



Elektro
Celje

A Reliable Network for the Green Transition

Annual Report
of Elektro Celje for **2023**



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In Balance Between Energy Tradition and Future

It has been 110 years since Elektro Celje began supplying electricity to its customers in 2023. As it continued to grow, the distribution network—particularly in the local community but also in the larger environment—has always been crucial to the progress of the community. The green transition has reinforced Elektro Celje's mission once more. To guarantee a reliable, secure, and high-quality electricity supply even in a sustainable, low-carbon future, Elektro Celje is quickly investing experience, knowledge, and resources in creative network and support system upgrades.



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Business Highlights

Strategic and Fundamental Business Indicators

<div>NETWORK</div> <div>2023: 17,152 km 2022: 17,038 km</div> <div>+0.7%</div>	<div>MV Cable Network</div> <div>2023: 1,453 km 2022: 1,396 km</div> <div>+4.1%</div>	<div>LV Cable Network</div> <div>2023: 7,587 km 2022: 7,453 km</div> <div>+1.8%</div>	<div>Number of TSs</div> <div>2023: 3,626 2022: 3,611</div> <div>+15</div>
<div>EMPLOYEES</div> <div>2023: 639 2022: 612</div> <div>+27</div>	<div>Sick Leave Rate</div> <div>2023: 6.29% 2022: 8.05%</div> <div>-1.76% lower</div>	<div>No. of Professional Training Hours per Employee</div> <div>2023: 21 2022: 19</div> <div>+10.5%</div>	
<div>NETWORK USERS</div> <div>2023: 177,114 2022: 175,982</div> <div>+0.6%</div>	<div>Rate of Customers Billed According to Actual Consumption</div> <div>2023: 99.0% 2022: 98.3%</div> <div>+0.7 percentage points</div>	<div>No. of Applications for Connecting Self-Sustaining Power Plants</div> <div>2023: 11,086 2022: 8,140</div> <div>+36.2%</div>	
<div>GREEN INVESTMENTS RATE</div> <div>2023: 96.7 % 2022: 94.3 %</div> <div>+2.4 percentage points</div>	<div>No. of Operating Power Plants</div> <div>2023: 13,890 2022: 9,409</div> <div>+4,481</div>	<div>EE Production from Dispersed Sources</div> <div>2023: 176,935 MWh 2022: 155,199 MWh</div> <div>+14%</div>	

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Economic Indicators and Key Operating Data	Achieved					Graphical comparison
	2019	2020	2021	2022	2023	
Net sales revenues (in EUR)	50,831,032	47,072,367	52,368,583	40,639,370	52,891,389	
EBITDA (in EUR)	27,536,024	24,511,297	28,582,243	13,962,710	23,938,658	
EBIT (in EUR)	9,478,479	6,463,861	9,874,586	-5,480,807	4,342,131	
EBITDA margin (in %)	40.90	36.79	39.72	25.32	30.60	
Net profit or loss (in EUR)	9,252,820	5,535,289	13,983,238	-4,226,339	3,863,300	
CAPEX to net revenue from sales ratio (in %)	48.52	55.20	52.91	49.89	59.02	
Gross Value Added (in EUR)	50,488,030	48,356,804	53,070,361	39,226,166	53,976,325	
Equity as of December 31 (in EUR)	219,909,447	222,482,388	234,602,568	228,725,997	232,684,711	
Assets as of December 31 (in EUR)	290,471,682	293,952,609	305,377,920	307,201,721	323,312,938	
Financial liabilities as of December 31 (in EUR)	39,589,797	39,324,681	37,874,384	47,448,292	54,776,809	
Financial debt/average equity (in EUR)	0.182	0.178	0.166	0.205	0.237	
Net financial debt/EBITDA as of December 31 (in EUR)	1.423	1.580	1.275	3.358	2.123	
ROA (in %)	3.22	1.89	4.67	-1.38	1.23	
ROE (in %)	4.26	2.50	6.12	-1.82	1.67	

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Foreword by the Chairman of the Management Board

Dear esteemed shareholders, partners, and colleagues,

Elektro Celje faced enormous difficulties in 2023. Natural calamities occurred throughout the year, drastically altering our operations. The circumstances that developed were very different from the assumptions we made in our annual investment and maintenance planning.

2023 will be remembered as a year of endurance, sacrifice, strength, unity, and the application of innovative concepts derived from our employees' knowledge. In difficult working conditions, the work of our field personnel, the execution of extraordinary technical solutions by engineers, and the functioning of support systems have enabled us to achieve remarkable outcomes. We have adhered to the objective of sustainable and responsible operation, increasing efficiency, automation, digitization, and the power of our electrical energy network.



Natural disasters damaged and destroyed a large number of electrical power lines and facilities in the areas of Koroška, Upper Savinja Valley, and the larger Celje region. This resulted in more substantial material damage than anticipated, which also had an impact on our business results. Nevertheless, we were able to carry out important planned energy investments while upholding fundamental commitments regarding responsible environmental management, even with the extremely difficult task of fixing the damaged distribution network, which will continue in 2024. The attained outcomes are the result of the collaborative efforts of all employees and partners. We have been and continue to be devoted to making further development and achieving the expectations of our stakeholders, as well as improving Elektro Celje's position as a reliable electrical energy distributor.

