 Contingent Liabilities and Other Off-Balance Sheet Records

Contingent liabilities and other off-balance sheet records (in EUR)	December 31, 2022	December 31, 2021
Contingent liabilities	2,317,512	8,489
Other off-balance sheet records	13,814	13,814
Total	**2,331,326**	**22,303**

Contingent liabilities (ongoing litigation procedures) that did not meet the conditions for recognition as Balance Sheet items on December 31, 2022, are included in the Off-Balance Sheet records. A total of EUR 2,309,023 was spent on recently started litigation in which Elektro Celje, d. d., is the defendant. The majority of the EUR 2,263,154 refers to an action against the Assembly decision regarding the amounts of profit payments for 2021, by which shareholders decided to split the Balance Sheet Profit for 2021 in amounts of EUR 2,147,272 to be used to pay dividends, while the remaining profit of EUR 2,263,154 remains unallocated. The defendant requested that undistributed profits in the amount of EUR 2,263,154 be used to pay dividends. The Company defined the statement of claim in these amounts as a contingent liability, which, in the event of a negative solution for Elektro Celje, would not affect the current profit or loss, but the Company's equity. In 2022, no compensation proceedings were concluded.

Other Off-Balance Sheet entries refer to bank guarantees in the amount of EUR 13,814. The Company has not disclosed any other Off-Balance Sheet potential liabilities as defined by the Companies Act (ZGD-1).

2.4.17 Potential Receivables and Other Off-Balance Sheet Records

Potential receivables and the remaining portion of off-balance-sheet records (in EUR)	December 31, 2022	December 31, 2021
Potential receivables	352,071	285,495
Bank guarantees received	2,902,645	3,387,044
Tax reliefs for employing disabled persons	0	111,575
Infrastructure owned by SODO	2,704,850	2,847,536
Total	**5,959,566**	**6,631,650**

Receivables that do not qualify for recognition on the Balance Sheet as of December 31, 2022, were included in Off-Balance Sheet records. They refer to receivables due from deleted companies' shareholders (EUR 158,391) and the value of outstanding damage claims against insurance companies that are included in Off-Balance Sheet records until the claim is liquidated by the insurance company (193,680 EUR).

The Off-Balance Sheet records also include the bank guarantees received for the good performance of contractual obligations, the seriousness of the offer, and the elimination of defects during the warranty period (EUR 2,902,645) and the unsigned value of the electricity infrastructure (EUR 2,704,850), which was transferred to SODO on the basis of a mutual agreement on the delivery and acceptance of fixed assets financed from the assets of the average connection costs and the sales contract and is kept by Elektro Celje in Off-Balance Sheet records.

2.5 Significant Events After the Balance Sheet Date

No events affecting the truthfulness and fairness of the displayed financial statements for 2022 were identified between the date of the financial statements and the date of preparation of this Report.

2.6 Explanatory Notes of Items in the Income Statement

The Income Statement is a fundamental financial statement that discloses the Company's revenue and expenses for the fiscal year 2022, as well as deferred taxes and net profit or loss. The form of the Income Statement for external operating reporting is prescribed by Articles 66 of the Companies Act (ZGD-1) and the Slovenian Accounting Standard (SAS 21). As determined by SAS 21.6, the Company uses Version I, and as such, it reports costs separately by functional groups in accordance with SAS 21.20. Revaluation-related operating costs and expenses can be direct, meaning they are directly related to arising operational impacts, or general.

Type of costs and expenses (in EUR)	2022			2021		
	Direct costs	Overhead costs	Total	Direct costs	Overhead costs	Total
Cost of material	9,507,666	146,574	9,654,240	12,254,506	137,109	12,391,615
Cost of services	4,641,891	1,286,047	5,927,938	4,844,260	1,376,333	6,220,593
Labour costs	21,504,317	3,759,139	25,263,456	20,748,219	3,739,900	24,488,119
Depreciation	16,977,250	2,349,217	19,326,467	16,761,679	1,738,315	18,499,994
Expenses from revaluation	111,069	5,981	117,050	193,248	14,415	207,663
Other expenses	236,697	98,348	335,045	224,136	52,990	277,126
Total	**52,978,890**	**7,645,306**	**60,624,196**	**55,026,048**	**7,059,062**	**62,085,110**

2.6.1 Sales Revenue

Sales revenue (in EUR)	2022	2021
Revenue from lease of electricity infrastructure for SODO	14,143,762	25,386,521
Revenue from provision of services for SODO	23,298,600	24,644,002
Revenue from provision of services to customers	2,671,341	1,824,959
- of which revenue from the sale of services to companies within the corporate group	*12,576*	*1,086*
- of which revenue from unbilled provision of services to customers	*284,890*	*137,471*
Revenue from lease	525,667	513,101
- of which revenue from lease to companies within the corporate group	*15,767*	*105,765*
Total	**40,639,370**	**52,368,583**

In 2022, the Company generated EUR 40,639,370 in sales revenue in the domestic market but did not generate revenue in international markets. Among the revenue of the regulated activities under the Agreement and the corresponding annexes with the Company SODO, d. o. o. for 2022 total EUR 37,442,362 are also included the identified surplus of the final balance in 2021 (in the amount of EUR 121,667), the calculation of contractual interest on the deficit established in the preliminary calculation for 2021 (in the amount of 37.263 EUR), and revenues of measuring and communication equipment provided by the Company, according to Article 163 of the System Operating Guidelines for the Electricity Distribution System (Official Gazette of the Republic of Slovenia, No. 7/2021), installed to users in 2022 (in the amount of EUR 314,459).

2.6.2 Capitalised Own Services

The Company generated revenue of EUR 12,186,760 through the construction of its own fixed assets (EUR 17,493,699 in 2021). The cost of own work was EUR 5,332,152, the cost of materials was EUR 5,927,834, and the cost of motor vehicle transportation was EUR 926,774. The Company makes no profit from the construction of fixed assets.

2.6.3 Other Operating Revenue

Other operating revenue (in EUR)	2022	2021
Revenue from elimination of provisions	66,381	19,712
Revenue from reversal of long-term accrued expenses and deferred revenue	655,282	653,419
– of which acquisition of fixed assets free of charge	*547,290*	*545,426*
– of which average connection fees	*107,992*	*107,993*
Revenue associated with operating effects	1,405,441	1,189,922
– of which compensation received from insurance companies and others	*56,892*	*279,947*
– of which revenue of EU projects and funds	*355,595*	*71,963*
– of which incentives for employment and education	*56,864*	*42,542*
– of which State aid received to contain and mitigate the effects of COVID-19	*34,745*	*66,728*
– of which refunds of sickness allowances	*761,631*	*556,012*
– other revenue	*139,714*	*172,730*
Operating revenue from revaluation	190,155	234,361
– of which sale of fixed assets and dismantled material	*158,004*	*212,740*
– of which reversal of adjustments of receivables, reduction and write-off of liabilities	*32,151*	*21,621*
Total	**2,317,259**	**2,097,414**

2.6.4 Costs of Materials and Services

Cost of material (in EUR)	2022	2021
Cost of material for investments carried out in-house	5,927,834	9,659,090
Cost of material used in provision of services to customers	1,295,048	741,635
Cost of materials for SODO services	458,206	261,029
Cost of material used in maintenance	726,298	611,193
Cost of fuel and energy	857,061	726,337
Write-offs of small tools	176,693	234,949
Cost of material for damage repair	149,658	83,326
Cost of office supplies	43,306	53,537
Other costs of material	20,136	20,519
Total	**9,654,240**	**12,391,615**

Cost of services (in EUR)	2022	2021
Cost of maintenance services	1,922,434	2,075,119
Cost of IT	848,329	1,052,959
Cost of payments, bank services and insurance premiums	1,061,389	1,026,919
Cost associated with provision of services to customers	206,660	159,592
Cost of intellectual and personal services	269,240	357,478
Cost of transport services	325,115	328,385
Cost of services of damage repair	81,310	90,446
Cost of membership fees	112,930	106,508
Cost of studies	147,811	65,535
Rent	46,203	44,142
Other cost of services	906,517	913,511
Total	**5,927,938**	**6,220,594**

2.6.5 Labour Costs

Labour costs (in EUR)	2022	2021
Cost of salaries	18,232,433	17,645,745
Cost of supplementary employee retirement insurance	854,845	816,422
Cost of employer contributions and other levies on salaries	2,985,766	2,871,437
Other labour costs	2,975,323	2,750,738
Provisions for long-service bonuses and severance pays	215,089	403,776
Total	**25,263,456**	**24,488,118**

On the Balance Sheet date, the Company calculated the costs for unused annual leave with associated benefits in the amount of EUR 667,911 (EUR 675,437 on December 31, 2021). Other labour costs (in the amount of EUR 2,975,323) include EUR 826,924 for meal allowances at work, EUR 660,198 for travel to and from work, EUR 1,315,859 for annual leave allowances, EUR 33,896 for solidarity assistance in the event of employee death, and EUR 138,446 for other benefits. The average number of employees in 2022 is presented in the Section Educational Structure of Employees.

2.6.6 Value Write-Offs

Write-offs (in EUR)	2022	2021
Depreciation	19,012,627	18,498,349
Depreciation of rights of equipment use	313,840	1,644
Operating expenses from revaluation of tangible and intangible assets	112,888	202,162
Operating expenses from revaluation of current assets	4,162	5,502
Total	**19,443,517**	**18,707,657**

Depreciation

Depreciation according to groups of assets (in EUR)	Intangible fixed assets	Rights in immovable property	Buildings	Equipment	Right to use property rights	Right to use equipment	Total
Depreciation for 2021	2,208,609	903	9,592,966	6,695,871	0	1,644	**18,499,993**
Depreciation for 2022	2,476,070	1,223	9,626,182	6,909,151	75,590	238,251	**19,326,467**

Revaluation of Operating Expenses

Losses from the elimination of fixed assets amounted to EUR 112,888 in 2022 (EUR 202,162 in 2021). Operating expenses from the revaluation of current assets in the amount of EUR 4,162 (EUR 5,502 in 2021) are adjustments to the value of material stock inventories (EUR 5,481 in 2021).

2.6.7 Other Operating Expenses

Other operating expenses (in EUR)	2022	2021
Compensation for the use of building land	171,364	164,784
Costs of court fees	22,693	17,664
Remunerations to high school and university students during training or internships	15,396	11,258
Other operating expenses	125,592	83,420
Total	**335,045**	**277,126**

2.6.8 Financial Performance

The payment received for participation in the profits of the subsidiary ECE OVI was EUR 200,000, EUR 45,718 from the associated company Informatika, and EUR 10,952 in dividends paid out by the insurance company Zavarovalnica Triglav, d. d. In 2022, the total financial revenue from shares was EUR 5,834,728 (EUR 5,458,008 payment from the sale of ECE's shares, EUR 371,688 payment of profit shares of ECE's subsidiary, and EUR 5,032 dividends paid out by Zavarovalnica Triglav). Interest from discounting SODO receivables was included in financial revenues from operating receivables (EUR 61,748) in 2022 (EUR 10,160 in 2021).

Financial expenses from financial liabilities (EUR 373,132) primarily include interest on bank loans received in the amount of EUR 367,228 (EUR 306,508 in 2021). According to actuarial calculations, net interest (EUR 46,146) on December 31, 2022, relates to the expected present value of liabilities arising from long-service awards, severance payments, and solidarity benefits (EUR 22,704 for 2021) and was included in financial expenditure arising from operating liabilities (EUR 46,570).

Financial revenue and expeneses (in EUR)	2022	2021
Financial revenue from shares	**256,670**	**5,834,728**
Financial revenue from shares in companies within the corporate group	200,000	5,829,696
Financial revenue from shares in associated companies	45,718	0
Financial revenue from shares in other companies	10,952	5,032
Financial revenue from loans granted	**114**	**3,321**
Financial revenue from deposit interests	15	31
Financial revenue from loans granted to others	99	3,290
Financial revenue from operating receivables	**61,748**	**32,177**
Financial revenue from default interest arising from trade receivables	14,262	21,823
- of which for network charge	*11,251*	*18,429*
- of which for services	*2,965*	*2,748*
- of which for other business receivables	*46*	*646*
Positive exchange rate differences	0	194
Financial revenues from interest of RF reconciliations	47,486	10,160
Financial revenue (total)	**318,532**	**5,870,226**
Financial expenses from financial liabilities	**-373,132**	**-408,643**
Financial expenses related to loans from companies within the corporate group	0	-233
Financial expenses related to loans from banks	-367,228	-306,508
Financial expenses from other financial liabilities	-5,904	-101,902
Financial expenses from operating liabilities	**-46,570**	**-23,441**
Financial expenses from pure interest on reserves, for severance pays and long-service awards	-46,146	-22,704
Financial expenses from other operating liabilities	-424	-737
Financial expenses (total)	**-419,702**	**-432,084**
Financial profit or loss	**-101,170**	**5,438,142**

2.6.9 Other Revenues

Other revenue (in EUR)	2022	2021
Received payments of court expenses and bailiffs	18,030	2,844
Other revenues	740	712
Total	**18,770**	**3,556**

2.6.10 Other Expenses

Other expenses (in EUR)	2022	2021
Compensations	67,152	30,412
Donations	6,950	36,100
Annuities, recourse claims	12,579	10,493
Financial penalties	0	1,000
Other expenses	16	7
Total	**86,697**	**78,012**

2.6.11 Profit or Loss

The achieved profit or loss from operations amounted to EUR -5,480,807 (EUR 9,874,586 in 2021). Taking financial revenues and expenses into account, the net profit or loss from regular operations was a loss in the amount of EUR 5,581,977 (profit in the amount of EUR 15,312,728 for 2021). Together with other revenues and expenses from non-regular operations and taking into account deferred taxes in the amount of EUR 1,423,565, the net profit or loss in 2022 amounted to EUR -4,226,339 (EUR 13,983,238 in 2021).

2.6.12 Statement of Comprehensive Income

The total comprehensive income for the accounting period was EUR –3,729,299, which is EUR 497,040 higher than the net profit (–4,226,339 EUR) due to the change in reserves resulting from valuation at fair value (EUR –5,514 EUR) and changes in other components of Comprehensive Income (502,554 EUR).

2.6.13 Income Tax

The Company did not disclose a liability to pay corporate income tax because the 2022 financial year ended with a loss for the Company. The tax was calculated based on the tax return filed on December 31, 2021, and the applicable corporate income tax rate in Slovenia for 2021 (19%)–EUR 1,173,039.

2.7 Explanation of Items in the Cash Flows Statement

Operating Cash Flow was positive (226,146 euros), but lower than in 2021. Lower receipts from the lease of energy infrastructure and services provided under the Agreement with SODO, which amounted to EUR 46,651,264 (EUR 52,704,485 in 2021), were primarily responsible for the lower operating cash flow.

Negative **cash flow from investing activities** (EUR –7,587,364) mainly refers to expenditure on the acquisition of long-term intangible and tangible assets. In 2022, the Company also received the payment of dividends from the insurance company Zavarovalnica Triglav (EUR 10,952) and participation in the profits of EC OVI (EUR 200,000) and Informatika (EUR 45,718).

Cash flow from financing activities was positive, totaling EUR 6,492,290.

In January–December 2022, the cash flow balance was –868,928 euros. The opening cash balance on January 1, 2022, was EUR 1,435,354, but the closing balance on December 31, 2022, was EUR 566,426.

CASH FLOW (in EUR)	2022	2021
Inflows from operating activities	**86,175,461**	**96,201,531**
– receivables pursuant to the Agreement with SODO	46,651,264	52,704,485
– receivables from network charges	30,130,662	35,314,681
– receivables from services to customers, Lease payments, services to customers for the Company SODO	3,676,618	2,927,182
– receivables from average connection costs	4,036,004	3,290,451
– other receivables from operating activities	1,680,913	1,964,732
Outflows from operating activities	**-85,949,315**	**-91,323,139**
– expenses for the purchase of materials and services	-54,012,281	-61,613,343
– salaries with contributions and other duties and taxes	-24,933,421	-23,246,551
– duties and taxes of all kinds	-5,833,845	-5,188,117
– other expenses from operating activities	-1,169,768	-1,275,128
Cash flow from operating activities	**226,146**	**4,878,392**
Inflows from investing activities	**757,357**	**9,314,831**
– inflows from the disposal of tangible fixed assets	500,671	625,082
– inflows from dividends and profit participation received from other companies	256,670	426,188
– sale of ECE's shareholding	0	8,263,530
– inflows from interest on deposits and assets positive balance in bank accounts	16	31
Outflows from investing activities	**-8,344,721**	**-10,182,867**
– expenses for the acquisition of intangible fixed assets	-2,769,308	-2,082,138
– expenses for the acquisition of tangible fixed assets	-5,575,413	-8,100,729
Cash flow from investing activities	**-7,587,364**	**-868,036**
Inflows from financing activities	**37,750,000**	**25,677,442**
– long-term investment loans	17,500,000	6,600,000
– long-term revolving credit	20,250,000	17,550,000
– other inflows from financing activities	0	1,527,442
Outflows from financing activities	**-31,257,710**	**-28,850,256**
– expenses on interest paid on loans and the use of a credit line	-355,617	-309,650
– repayment of investment loans	-8,504,821	-7,721,488
– repayments of used long-term revolving credit	-20,250,000	-17,550,000
– dividend pay-outs	-2,147,272	-1,741,676
– other outflows from financing activities	0	-1,527,442
Cash flow from financing activities	**6,492,290**	**-3,172,814**
Net cash flow for the period	-868,928	837,542
Opening balance	**1,435,354**	**597,812**
Closing balance	**566,426**	**1,435,354**

2.8 Disclosures of Items in the Statement of Changes in Equity

	Distributable profit and proposed allocation (in EUR)	2022	2021
a	Net profit or loss for the period	-4,226,339	13,983,238
b	Retained net profit/retained net loss (deductible item)	2,202,641	-55,577
c	Increase in revenue reserves pursuant to decisions by the management and supervisory bodies (legal reserves, reserves for own shares and statutory reserves)	0	696,383
d	Increase in revenue reserves pursuant to decisions by the management and supervisory bodies (other revenue reserves)	0	8,820,852
	DISTRIBUTABLE LOSS/PROFIT (a + b - c - d)	**-2,023,698**	**4,410,426**

2.9 Financial Risk Management

Exposure to individual types of risks and risk management measures are assessed and implemented by the Company on the basis of their effects on cash flow and financing expenses.