2023 will be remembered as a year of endurance, sacrifice, strength, unity, and the application of innovative concepts derived from our employees' knowledge. In difficult working conditions, the work of our field personnel, the execution of extraordinary technical solutions by engineers, and the functioning of support systems have enabled us to achieve remarkable outcomes. We have adhered to the objective of sustainable and responsible operation, increasing efficiency, automation, digitization, and the power of our electrical energy network. By consistently adjusting to new

technology trends, we are bridging the gap between the energy sector's present and future. We have complied with all of our obligations to our business associates, both domestically and internationally. We are keeping up with evolving energy trends while also laying the groundwork for a more sustainable future.

Positive outcomes and feedback from stakeholders demonstrate our dedication to quality and our ongoing search for new ways to improve. As we come to the end of an extremely challenging year, we have great expectations and ambitions for the future. We feel that countless prospects for future growth await us, shaping the image of our organisation in the years ahead.

Good Business Results Despite Challenging Conditions

Elektro Celje's 2023 total revenues came in at EUR 78,430,825 (3.7% more than planned), while its 2023 total expenses came in at EUR 75,376,155 (7.4% more than planned). Thus, Elektro Celje earned 3,054,670 EUR in total profit at the end of the 2023 business year, or 55.8% of the amount that had been planned.

The destructive natural disasters, particularly strong snowstorms (January - February 2023), windstorms (July 2023), and floods (August 2023), had a substantial impact on the poorer business

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outcome than expected. In 2023, the entire and partial write-off of damaged fixed assets and the costs associated with remedying losses total EUR 3.5 million (of which EUR 1.8 million is related to labour costs). The entire impact of adverse occurrences on the lower business outcome in 2023 is EUR 1.3 million.

Due to penalties resulting from a higher percentage of electricity loss than the three-year average, as determined by the method of measuring the share of electricity loss per invoiced realisation, and an increase in the number of connected self-sufficient power plants, the second major negative impact on the business result, amounting to EUR 1,044,479, is related to these factors. Solar power plants create the biggest percentage of electricity in Elektro Celje's distribution region, accounting for up to 9.11%, while representing nearly one-third of all self-sufficient power plants connected to the entire territory of the Republic of Slovenia.

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The increase in material, energy, and service prices also had a substantial impact on the difference between the estimated and planned business results. Material and service expenses were 15.5% higher than expected for 2023. The majority of the cost relates to material costs for investments, which increased by 1.8 million EUR due to a higher volume of in-house investments than anticipated for this time and higher pricing.

Care for Users and Employees

Unfortunately, nature did not spare us in 2023. All power disruptions were promptly reported to users and the broader public via our website. Similarly, we informed the public about other news and the new system of power billing that would be used this year on the bill's final pages as well as Elektro Celje's website. We began advertising additional features of the Moj Elektro application and portal alongside other distributors.

The company hired 66 new coworkers in 2023. The younger generations contribute new ideas, perspectives, and knowledge to the Company. Previous obstacles were solved by combining tradition, organisational expertise, inventiveness, and dedication, as well as ongoing care for employees' overall improvement. The ideas of sustainable development and social responsibility have been integrated into Company processes, ensuring future readiness.

Continuous Network Development

Both last year and this year, Elektro Celje has seen a rise in investments targeted at assuring network robustness and reliability, as well as reaching green transition objectives, with a portion of the funding coming from participation in many European projects. Last year, we joined an alliance of seven companies in the GreenSwitch project, receiving extra funding to co-finance vital investments in the primary network. These investments will allow for the automation of distribution substations, the digitization of the system, and the implementation of novel technologies, ultimately improving the quality of the electricity supply for all consumers.

Elektro Celje commemorated its 110th anniversary in 2023. Its history demonstrates ongoing development, commitment to innovation, and deep roots in the local community. Each step on this route signifies a commitment to the improvement and development of our users' quality of life, symbolising the blending of tradition and modernity.

Despite the multiple challenges we faced, we remained focused on our mission: to ensure reliable electricity supply and update infrastructure to benefit users and communities. The past year has been characterised by intense work and significant steps to improve services, efficiency, and sustainable development.

The Management Board Responsibility Statement

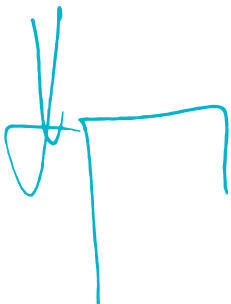
The Management Board is responsible for preparing the Annual Report in such a way that it presents a true and fair picture of the Company's assets and operating results for the fiscal year ended on December 31, 2023, and hereby confirms the Financial Statements, Explanatory Notes, and Disclosures in 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 under 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 10, 2024.

The Chairman of the Management Board
Boris Kupec, MSc.



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January

Beginning January 1, 2023, a new advanced Data Analytics Sector was established inside the Operations and Development Service to deploy new data services that require extensive knowledge of the Company's data processes and content. With the development of enhanced data services, new opportunities for advanced machine learning and artificial intelligence methods have emerged.

To better manage and organise operations, the Network Billing Service formed two departments: the Billing Department and the Consulting Department for System Users.