2.9.1 Credit Risk

Additionally, the business actively tracked accounts receivable in 2022. In addition, in 2022, the Company actively monitored accounts receivable. Receivables due from customers with an estimated increased credit risk are secured by the Company in accordance with the risk management system. According to the Balance Sheet as of December 31, 2022, the bailiffs secured EUR 1,028,617 in receivables (EUR 920,192 in receivables on December 31, 2021).

The volume of operating receivables as of the Balance Sheet date of December 31, 2022 (EUR 14,135,499) increased by 8.5% compared to the end of 2021 (EUR 13,031,492). The Company has EUR 306,187 in receivables with a maturity of more than 365 days for network charges, services, leases, average connection costs, and late payment interest (bankruptcies, compulsory settlements, lawsuits, and formed adjustments), which is 24.8% lower than on December 31, 2021. The receivables ageing structure includes short-term operating receivables from Group companies and customers, as well as interest receivables, but excludes value adjustments and advances.

Maturity analysis of short-term operating trade receivables (in EUR)	December 31, 2022	Share in %	December 31, 2021	Share in %
Non-matured receivables	11,270,567	96.1	9,084,567	93.7
Receivables overdue by less than 30 days	140,884	1.2	175,203	1.8
Receivables overdue by 31–60 days	1,560	0.0	13,857	0.1
Receivables overdue by 61–90 days	1,038	0.0	9,393	0.1
Receivables overdue by 91–180 days	1,185	0.0	6,395	0.1
Receivables overdue by 181–365 days	2,331	0.0	2,930	0.0
Receivables overdue by more than 365 days	306,187	2.6	407,080	4.2
Total	**11,723,753**	**100.0**	**9,699,425**	**100.0**

The Company's receivables were 28.8% lower at the end of 2022 than they were at the beginning of the year. In 2022, the impact of impairments and write-offs on the Company's final result was positive because the amount of the newly formed adjustment of the value of receivables was less than the amount of the de-designated adjustment of their value. The lower value of write-offs and impairments of receivables in 2022 (compared to expected) is also a result of the State's measures to mitigate the effects of the energy crisis. Some companies' liquidity problems could otherwise lead to long-term insolvency, increasing the number of insolvency proceedings and bankruptcies. Receivables valuation adjustments and write-offs are discussed further in section 2.3. Receivables.

Payments from identified ineligible electricity consumption of EUR 42,374 (EUR 176,977 in 2021) were received in 2022 (EUR 25,826 refers to the agreed installment repayment of identified consumption in 2019). In 2022, the newly charged ineligible consumption was EUR 1,027.

2.9.2 Liquidity Risk

The amount of collected network charges for the distribution network affects cash flow risk because a network charge deficit causes delays in the settlement of preliminary calculations into subsequent regulatory periods when the Energy Agency counts them in the tariff lines for the network charge billed to customers. Receivables from the preliminary calculation of the regulatory year 2021 will thus be settled only by the end of 2025. Long-term operating receivables due from SODO are remunerated in accordance with the Network Charge Act until they are included in the Regulatory Framework, at which point their remuneration ceases. However, non-remunerated receivables of material value are shown on the Balance Sheet at a discounted value, us-

	Changes in valuation adjustments to short-term receivables for 2022 (in EUR)	As of January 1, 2022	Write-offs	Reconciliation		As of December 31, 2022
				Recognition	Reversal	
	Adjustments to receivables – network charge	382,211	-91,602	0	-16,396	274,213
	Adjustments to receivables – SODO services	18,661	-3,076	0	-488	15,097
	Adjustments to receivables – services	12,358	-2,293	0	-134	9,931
A	**Total adjustments – receivables**	**413,230**	**-96,971**	**0**	**-17,018**	**299,241**
	Adjustments to late charge – network charge	15,531	-10,069	29	0	5,491
	Adjustments to late charge – SODO services	1,670	-73	523	0	2,120
	Adjustments to late charge – services	1,108	-371	330	0	1,067
	Adjustments to late charge – other	646	-624	0	0	22
B	**Total adjustments – late charge**	**18,955**	**-11,137**	**882**	**0**	**8,700**
	Adjustments to misc. short-term receivables	7,685	-2,107	0	-816	4,762
C	**Adjustments to misc. short-term receivables**	**7,685**	**-2,107**	**0**	**-816**	**4,762**
D	**Adjustments to short-term advance payments made**	**1,548**	**0**	**0**	**0**	**1,548**
TOTAL (A + B + C)		**441,418**	**-110,215**	**882**	**-17,834**	**314,251**

	Changes in valuation adjustments to short-term receivables for 2021 (in EUR)	As of January 1, 2021	Write-offs	Reconciliation		As of December 31, 2021
				Recognition	Reversal	
	Adjustments to receivables – network charge	443,117	-57,267	0	-3,639	382,211
	Adjustments to receivables – SODO services	18,172	-1,128	1,617	0	18,661
	Adjustments to receivables – services	16,382	-309	0	-3,715	12,358
A	**Total adjustments – receivables**	**477,671**	**-58,704**	**1,617**	**-7,354**	**413,230**
	Adjustments to late charge – network charge	21,379	-2,926	0	-2,922	15,531
	Adjustments to late charge – SODO services	798	-37	909	0	1,670
	Adjustments to late charge – services	1,419	-208	0	-103	1,108
	Adjustments to late charge – other	646	0	0	0	646
B	**Total adjustments – late charge**	**24,242**	**-3,171**	**909**	**-3,025**	**18,955**
	Adjustments to misc. short-term receivables	8,294	-935	326	0	7,685
C	**Adjustments to misc. short-term receivables**	**8,294**	**-935**	**326**	**0**	**7,685**
D	**Adjustments to short-term advance payments made**	**1,548**	**0**	**0**	**0**	**1,548**
TOTAL (A + B + C)		**511,755**	**-62,810**	**2,852**	**-10,379**	**441,418**

ing an interest rate equal to the average weighted interest rate of long-term loans.

Failure to comply with the financial commitment indicators on the Balance Sheet date could have resulted in a change in the contractual provisions (change in the loan repayment period or the level of interest rates), but due to the expected breach of financial commitments (net financial debt/EBITDA and financial debt/EBITDA), the Company received advance notice of the breach from banks in due time. Credit Insurance and Financial Commitments to banks are explained in Section 2.4.12 Financial Liabilities.

2.9.3 Equity Risk

The ownership financing rate in 2022 was 74.5% (76.8% in 2021). When monitoring equity management decisions, the Company also considers financial commitments from Credit Agreements, as described in section 2.4.12 Financial Liabilities.

Because of lower Company indebtedness and a higher equity value on December 31, 2021, the relationship between the Company's net indebtedness and equity was more favourable than on December 31, 2022.

2.9.4 Market Risk

Interest rate risk represents the (un)favourable trend of the EURIBOR reference interest rates, with the Company having the option of repaying or refinancing long-term debt at any time without incurring additional costs.