The Development Plan for the Electricity Distribution Network for the Years 2023-2032 was adopted on January 10, 2023. The latter encompasses the difficulties brought about by decarbonisation, decentralisation of production, and the widespread implementation of electrification, or the use of electricity as the main energy source for heating and transportation. In terms of content, the strategic document aligns with the objectives of the NEPN (National Energy and Climate Plan), which identifies the electrical distribution network as critical infrastructure. The ten-year Development Plan, which runs until 2032, calls for EUR 3,534 million in investments in Slovenian electricity distribution.

In January and February, the medium voltage (MV) and low voltage (LV) networks malfunctioned due to an excess of southern snow paired with severe winds. The damage totaled EUR 698,000.

February

The Government adopted a draft of the Law on the Introduction of Devices for the Production of Electrical Energy from Renewable Energy Sources, which regulates the establishment of areas for the priority placement of devices for the production of electrical energy from renewable energy sources (RES), and specifies certain peculiarities regarding the placement of solar and wind power plants in these areas, as well as the peculiarities of spatial planning and environment.

The Slovenian Accreditation has undertaken frequent supervision and certified that electromagnetic radiation measurements comply with the ISO 17025 standard and applicable legislation.

March

A calculation and report on greenhouse gas emissions for 2022 have been created.

The Company obtained a preliminary calculation for the regulation year 2022 based on the provisions of the Network Regulation Act and the Emergency Intervention Law to Manage High Energy Prices (ZUOPVCE). In the latter case, consumers were spared from paying the network fee from February 1, 2022, to April 30, 2022, because the electricity providers' regulated return on assets was reduced. As a result, Elektro Celje's earnings dropped by EUR 12.7 million in 2022.

April

On April 3, 2023, the Ministry of Environment, Climate, and Energy approved an updated Plan for Risk Preparedness in the Electrical Energy (EE) Sector, which includes scenarios for electrical energy supply crises, the role and competencies of the competent authority, procedures in the event of a supply crisis, the Crisis Coordinator's tasks, stakeholder consultation, and emergency response tests. The strategy was created and adopted after consultation with stakeholders including the Distribution System Operator, electrical distribution firms, the Energy Agency, and the Market Operator.

On April 13, 2023, at the 45th Regular Session, the Government of the Republic of Slovenia extended the Regulation of Electricity Prices for Household Consumers, Common Areas in Multi-Apartment Buildings, and Small Business Consumers until the end of 2023 under unchanged conditions.

On April 21, 2023, the Ministry of Environment, Climate, and Energy issued a public tender for the co-financing of distribution TSs and the development of LV distribution networks from 2023 to 2026. This funding falls under the Renewable Energy and Efficient Energy Use in the Economy pillar of the Recovery and Resilience Plan, specifically within the "Green Transition" development area. With new transformer substations placed in new locations (interpolation) and/or transformer substations at existing locations (reconstruction) with included elements of smart networks, as well as the construction of new low-voltage networks, the public tender aims to modernise the low-voltage electrical distribution network to accommodate the connection of renewable energy production facilities, heat pumps, and e-mobility.

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May

In terms of information support for ERP (Enterprise Resource Planning), Elektro Celje switched from Microsoft Dynamics AX to D365 FO (Microsoft Dynamics 365 for Finance and Operations).

June

On June 12, 2023, the agreement to co-finance the project under the Connecting Europe Facility programme was ceremoniously signed by representatives of the GreenSwitch project consortium and the European Climate, Infrastructure, and Environment Implementation Agency. Senior representatives of the European Commission were present. The European Commission will contribute more than 73 million euros to help implement the GreenSwitch project.

July

On July 6, 2023, the National Assembly passed the Law on the Introduction of Devices for the Production of Electrical Energy from Renewable Energy Sources, which governs the specifics of spatial planning and permitting for devices that generate electrical energy using renewable energy sources (RES), including the technical equipment required for their operation, energy storage devices, and network connections.

Severe storms with hurricane-force winds occurred in July, producing the most significant challenges on the MV and LV networks, particularly in the Distribution Units of Slovenj Gradec and Celje. The damage amounted to 1.8 million euros.

August

Slovenia suffered devastating flooding in August. Elektro Celje, which supplies Koroška, Zgornja Savinjska dolina, Savinjska dolina, and Spodnje Posavje, experienced significant damage to its distribution network. Floods and landslides caused 2.6 million euros of damage.

At the end of August, the 28th Regular Meeting of Elektro Celje's d.d. Assembly occurred. The Auditor's opinion and the written report of the Supervisory Board regarding the verification and approval of the audited Annual Report of Elektro Celje, d.d. for the business year 2022 were presented to the shareholders during this meeting along with the audited Annual Report of the Company for the business year 2022. A report on the salary of management and supervisory board members was also presented. Shareholders were given notice of the balance sheet loss for the fiscal year 2022, and the Company Management Board and Supervisory Board were released from liability for their work in 2002.

September

The Ministry of Environment, Climate, and Energy has released a proposal for the Energy Policy Act for comments from the public. The new law establishes energy policy principles, measures for managing energy policy, regulates the competencies, organisation, and operation of the Energy Agency, regulates the competence of the energy inspectorate, powers and conditions for energy inspectors, defines energy infrastructure, and governs some other common energy issues.

On September 30, 2023, a decision was made by the Ministry of Economy, Tourism, and Sports to provide Elektro Celje with state aid to mitigate the damage caused by the August 2023 floods. A decision based on the second paragraph of Article 18 of the Natural Disaster Recovery Act (ZOPNN_F) awarded the Company an advance payment of EUR 459,100. The value of the advanced payment funds is included in the scheduled disbursement of state aid for flood and landslide mitigation, which will be provided following Articles 44a to 44h of the Natural Disaster Recovery Act (ZOPNN).