Preliminary and final reconciliation received	**Value as of January 1, 2022**	**Value as of December 31, 2022**	**Payment in the regulatory year 2023**	**Payment in the regulatory year 2024**	**Payment in the regulatory year 2025**
Preliminary reconciliation of the regulatory year 2021	3,392,061	3,392,061	1,130,687	1,130,687	1,130,687
Preliminary reconciliation of the regulatory year 2022	0	-1,991,813	-1,991,813	0	0
Final reconciliation of the regulatory year 2021	0	-121,667	-40,556	-40,556	-40,555
Contractual interest from the preliminary reconciliation in 2021	0	37,263	12,421	12,421	12,421
Total deviations from the Regulatory Frameworks	**3,392,061**	**1,315,844**	**-889,261**	**1,102,552**	**1,102,553**

Maturity of financial liabilities to banks as of December 31, 2022 (in EUR)	**Book value as of December 31, 2022**	**Maturity after balance sheet date**		
		up to 1 year	**from 1 year to 5 years**	**over 5 years**
Loans	46,817,738	9,338,154	31,427,876	6,051,708
Loan interests	3,123,327	1,075,057	1,912,177	136,093
Total financial liabilities to banks	**49,941,065**	**10,413,211**	**33,340,053**	**6,187,801**

Maturity of financial liabilities to banks as of December 31, 2021 (in EUR)	**Book value as of December 31, 2021**	**Maturity after balance sheet date**		
		up to 1 year	**from 1 year to 5 years**	**over 5 years**
Loans	37,822,559	8,504,821	24,427,219	4,890,519
Loan interests	829,794	272,767	510,370	46,657
Total financial liabilities to banks	**38,652,353**	**8,777,588**	**24,937,589**	**4,937,176**

Financial leverage indicator (in EUR)	**December 31, 2022**	**December 31, 2021**
Loans received and other financial liabilities	46,817,738	37,874,384
Minus cash and cash equivalents	-566,426	-1,435,354
Net financial liabilities	46,251,312	36,439,030
Equity	228,725,997	234,602,568
Net financial liabilities/equity indicator	**20.2 %**	**15.5 %**

Sensitivity analysis and impact on profit or loss	**Value of loan (in EUR)**	**Interest increase due to interest rate change (in EUR)**		
		Increase of interest rate by 0.1 %	**Increase of interest rate by 0.2 %**	**Increase of interest rate by 0.3 %**
Loans as of December 31, 2022	46,817,738	24,927	49,854	74,781

The Sensitivity Analysis method was used to assess sensitivity to changes in interest rates. To simulate the impact of interest rate changes on profit or loss in 2022, changes in the interest rate (EURIBOR) of 0.1%, 0.2%, and 0.3% were used. On December 31, 2022, the 6-month EURIBOR was 2.752% and the 3-month was 2.202%. The remaining variables were assumed to be unchanged. Sensitivity to interest rate changes is related to interest clauses in Credit Agreements and the amount of fixed-rate loans (42.5 percent of loans on December 31, 2022). By the end of 2023, EURIBOR (3- and 6-month) will have increased to 3.4%, continuing its upward trend. While it is predicted that the interest rate will decline slightly in 2024, it will still be above three percent. The Company does not use financial instruments to safeguard itself against fluctuations in EURIBOR interest rates. The average weighted interest rate in 2022 was 0.792%, but on December 31, 2021, it was only 0.738%.

2.10 Transactions with Associated Parties

2.10.1 Connections with Group Companies and Associated Companies

(in EUR)	2022			2021		
	Elektro Celje OVI, d. o. o.	ECE, d. o. o.	Informatika, d. o. o.	Elektro Celje OVI, d. o. o.	ECE, d. o. o.	Informatika, d. o. o.
Assets	**6,669**	**11,708**	**0**	**2,151**	**11,144**	**0**
Short-term trade receivables	6,669	11,708	0	2,151	11,144	0
Liabilities	**46,371**	**57,751**	**1,429,884**	**41,207**	**22,170**	**230,767**
Short-term operating liabilities	46,371	57,751	567,721	41,207	22,170	230,767
Short-term financial liabilities	0	0	312,191	0	0	0
Long-term operating liabilities	0	0	235,469	0	0	0
Long-term financial liabilities	0	0	314,503	0	0	0
Revenues	**228,343**	**122,430**	**45,718**	**16,569**	**481,628**	**0**
Net sales revenue	28,343	122,430	0	16,569	109,940	0
Financial revenue	200,000	0	45,718	0	371,688	0
Costs and Expenses	**241,558**	**129,382**	**862,772**	**207,179**	**133,633**	**1,063,939**
Cost of material	187,178	126,412	0	167,566	126,122	0
Cost of services	54,380	2,970	856,907	39,613	7,246	1,063,939
Other expenses	0	0	0	0	32	0
Financial expenses	0	0	5,865	0	233	0

Elektro Celje collaborated with the associated companies (Informatika, d. o. o., and ECE) and the subsidiary company (Elektro Celje OVI, d. o. o.) on the basis of sales contracts (lease of business premises, supply of energy products, and provision of services). In mutual transactions, market prices for services, goods and materials, and insurance, as well as settlement methods specific to normal market conditions, were used.

2.10.2 Connections with Owners

The Republic of Slovenia is the company's largest shareholder (79.5%). It identified the investment as strategically important because Elektro Celje provides public utility services, such as electricity distribution. The value of dividends received from the parent company in 2022 was EUR 1,730,968 (EUR 1,404,007 in 2021).

In operations with companies connected to the State in which the Republic of Slovenia has a direct ownership shareholding of at least 20%, the Company generated revenues of EUR 37,561,769 (EUR 50,307,433 in 2021), 99.7% of which came from the Lease of energy infrastructure and services provided to Company SODO. The costs incurred in business collaboration with associated companies totaled EUR 1,967,176 (EUR 1,412,296 in 2021). On the Balance Sheet date, it also showed receivables from associated parties in the amount of EUR 10,855,644 (EUR 10,644,228 from SODO) and operating liabilities in the amount of EUR 5,582,012 (EUR 3,002,965 to SODO).

2.10.3 Transactions with the Management Board and Supervisory Board

Remuneration of the Chairman of the Management Board

The benefits and reimbursement of travel expenses of the Chairman of the Management Board are derived and calculated in accordance with the Contract of Employment or the Company's Collective Agreement. The cost of insurance premiums and the use of company vehicles reflect the Management Board's creditworthiness.

Remuneration of the Chairman of the Board in 2022 (in EUR)	Gross remuneration (1)	Variable remuneration (2)	Deferred remuneration (3)	Benefits (4)	Total gross (1 + 2 + 3 + 4)	Total net	Reimbursements of expenses, annual allowance, other remunerations
Boris Kupec, MSc	110,506	15,983	16,126	11,552	154,167	61,461	14,850

REMUNERATION OF THE COMPANY'S SUPERVISORY BOARD AND THE SUPERVISORY BOARD COMMITTEES

Reimbursements for professional education and training must not exceed EUR 10,000 per financial year. On December 31, 2022, the Company had no receivables from advances, guarantees, and loans made to members of the Management Board, the Supervisory Board, and the Supervisory Board Committees.

Remuneration of the members of Elektro Celje Supervisory Board and Supervisory Board Audit Committee in 2022 (in EUR)		Basic remuneration for the performance of the duties (1) (gross)	Attendance fees at meetings of the Supervisory Board and its Committees (2) (gross)	Total (1 + 2) (gross)	Travel expenses	Total (net)	Professional education	Insurance premiums (benefit)
Boštjan Leskovar, MSc	Chairman of the Supervisory Board Member of the Supervisory Board Human Resources Committee	22,750	2,860	25,610	349	18,710	0	625
Miha Kerin, MSc	Deputy Chairman of the Supervisory Board Chairman of the Supervisory Board Audit Committee	19,175	3,520	22,695	625	16,790	266	625
Dejan Žohar, MSc	Member of the Supervisory Board	13,000	2,200	15,200	40	10,913	0	625
Marijan Papež	Member of the Supervisory Board Chairman of the Supervisory Board Human Resources Committee	17,875	2,860	20,735	416	15,212	360	625
Miran Ajdnik, Bachelor of Electrical Engineering	Member of the Supervisory Board Member of the Supervisory Board Audit Committee	12,955	2,750	15,705	0	11,252	266	625
Janko Čas, Electronics Engineer and Energetics Expert	Member of the Supervisory Board Member of the Supervisory Board Human Resources Committee	12,955	2,310	15,265	0	10,932	266	625
Andreas Repše, Electronics Engineer and Energetics Expert	Member of the Supervisory Board Member of the Supervisory Board Human Resources Committee	2,712	275	2,987	0	2,172	533	0
Jože Mravlak, Electronics Engineer	Member of the Supervisory Board Member of the Supervisory Board Audit Committee	3,073	770	3,843	0	2,795	533	0
Darinka Virant, BA in Economics	External Member of the Supervisory Board Audit Committee	3,250	1,320	4,570	367	3,591	410	0
TOTAL		**107,744**	**18,865**	**126,609**	**1,796**	**92,366**	**2,634**	**3,753**

2.10.4 Operations with Employees that are not subject to the Tariff Part of the Collective Agreement

Employees' remuneration under contracts not subject to the tariff part of the Collective Agreement amounted to EUR 521,595 in 2022 (EUR 504,835 in 2021).

2.11 Costs of Audit Services

The costs of intellectual and personal services include the costs of auditing the Company's Annual Report for 2022 in the amount of EUR 16,500 (authorised auditor company Deloitte revizija, d. o. o.) and the cost of providing other services in the amount of EUR 500.