October

The Government of the Republic of Slovenia has agreed to merge the companies SODO, Electricity Distribution Network System Operator, with ELES, Electricity Transmission Network System Operator. On October 2, 2023, following the acquisition of SODO d. o. o., ELES d. o. o. assumed all of SODO d. o. o.'s existing legal relationships and became the company's universal legal successor. Thus, in compliance with the Companies Act, ELES d. o. o. completely took over all of SODO d. o. o.'s operations, including all of its assets, hired personnel, and current contracts. ELES d. o. o. became the Combined Transmission and Distribution Electricity Network Operator as a result of the merger.

December

The Government adopted the Energy Act EZ-2 proposal and forwarded it to the National Assembly of the Republic of Slovenia for investigation and adoption under the standard legislative process. EZ-2 extensively revises the current Energy Act (EZ-1) and modifies the existing energy legislative framework to meet the difficulties of the green transition.

Events After the End of the Fiscal Year

March 2024

Elektro Celje presented the Ministry of Economy, Tourism, and Sports with evidence of actual economic damage caused by floods and landslides in August 2023 on March 26, 2024. The estimated reimbursement amount for 2024 is EUR 1,041 thousand.

A contract for the first phase of the Recovery and Resilience Plan for non-repayable funding was signed on March 29, 2024.

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In Balance between Sustainable Progress and Reliability

2023 also saw increased investment, which, in addition to ensuring network robustness and reliability, is primarily aimed at upgrading the system to meet the green transition goals. By taking part in the GreenSwitch project, additional funding was also made available for the digitisation and integration of new technologies, which will allow us to achieve an even higher standard of electricity supply. This is especially important for Elektro Celje, as we have nearly one-third of Slovenia's self-sufficient power plants connected to the system.

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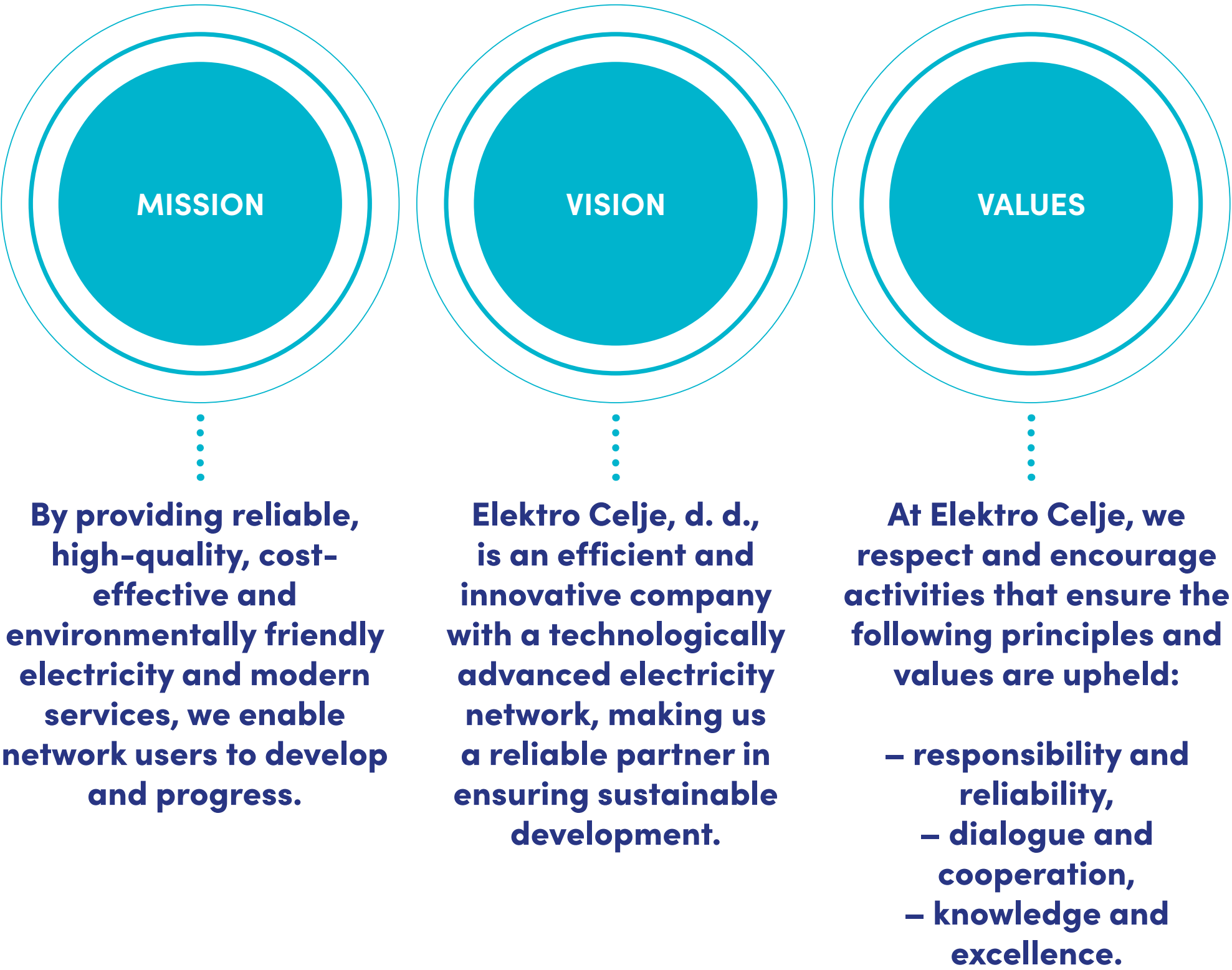


Company Presentation

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, 2023:	639
Chairman of the Management Board:	Boris Kupec, Msc
Chairman of the Supervisory Board:	Miha Kerin, Msc

Mission, Vision and Values



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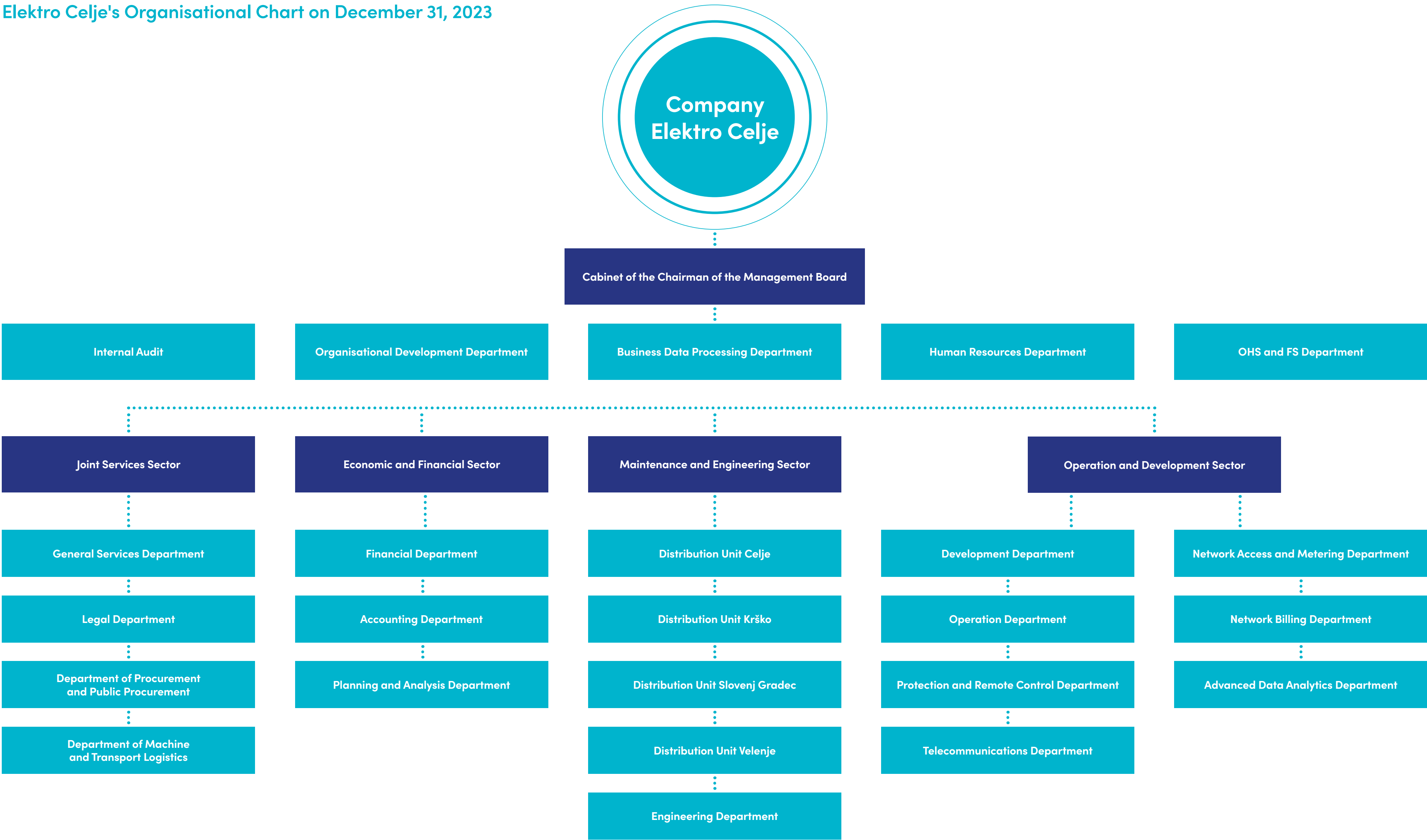
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Elektro Celje's Organisational Chart on December 31, 2023