3. Disclosures According to the Electricity Supply Act

3.1 Balance Sheet by Activity

Elektro Celje d. d., draws up Financial Statements of the Company as a whole. Explanatory Notes to Financial Statements comply with Article 107 of the Electricity Supply Act and Slovenian Accounting Standards by reporting business segments or activities. The Company's activities include the provision of infrastructure and public utility services for the distribution network system operator in accordance with the Agreement with the company SODO d. o. o. as well as marketing activities.

The Company records events that change the state of assets and liabilities at the time they occur during activities, taking into account the principle of individual asset and liability valuation. The Balance Sheet by Activity: Business Segments is a double-entry balance that contains the items identified in SAS 20.4.

In accordance with the Company Elektro Celje's Rules on the criteria for separate accounting recording and reporting by business activities, assets and liabilities are classified according to their purpose and use, as well as the Company's relevant activities. The entire distribution network, including the control units, is classified directly under the activity of providing power distribution infrastructure and services for the distribution network operator, while the remaining fixed assets of this sector that are not exclusive to one activity are classified in the appropriate category based on the number of hours spent by the sector working on each activity. Electricity infrastructure is defined in the Energy Infrastructure Decree (Official Gazette of the Republic of Slovenia, No. 22/16).

The activity of providing power infrastructure and services is allocated directly into short-term and long-term financial liabilities to banks from investment loans, short-term liabilities from operations for a third party (SODO), and short-term and long-term receivables for network charges and receivables due from the system operator. Long-term investments in the subsidiary company for power generation distribution and the associated company for electricity marketing are directly allocated under market activities. Short-term financial investments and available cash are calculated based on the amount and source of activity assets. The amounts of Share Capital and Capital Reserves by activity are determined and do not change. The remaining assets of the sector that are not exclusive to one determined activity are classified into the appropriate category based on the number of hours spent by the sector working on each activity.

The classification of Assets and Liabilities of shared functions by activity follows the following criteria:

Account	Criterion
007, del 06, 08, 25, 262, 263, 2650, 2663, 277, 282, 285, 2851 do 2859, 320, 321, 966, 975, 989, del 95	1
003, 008, 010, 015, 020, 021, 027, 035, 040, 041, 045, 047, 048, 050, 051, 055, 058, 130, 131, 968	2
120, 121, 129, 1321, 133, 150, 151, 155, 159, 160, 161, 164, 165, 169, 190, 191, 192, 195, 260, 290, 291, 295	3
30, 31, 1320	4
2201, 230, 221, 224, 2651 - 6 in 2660 - 2	5
09, 11, 18, 90–95, 963, 965, 988	Calculation

Criterion 1 — share of hours worked in the accounting period for individual activities — is used for the allocation of long-term financial investments not attributed to a particular activity, long-term loans granted, long-term operating receivables, liabilities arising from salaries, short-term liabilities to the State and other institutions, other short-term operating liabilities, small tool inventory, long-term operating liabilities, long-term liabilities from financial lease, and retained contributions for employment of persons with disabilities over the mandatory quota. The above-mentioned assets and liabilities are related by content and amount to the number of hours worked or the number of employees (sale of flats with payment in installments, small tool inventory purchases, employees' salaries).

Criterion 2 — Share of fixed assets current value — is used for the classification of fixed assets that are used within the framework of common functions and are intended for the performance of both activities. Fixed assets are classified according to the share of fixed assets in each activity in the Maintenance and Investment Sector and the Development and Operations Sector.

Criterion 3 — Share of total direct revenue in the accounting period — is used for the allocation of short-term receivables, VAT liabilities, and short-term active and passive accruals that are not assigned to a particular activity. The balance of these assets and liabilities depends on the amount and the related total revenue.

Criterion 4 — Share of material consumption in the accounting period by individual activities — is used in classifying the inventory of materials. An increased consumption of material requires larger supplies and, consequently, a larger inventory.

BALANCE SHEET BY ACTIVITY

ITEM (in EUR)		As of December 31, 2022			As of December 31, 2021		
		SODO activity	Market activities	Total	SODO activity	Market activities	Total
A.	**Long-term assets (I. + II. + III. + IV. + V. + VI.)**	**285,660,229**	**6,026,141**	**291,686,370**	**284,322,231**	**6,264,882**	**290,587,113**
I.	**Intangible assets and long-term accrued revenue and deferred expenses (1 to 6)**	**4,684,560**	**43,697**	**4,728,257**	**4,200,356**	**15,236**	**4,215,592**
	1. Long-term property rights	4,117,143	18,999	4,136,142	4,173,407	12,958	4,186,365
	4. Intangible assets in acquistion	498,599	2,703	501,302	23,509	812	24,321
	6. Other long-term accrued revenue and deferred expenses	68,818	21,995	90,813	3,440	1,466	4,906
II.	**Tangible fixed assets (1 to 4)**	**275,921,452**	**1,143,163**	**277,064,615**	**275,389,061**	**1,323,422**	**276,712,483**
	1. Land and buildings (a + b)	205,855,284	640,915	206,496,199	201,936,322	608,239	202,544,561
	a) Land	6,333,220	45,524	6,378,744	6,265,208	45,953	6,311,161
	b) Buildings	199,522,064	595,391	200,117,455	195,671,114	562,286	196,233,400
	2. Production equipment and machinery	62,668,666	464,580	63,133,246	64,549,040	664,293	65,213,333
	3. Other plant and equipment	19,215	35,532	54,747	24,531	37,920	62,451
	4. Tangible fixed assets in acquisition (a + b)	7,378,287	2,136	7,380,423	8,879,168	12,970	8,892,138
	a) Tangible fixed assets under construction and production	7,378,287	2,136	7,380,423	8,879,168	12,970	8,892,138
IV.	**Long-term financial investments (1 to 2)**	**243,570**	**4,681,421**	**4,924,991**	**225,378**	**4,706,421**	**4,931,799**
	1. Long-term financial investments excluding loans (a + b + c + d)	243,570	4,681,421	4,924,991	225,378	4,706,421	4,931,799
	a) Shares and shareholdings in companies within the corporate group	0	1,805,952	1,805,952	0	1,805,952	1,805,952
	b) Shares and shareholdings in associates	156,855	2,745,634	2,902,489	145,139	2,757,350	2,902,489
	c) Other shares and shareholdings	86,715	129,835	216,550	80,239	143,119	223,358
V.	**Long-term operating receivables (1 to 3)**	**2,168,438**	**1,519**	**2,169,957**	**3,290,359**	**2,789**	**3,293,148**
	2. Long-term trade receivables	2,168,438	0	2,168,438	3,290,359	0	3,290,359
	3. Long-term operating receivables due from others	0	1,519	1,519	0	2,789	2,789
VI.	**Deferred tax assets**	**2,642,209**	**156,341**	**2,798,550**	**1,217,077**	**217,014**	**1,434,091**
B.	**Short-term assets (I. + II. + III. + IV. + V.)**	**4,719,912**	**10,363,811**	**15,083,723**	**2,264,093**	**11,678,053**	**13,942,146**
I.	**Assets held for sale**	**148,354**	**0**	**148,354**	**311,626**	**0**	**311,626**
II.	**Inventories (1 to 4)**	**513,513**	**1,889,888**	**2,403,401**	**331,826**	**2,124,997**	**2,456,823**
	1. Material	513,513	1,889,888	2,403,401	331,826	2,124,997	2,456,823

Criterion 5 — Share of material and service costs by activity — is used in classifying trade payables to suppliers of fixed and current assets. Since these payables are obligations from received invoices for materials and services, which are recorded at the level of common functions at the time of occurrence, they are classified according to the combined criterion of consumption of materials and services by individual activities, from which these payables reasonably derive.

ITEM (in EUR)		As of December 31, 2022			As of December 31, 2021		
		SODO activity	Market activities	Total	SODO activity	Market activities	Total
IV.	**Short-term operating receivables (1 to 3)**	**11,474,275**	**491,267**	**11,965,542**	**9,200,772**	**537,571**	**9,738,343**
	1. Short-term operating receivables from companies within the corporate group	5,650	1,019	6,669	1,445	706	2,151
	2. Short-term trade receivables	11,036,426	354,363	11,390,789	8,845,064	465,152	9,310,216
	3. Short-term operating receivables due from others	432,199	135,885	568,084	354,263	71,713	425,976
V.	**Cash**	**-7,416,230**	**7,982,656**	**566,426**	**-7,580,131**	**9,015,485**	**1,435,354**
C.	**Short-term accrued revenue and deferred expenses**	**106,608**	**325,020**	**431,628**	**691,796**	**156,865**	**848,661**
	TOTAL ASSETS (A + B + C)	**290,486,749**	**16,714,972**	**307,201,721**	**287,278,120**	**18,099,800**	**305,377,920**

ITEM (in EUR)		As of December 31, 2022			As of December 31, 2021		
		SODO activity	Market activities	Total	SODO activity	Market activities	Total
A.	**Equity**	**215,990,676**	**12,735,321**	**228,725,997**	**221,297,097**	**13,305,471**	**234,602,568**
I.	**Called-up capital**	**144,605,701**	**6,349,389**	**150,955,090**	**144,605,701**	**6,349,389**	**150,955,090**
	1. Share capital	144,605,701	6,349,389	150,955,090	144,605,701	6,349,389	150,955,090
II.	**Capital reserves**	**60,849,175**	**1,411,142**	**62,260,317**	**60,849,175**	**1,411,142**	**62,260,317**
III.	**Reserves from profit**	**13,655,614**	**4,080,868**	**17,736,482**	**13,655,614**	**4,080,868**	**17,736,482**
	1. Legal reserves	4,822,638	618,578	5,441,216	4,822,638	618,578	5,441,216
	2. Reserves for treasury shares and own operating shareholdings	866,281	20,090	886,371	866,281	20,090	886,371
	3. Treasury shares and own operating shareholdings	-866,281	-20,090	-886,371	-866,281	-20,090	-886,371
	5. Other reserves from profit	8,832,976	3,462,290	12,295,266	8,832,976	3,462,290	12,295,266
IV.	**Reserves resulting from valuation at fair value**	**-211,224**	**9,030**	**-202,194**	**-591,177**	**-168,570**	**-759,747**
VI.	**Retained net profit or loss**	**0**	**815,417**	**815,417**	**0**	**0**	**0**
	1. Retained net profit from previous years	0	815,417	815,417	0	0	0
VII.	**Net profit or loss for the period**	**-2,908,590**	**69,475**	**-2,839,115**	**2,777,784**	**1,632,642**	**4,410,426**
	1. Undistributed net profit for the period	0	69,475	69,475	2,777,784	1,632,642	4,410,426
	2. Net loss of the period	-2,908,590	0	-2,908,590	0	0	0

ITEM (in EUR)		As of December 31, 2022			As of December 31, 2021		
		SODO activity	Market activities	Total	SODO activity	Market activities	Total
B.	**Provisions and long-term accrued expenses and deferred revenue (1 to 3)**	**15,757,169**	**1,634,611**	**17,391,780**	**16,686,354**	**2,237,931**	**18,924,285**
	1. Reserves for pensions and similar liabilities	4,671,638	1,630,315	6,301,953	4,818,513	2,230,218	7,048,731
	2. Other reserves	141,667	0	141,667	197,993	0	197,993
	3. Long-term accrued expenses and deferred revenue	10,943,864	4,296	10,948,160	11,669,848	7,713	11,677,561
C.	**Long-term liabilities (I.+ II.+ III.)**	**38,221,091**	**166,810**	**38,387,901**	**29,331,785**	**5,274**	**29,337,059**
I.	**Long-term financial liabilities (1 to 4)**	**37,719,521**	**76,386**	**37,795,907**	**29,320,681**	**542**	**29,321,223**
	2. Long-term financial liabilities to banks	37,479,584	0	37,479,584	29,317,738	0	29,317,738
	4. Other long-term financial liabilities	239,937	76,386	316,323	2,943	542	3,485
II.	**Long-term operating liabilities (1 to 5)**	**490,550**	**86,902**	**577,452**	**0**	**0**	**0**
	2. Long-term trade payables	490,550	86,902	577,452	0	0	0
III.	**Deferred tax liabilities**	**11,020**	**3,522**	**14,542**	**11,104**	**4,732**	**15,836**
D.	**Short-term liabilities (I. + II. + III.)**	**18,003,200**	**2,030,642**	**20,033,842**	**19,426,993**	**2,333,130**	**21,760,123**
II.	**Short-term financial liabilities (1 to 4)**	**9,576,348**	**76,037**	**9,652,385**	**8,552,714**	**447**	**8,553,161**
	2. Short-term financial liabilities to banks	9,338,154	0	9,338,154	8,504,821	0	8,504,821
	4. Other short-term financial liabilities	238,194	76,037	314,231	47,893	447	48,340
III.	**Short-term operating liabilities (1 to 8)**	**8,426,852**	**1,954,605**	**10,381,457**	**10,874,279**	**2,332,683**	**13,206,962**
	1. Short-term operating liabilities to companies within the corporate group	43,239	3,132	46,371	35,562	5,645	41,207
	2. Short-term operating trade payables	2,379,310	812,028	3,191,338	3,830,572	759,511	4,590,083
	4. Short-term operating liabilities from operations for third-party account	3,002,965	0	3,002,965	3,522,689	24	3,522,713
	5. Short-term liabilities to employees	2,286,241	657,444	2,943,685	2,428,376	930,352	3,358,728
	6. Short-term liabilities to state and other institutions	352,504	137,573	490,077	716,002	319,203	1,035,205
	7. Short-term operating liabilities based on advances	389	225,520	225,909	8,329	176,049	184,378
	8. Other short-term operating liabilities	362,204	118,908	481,112	332,749	141,899	474,648
E.	**Short-term accrued expenses and deferred revenue**	**2,514,613**	**147,588**	**2,662,201**	**535,891**	**217,994**	**753,885**
	TOTAL LIABILITIES (A to E)	**290,486,749**	**16,714,972**	**307,201,721**	**287,278,120**	**18,099,800**	**305,377,920**

3.2 Balance Sheet by Activity

3.2.1 Income Statement Broken Down by Activity

The Income Statement by Activity (Business Sections) is prepared in accordance with SAS 21.6 Version I. All revenues, expenses, and profits or losses are divided into two categories: activities providing power distribution infrastructure and rendering services for the Company SODO, and market activities.

Organisational activities are not separated, but are carried out within the Maintenance and Investment Sector, Operations and Development Sector, and Shared Functions. Revenue, costs, and expenses of an activity that cannot be directly assigned to an individual activity by type of work are allocated to the appropriate activity based on the criterion of the number of hours of regular work spent by each sector working on a determined activity. When allocating revenue, costs, and expenses of shared functions and organisational units within a set of shared functions that cannot be directly assigned to a particular activity, the following criteria are considered:

Group of Accounts	Criterion
del 760, 765, 766, 768, 769, 774, 775, 777, 78, 720, 721, 722, 723, 740, 743, 745, 746, 749	Shared Functions Criterion
40, 41, 47, 48, 75	Criterion of individual organisational unit within Shared Functions
43	Share of the current value of individual fixed assets for both activities

The criteria for shared functions and an individual organisational unit within the shared functions are based on the calculation of appropriate ponders, which include the following categories:

- **Activity revenue** (the criterion is calculated based on revenue by activity for the accounting period);
- **Current value of fixed assets associated with the activity** (the criterion is calculated based on the current value of fixed assets by activity on the last day of the accounting period);
- **Consumption of material** (the criterion is calculated from the amounts of material used, excluding electricity costs, by activity in the accounting period);
- **Number of hours worked by activity** (the criterion is calculated on the basis of the hours actually worked by employees per individual activity in the accounting period);
- **Cost of business data processing** (the criterion is calculated according to the shares of use of resources according to the price list from the Contract concluded with the Company Informatika);
- **Transport costs** (the criterion is calculated on the value of transport by activity in the accounting period).

Criterion the share of the current value of each fixed asset for both activities is used to classify the depreciation of fixed assets used within the shared functions and intended for the performance of both activities.