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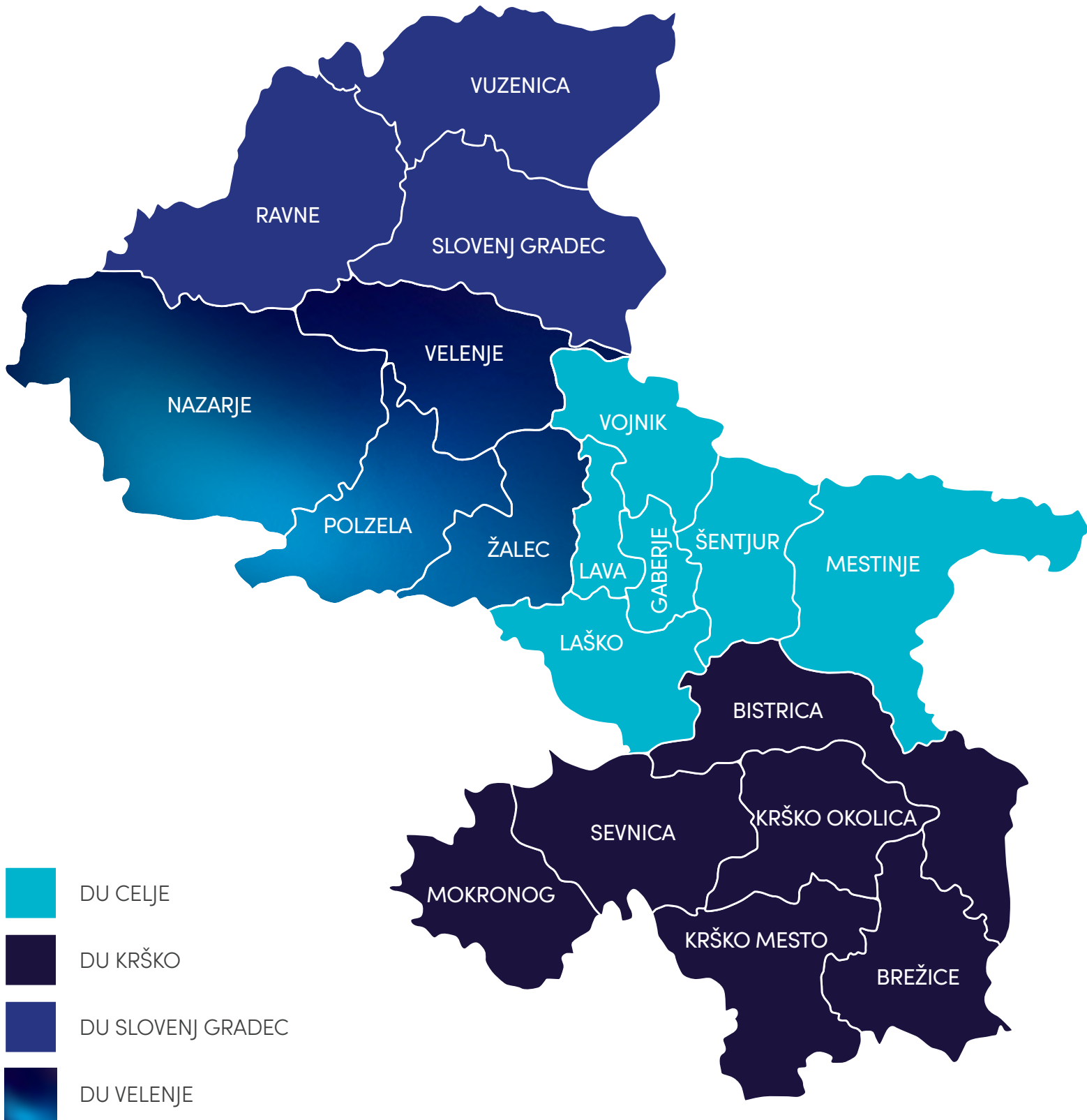
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Area of Operation