INCOME STATEMENT BROKEN DOWN BY ACTIVITY

ITEM (in EUR)		2022			2021		
		SODO activity	Market activities	Total	SODO activity	Market activities	Total
1.	**Net sales revenue**	**37,844,853**	**2,794,517**	**40,639,370**	**50,413,290**	**1,955,293**	**52,368,583**
	a. On the domestic market	37,844,853	2,794,517	40,639,370	50,413,290	1,955,293	52,368,583
3.	**Capitalised own products and services**	**0**	**12,186,760**	**12,186,760**	**0**	**17,493,699**	**17,493,699**
4.	**Other operating revenue (including revaluatory operating revenue)**	**2,060,534**	**256,725**	**2,317,259**	**1,857,226**	**240,188**	**2,097,414**
5.	**Costs of goods, materials and services (a + b)**	**7,032,530**	**8,549,648**	**15,582,178**	**6,750,047**	**11,862,162**	**18,612,209**
	a. Cost of sold goods and costs of used material	2,083,952	7,570,288	9,654,240	1,598,761	10,792,854	12,391,615
	b. Cost of services	4,948,578	979,360	5,927,938	5,151,286	1,069,308	6,220,594
6.	**Labour costs (a + b + c + d)**	**18,701,616**	**6,561,840**	**25,263,456**	**16,723,260**	**7,764,858**	**24,488,118**
	a. Cost of salaries	13,515,640	4,716,793	18,232,433	12,062,957	5,582,788	17,645,745
	b. Pension insurance costs	1,868,099	627,175	2,495,274	1,656,512	737,517	2,394,029
	c. Other social security costs	997,373	347,964	1,345,337	884,415	409,415	1,293,830
	d. Other labour costs	2,320,504	869,908	3,190,412	2,119,376	1,035,138	3,154,514
7.	**Write-offs (a + b + c)**	**19,255,612**	**187,905**	**19,443,517**	**18,485,686**	**221,971**	**18,707,657**
	a. Depreciation	19,159,833	166,634	19,326,467	18,300,101	199,892	18,499,993
	b. Operating expenses from revaluation of intangible and tangible fixed assets	92,547	20,341	112,888	181,611	20,551	202,162
	c. Operating expenses from revaluation of current assets	3,232	930	4,162	3,974	1,528	5,502
8.	**Other operating expenses**	**302,444**	**32,601**	**335,045**	**246,106**	**31,020**	**277,126**
9.	**Financial revenue from shares (a + b)**	**34,645**	**222,025**	**256,670**	**0**	**5,834,728**	**5,834,728**
	a. Financial revenue from shares in companies within the corporate group	0	200,000	200,000	0	5,829,696	5,829,696
	b. Financial revenue from shares in associates	34,645	11,073	45,718	0	0	0
	c. Financial revenue from shares in other companies	0	10,952	10,952	0	5,032	5,032
10.	**Financial revenue from loans granted (a + b)**	**111**	**3**	**114**	**3,312**	**9**	**3,321**
	b. Financial revenue from loans to others	111	3	114	3,312	9	3,321
11.	**Financial revenue from operating receivables**	**60,989**	**759**	**61,748**	**31,205**	**972**	**32,177**
	b. Financial revenue from operating receivables due from third parties	60,989	759	61,748	31,205	972	32,177
13.	**Financial expenses from financial liabilities (a + b)**	**371,818**	**1,314**	**373,132**	**408,570**	**73**	**408,643**

ITEM (in EUR)		2022			2021		
		SODO activity	Market activities	Total	SODO activity	Market activities	Total
	a. Financial expenses related to loans from companies within the corporate group	0	0	0	168	65	233
	b. Financial expenses related to loans from banks	367,228	0	367,228	306,508	0	306,508
	d. Financial expenses from other financial liabilities	4,590	1,314	5,904	101,894	8	101,902
14.	**Financial expenses from operating liabilities**	**36,719**	**9,851**	**46,570**	**17,046**	**6,395**	**23,441**
	b. Financial expenses from trade payables and bills payable	0	0	0	0	61	61
	c. Financial expenses from other operating liabilities	36,719	9,851	46,570	17,046	6,334	23,380
15.	**Other revenues**	**13,086**	**5,684**	**18,770**	**2,844**	**712**	**3,556**
16.	**Other expenses**	**78,241**	**8,456**	**86,697**	**69,028**	**8,984**	**78,012**
17.	**NET PROFIT/LOSS FOR THE PERIOD BEFORE TAXES (1 ± 2 + 3 + 4 – 5 – 6 – 7 – 8 + 9 + 10 + 11 – 12 – 13 – 14 + 15 – 16)**	**-5,764,762**	**114,858**	**-5,649,904**	**9,608,134**	**5,630,138**	**15,238,272**
18.	**Income tax**	**0**	**0**	**0**	**709,066**	**463,973**	**1,173,039**
19.	**Deferred taxes**	**-1,468,948**	**45,383**	**-1,423,565**	**92,116**	**-10,121**	**81,995**
20.	**NET PROFIT OR LOSS FOR THE PERIOD (1 ± 2 + 3 + 4 – 5 – 6 – 7 – 8 + 9 + 10 + 11 – 12 – 13 – 14 + 15 – 16 – 18 + 19)**	**-4,295,814**	**69,475**	**-4,226,339**	**8,806,952**	**5,176,286**	**13,983,238**

Sales revenue by activity (in EUR)	2022			2021		
	SODO activity	Market activities	Total	SODO activity	Market activities	Total
From lease and maintenance of infrastructure and provision of services for SODO	37,442,362	0	37,442,362	50,030,523	0	50,030,523
Sale of services	402,491	2,794,517	3,197,008	382,767	1,955,293	2,338,060
Total	**37,844,853**	**2,794,517**	**40,639,370**	**50,413,290**	**1,955,293**	**52,368,583**

Report of the Supervisory Board

Introduction

In the financial year 2022, the Supervisory Board carried out its basic function of supervision over the management of the company's operations and the duty of careful and conscientious management in accordance with the powers provided by current regulations and Company's acts. The Supervisory Board oversaw Elektro Celje d. d. management and operations in accordance with the provisions of the Companies Act, the Statute of The Public Limited Company Elektro Celje, d. d., current legislation, and the Corporate Governance Code for companies with State Capital Assets, as well as other recommendations of good corporate governance practises, business strategy, and the Company's long-term interests.

The composition of the Supervisory Board and its committees changed in 2022, when the four-year terms of two Supervisory Board members, employee representatives, expired. Members of the Supervisory Board who are shareholders' representatives are elected by the Shareholders' Assembly, while employees' representatives are elected by the Workers' Council.

The Supervisory Board's work was professionally supported by the Audit and Human Resources Committees. Three people make up the Supervisory Board's Audit Committee. The Chairman and one member of the Audit Committee are members of the Supervisory Board, while one member is an external member whose expertise and competence contribute significantly to the success of the Audit Committee and the Supervisory Board. The Supervisory Board's Human Resources Committee is made up of three members who are also members of the Supervisory Board. Two members of the Human Resources Committee are shareholders' representatives on the Supervisory Board, while one is an employee's representative.

The composition of the Supervisory Board and its Committees is presented in more detail in the Annual Report, namely in the section Corporate Governance.

The operating costs of the Supervisory Board, the Audit Committee, and the Human Resources Committee include payments for duties performed, meeting fees, education, and travel expenses. They are paid in accordance with the Assembly's resolutions and are disclosed in the Section Operations with the Management Board and the Supervisory Board of the Company's Annual Report. A contract for cooperation was signed with independent expert members of the Audit Committee, which is subject to the criteria and recommendations of the Capital Assets Management Agency of the Republic of Slovenia.

SUPERVISION OF OPERATIONS AND MANAGEMENT OF THE COMPANY

According to its fundamental function of responsible supervision of the Company's management and operations, the Supervisory Board monitored the implementation of set goals and the efficiency of Company operations with the purpose of ensuring stable operations and a development orientation.

The Supervisory Board held eight regular meetings in 2022 and no sessions by correspondence. The meetings were conducted live. Members also had the opportunity to conduct a remote session using Information and Communication Technology. The work of the Supervisory Board and its commissions has been digitalized, as the materials for the meetings are prepared in an electronic version and are safely deposited in the application.

The work of the supervisory board was organised and carried out in accordance with the provisions of the Rules of Procedure for the Work of the supervisory Board. The Supervisory Board prepared on the topics discussed, made constructive proposals, and, on the basis of materials prepared by the Company's Management Board, made responsible decisions at the meetings.

The Supervisory Board dealt with various aspects of operations, made decisions in this regard, monitored their implementation, and ensured Elektro Celje's socially responsible and efficient operations. In 2022, the Company's Management Board was invited to all meetings of the Supervisory Board, which provided additional explanations to the Supervisory Board along with the materials provided. The Management Board took into account and implemented the recommendations and decisions of the Supervisory Board. With the Management Board and with the support of its expert Committees, the Supervisory Board made every effort to adequately manage risks and search for opportunities to improve operations. In accordance with the Articles of Association, the Supervisory Board gave its necessary consent to the management's operations and public procurement exceeding certain values.

The Supervisory Board devoted special attention at its meetings to the following Company tasks and individual areas of operation:

Operations supervision:

- It monitored the Company's actions in response to the impact of the Act to mitigate the consequences of high energy prices (ZUOPVCE) and approved the proposal for a revision of Elektro Celje, d. d.'s operational plan for 2022, with starting points in 2023 and 2024.
- It was made aware of the measures taken by the Company Elektro Celje in light of the epidemiological situation, with the goal of managing risks and preventing the spread of COVID-19 infection among employees and, as a result, potential disruptions in the working process, all the more important because the Company ensures the functioning of critical infrastructure for the economy and the population.
- It was acquainted with the quarterly reports on the operations of Elektro Celje and the subsidiary EC OVI, d. o. o., risk management, litigation, and especially closely monitored the performance indicators.
- It monitored the realisation of investments, with an emphasis on important investment projects.
- It monitored the realisation of the strategic goals defined by the Company's Strategic Business Plan for the period 2021–2025.
- It was acquainted with the reports of the Corporate Integrity Officer on the implementation of activities in the field of Corporate Integrity.

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- It closely monitored the field of safety culture.
- It agreed to the Human Resources Strategy and approved the Employment Plan for the period 2023–2025.
- It was acquainted with the Final Report on the Implementation of Project #7 Introduction of ADMS.
- It gave its consent to the content of Elektro Celje's Business Plan for 2023, with starting points for 2024 and 2025. It agreed to the Internal Audit Activity Plan for 2023 and monitored the activities and findings of the internal audit activity.