Distribution and control units of the Company Elektro Celje



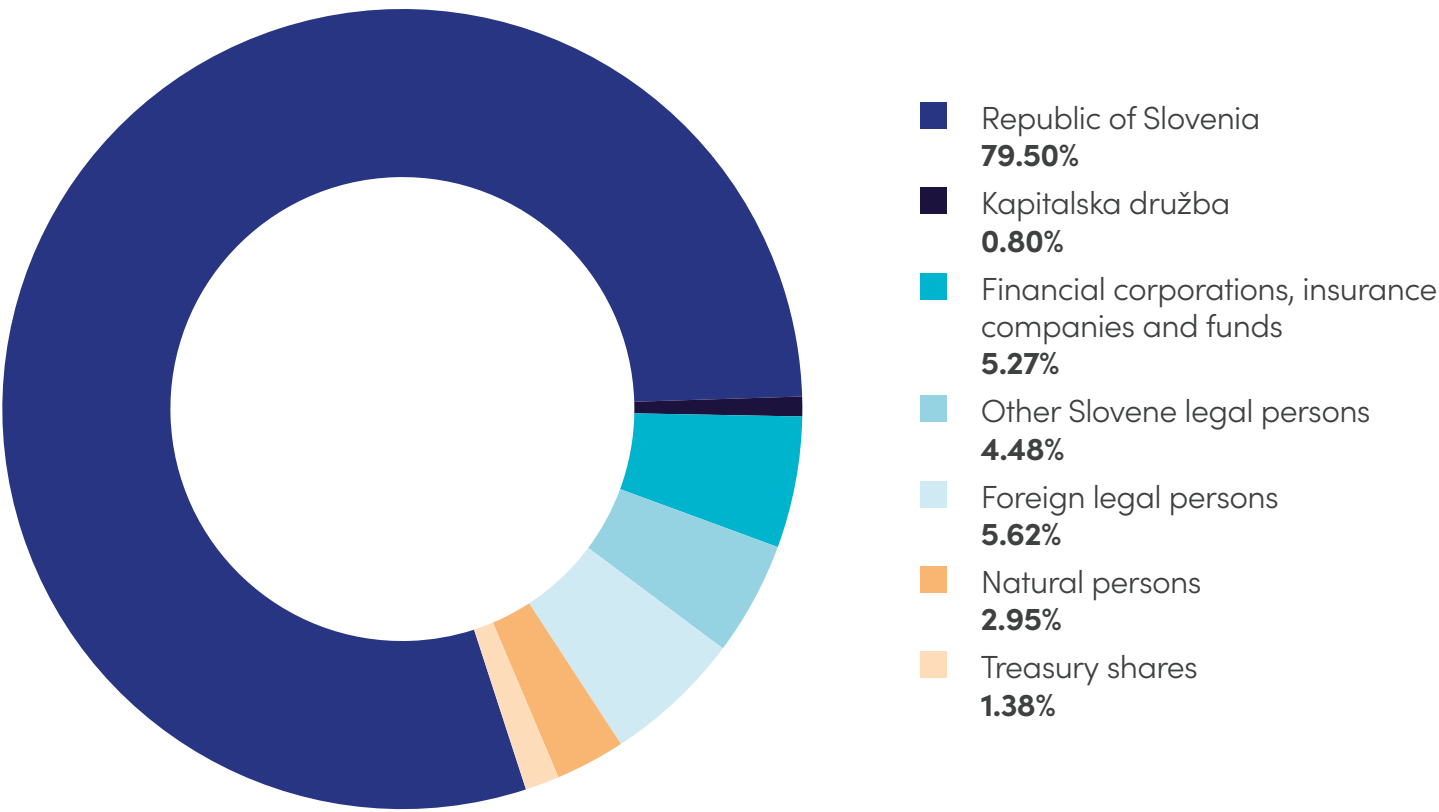
In 2023, 1,452.6 km of MV power lines (57 km more than in 2022), representing 37% of the MV network, and 7,587.4 km of LV power lines (134.7 km more than the previous year), representing 57.7% of the LV network, were cabled.



Ownership Structure

Elektro Celje is a public limited company with a share capital of EUR 232.7 million as of December 31, 2023. The Republic of Slovenia is its largest stakeholder, with a 79.5% shareholding; the Company owns 333,849 shares for a total purchase price of EUR 886,371.

Company Elektro Celje's Ownership Structure as of December 31, 2023



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.

In addition, 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.**

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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. Based on 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, which are directed towards the Company's sustainable development at the same time:

- **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.**

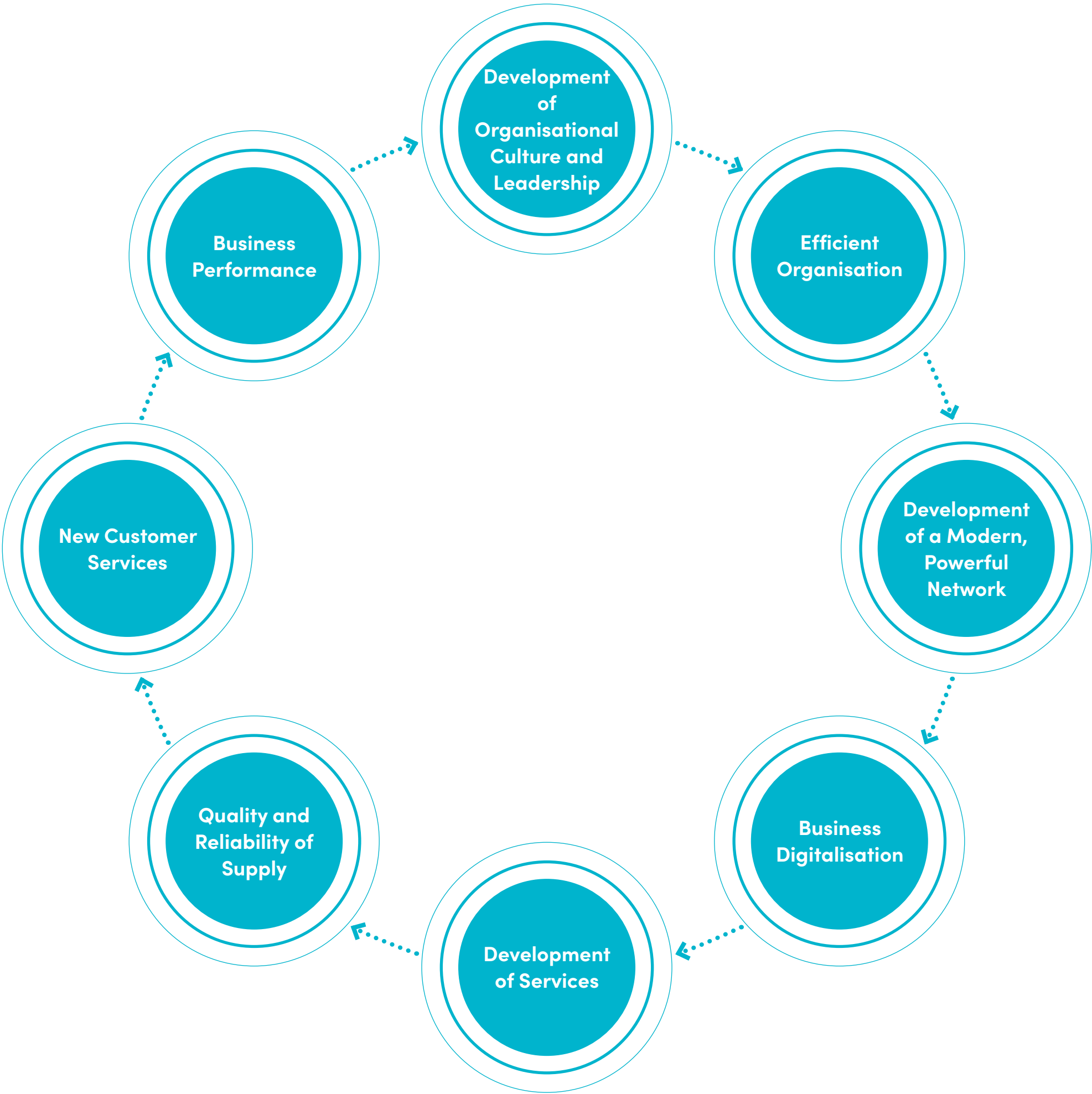
By incorporating sustainable development and social responsibility principles into business processes, added value is created; the Company operates following the Quality Policy, works within the framework of legal provisions and ethical norms, improves employee care and efforts to increase employee satisfaction, protects the environment, and promotes efficient electricity use among users. The promotion of employees' personal growth enables the development of their potential capabilities and opportunities and the organisational culture moves in the direction of improving employees' awareness of the importance of user satisfaction,