Corporate Governance and Shareholder Assembly:
It approved Elektro Celje's Annual Report for 2021 and the Consolidated Annual Report of the Elektro Celje Group, as well as a report on the Annual Report verification.

It proposed to the Company's General Meeting that the decision on granting a discharge from liability to the Company Management Board and Supervisory Board for 2021 be adopted, and it approved the Management Board's proposal that the Balance Sheet profit remain unallocated.

It informed Elektro Celje's Shareholders Assembly of the remuneration received by members of management and control bodies for task management in 2021.

It proposed to Elektro Celje's Shareholders Assembly the company Deloitte revizija, d. o. o., as the authorised auditor for the financial years 2022, 2023, and 2024.

It was familiar with the activities associated with the process of selling the business share of ECE, d. o. o.

SUPERVISORY BOARD COMMITTEES

AUDIT COMMITTEE

The Supervisory Board's Audit Committee held six regular meetings. Prior to Supervisory Board meetings, the Audit Committee reviewed business reports for the reporting period and provided its opinion to the Supervisory Board as well as recommendations to the Management Board. It collaborated closely with the Internal Audit Department. The Committee regularly discussed corporate integrity systems, risk management, internal control, and financial reporting during its meetings. It discussed individual Internal Audit reports and took note of the reports as well as the proposal for the Annual Corporate Integrity Plan for 2023. The Chairman of the Audit Committee reports at Supervisory Board meetings on a regular basis.

The Audit Committee gave a positive evaluation of the work based on the presentation and report of the external audit firm BDO, the Slovenian Directors' Association guidelines for external audit quality monitoring, and its own financial statement quality evaluation, which included the opinions of individual employees at the Company Elektro Celje who worked directly with the external auditor.

The Audit Committee was in charge of the auditor selection process and made a recommendation to appoint a candidate as auditor for the 2022–2024 reporting period.

Concerning the audit of the financial statements, the Audit Committees conducted interviews with an external auditor, reviewed the unaudited and audited Elektro Celje Annual Report and the Elektro Celje Group's Consolidated Annual Report, and formed an opinion for the Supervisory Board.

The Audit Committee conducted a self-evaluation of the work in 2022 and defined goals or activities for the following period.

HUMAN RESOURCES COMMITTEE

The Human Resources Committee had four regular meetings in 2022. The Chairman of the Human Resources Committee reports to Supervisory Board meetings. The HR Committee provided professional assistance to the Supervisory Board in evaluating or rewarding the work of the Management Board through its work. The Human Resources Committee reviewed the Human Resources Report of Elektro Celje, d. d. It also examined a proposal to change the methodology for job evaluation and a proposal to change the organisation by establishing a new Service for Advanced Data Analytics, and it constantly monitored current HR issues. It looked at the Human Resources Plan for the years 2023–2025 as well as the HR Strategy Proposal.

SUPERVISORY BOARD COMPOSITION AND SELF-APPRAISAL

In addition to the legal criteria, all Supervisory Board members meet the requirements of the Corporate Governance Code for companies with State capital investment. Members of the Supervisory Board have appropriate education, professional knowledge, work experience, and skills and are not in a potential conflict of interest with the Company. The composition of the Supervisory Board ensures the representation of various professional competencies as well as the complementarity of knowledge and skills. Employee representatives contribute to the operation of the Supervisory Board with their many years of experience and specific knowledge in the field of electro distribution, as well as their knowledge of the Company's situation.

Members responsibly and professionally supervise the work of the Company's Management Board and are personally engaged in it. In performing their function, members are independent and objective, take into account the Company's interests, and follow the principles of corporate governance and good practise. They are distinguished by personal integrity and business ethics. They work professionally, taking into account the Company's interests and taking care of their personal and professional development. All members also signed declarations of independence and the absence of conflicts of interest, which are published on the Company's website. The Supervisory Board assesses that its composition in 2022 was adequate in terms of size, Company's activities, and its members' professionalism.

Despite the change in its composition, the Supervisory Board ensured that its work continued, and the new members received appropriate materials and information from the Company as part of the programme of introduction into a new function.

The Supervisory Board, as before, carried out a self-appraisal or evaluation of work efficiency in order to improve the quality of its operations and of the committees' work. The Slovenian Directors' Association methodology was adopted. The results show that the Supervisory Board operates well.

SUPERVISION OF COMPANY AND GROUP OPERATIONS AFTER THE END OF THE BUSINESS YEAR

Following the conclusion of the business year 2022, the Supervisory Board paid special attention to reviewing the Company's Annual Report for 2022 and monitoring the final phase of auditing the Financial Statements for 2022.

AUDIT AND APPROVAL OF THE ANNUAL REPORT

The Supervisory Board reviewed the audited Annual Report of Elektro Celje, d. d., for 2022 at its 4th regular meeting on May 17, 2023. The Supervisory Board notes that the Company largely met its objectives in 2022 despite the exceptional operating conditions.

The audit firm Deloitte revizija, d. o. o., issued a positive opinion on Elektro Celje's 2022 Annual Report.

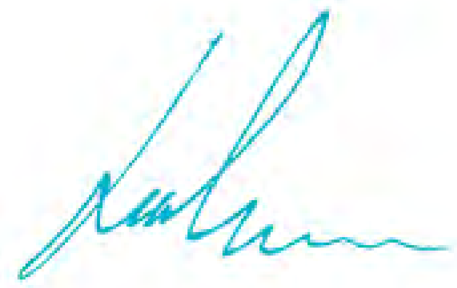
The Supervisory Board determined that the Annual Report of Elektro Celje d. d. for 2022 was prepared in accordance with the provisions of the Companies Act (ZGD-1) and Slovenian Accounting Standards. The Supervisory Board believes that the Company's Annual Report provides a true and fair view of Elektro Celje, d. d.'s financial position as of December 31, 2022, as well as its income and cash flows for 2022.

At the time of the Annual Report's adoption, the Supervisory Board also defined the Statement on the Company's Management and Compliance, which is included in the Operating Report of Elektro Celje's Annual Report for 2022, and the Statement on Non-Financial Operations, and determined that they reflected the current state of the Company's management in 2022.

The Supervisory Board had no comments and approved the Annual Report of Elektro Celje, d.d. for 2022 after auditing the Annual Reports and Financial Statements with Explanatory Notes, reviewing the Management Board's proposal for the partial covering of the Balance Sheet loss, and reviewing the report of the authorised auditor.

Celje, May 17, 2023

Chairman of the Supervisory Board
Boštjan Leskovar, MSc.



LIST OF ABBREVIATIONS USED

ADMS	Advanced Distribution Management System
ADS	Anomalous Detection System
EA	Energy Agency
GDP	Gross Domestic Product
BIA	Business Impact Analysis
CAPEX	Capital Expenditure
COVID-19	Coronavirus Disease 19
CRM	Customer Relationship Management
D. D.	Public Limited Company
DU	Distribution Unit
DGD	Documentation for Obtaining a Building Permit
DNZO	Documentation for Obtaining a Building Permit for Unpretentious Objects
D. O. O.	Limited Liability Company
OPL	Overhead Power Line
DVLM	Remote Controlled Separation Point
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ECB	European Central Bank
EDC	Electricity Distribution Company
EE	Electrical Energy
EPS	Electric Power System of the Republic of Slovenia
ELES	Elektro Slovenija, d. o. o. (ELES, Ltd., Electricity Transmission System Operator)
EU3, EU4	Electric Utilities (Disclosures for Energy Companies)
GIS	Geographic Information System
GIZ	Economic Interest Association of Electricity Distribution
GRI	Global Reporting Initiative – International Guidelines for Sustainable Reporting
G4-DMA	Disclosures on Management Approach
ISO	International Organisation for Standardisation
UC	Underground Cable
km	Kilometre
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt hour
AMP	Annual Management Plan
ADT	Annual Development Talks
MAIFI	Momentary Average Interruption Frequency Index
MWh	Megawatt hour
MX	Asset Management Information System
NEPN	National Energy and Climate Plan
LV	Low Voltage
OPEX	Operating Expenses
DD	Detailed Design
RF	Regulatory Framework
ROA	Return on Assets
ROE	Return on Equity
DS	Distribution Substation
DTS	Distribution Transformer Substation
SA	Slovenian Accreditation
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SSH	Slovenski državni holding, d. d. (Slovenian Sovereign Holding)
SiOK	Slovenian Organisational Climate and Employee Satisfaction
MV	Medium Voltage
SODO	Electrical Energy Distribution System Operator
SAS	Slovenian Accounting Standards
SWOT Analysis	Strengths, Weaknesses, Opportunities, and Threats Analysis
GHG	Greenhouse Gases
TS	Transformer Substation
HV	High Voltage
OHS	Occupational Health and Safety
ZGD	Companies Act