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.

Elektro Celje faced unprecedented challenges in 2023, with major snowfall damage at the start of the year, followed by a windstorm in July and floods and landslides in August, resulting in numerous power network disruptions. Significant corporate resources and external subcontractors were mobilised to deal with the consequences of these natural disasters. Additionally, diesel generators were used to provide consumers with a temporary power source.

That being said, 2023 was also a year of expansion and innovation. We kept up with evolving trends in the energy sector and created the groundwork for a sustainable future. We had various opportunities that pushed us to improve. We enthusiastically pursued renewable energy sources, improved network efficiency, and implemented the aim of sustainable operation. We bridged the gap between the energy sector's present and future by employing innovative ways and adapting to emerging technological developments. Positive comments and encouraging outcomes from our stakeholders serve as a testament to our unwavering dedication to quality and our ongoing search for innovative methods to improve.



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Our business guiding principle is the timely identification of distribution system investments that will meet the growing needs of all electricity network users in a constantly changing environment. To maintain high network capacity and thus supply high-quality electricity, it will continue to be necessary for the future to address the challenges posed by increasing electricity consumption and peak loads, ageing infrastructure, environmental concerns, dispersed generation, new technologies, and so on.

Despite a tough year, Company Elektro Celje completed the majority of the operations suggested in the Strategic Business Plan 2021 – 2025 that were scheduled for 2023. Minor deviations are primarily the result of large-scale natural disasters that have caused extensive damage to the electricity distribution network.

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 modernisation and necessary capacity expansion to increased electricity supply reliability.

Strategic goals	AMP 2023	Plan 2023	Achieved 2023	Plan 2024	Plan 2025
SAIDI (System Average Interruption Duration Index): unplanned interruptions – own cause	≤ 28.00	28.00	31.29	28.00	28.00
SAIFI (System Average Interruption Frequency Index): Unplanned interruptions – own cause	≤ 0.68	0.68	0.53	0.68	0.68
MAIFI (Momentary Average Interruption Frequency Index)	≤ 2.90	2.90	7.31	2.90	2.90
Share of distributed electricity loss (in %)	≤ 4.19	4.19	4.44	4.24	4.24
OPEX per electricity distributed (in EUR/MWh)	≤ 25.46	25.46	27.96	25.46	26.35
Share of investments in LV network (in %)	27.00	25.59	29.83	31.93	36.78
Average number of days until the issued approval for the connection of dispersed renewable energy sources	21.00	34.00	34.00	34.90	35.80
Share of positively resolved applications for the issuance of consents for the connection of renewable energy sources (in %)	82.00	86.00	85.69	85.00	84.00
Average number of days to perform the connection	8.00	8.00	8.00	8.00	8.00
Economic and financial indicators					
ROA (in %)	≥ 1.72	1.72	1.23	3.12	1.98
ROE (in %)	≥ 2.36	2.36	1.67	4.39	2.94
EBITDA margin (in %)	≥ 34.26	34.26	30.60	31.56	32.41
Net financial debt/EBITDA (in EUR)	≤ 2.41	2.41	2.12	2.39	2.67
CAPEX to net revenue from sales ratio (in %)	≥ 56.87	56.87	59.02	86.89	101.18
Value added per employee (in EUR 000)	≥ 85.97	85.97	83.56	88.70	93.58

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Electricity Distribution

Distribution Network

Elektro Celje is the owner of the electrical distribution infrastructure, which it designs, constructs, maintains, and leases to the Combined Transmission and Distribution Electricity Network Operator, Company ELES.

On December 31, 2023, Company Elektro Celje operated 17,152 km of lines, a supply area of 4,345 km², 20 distribution transformer substations (DTSS), 16 distribution substations (DSs), and 3,626 transformer substations (TSs). The aforementioned electricity infrastructure serves 177,114 electricity users.

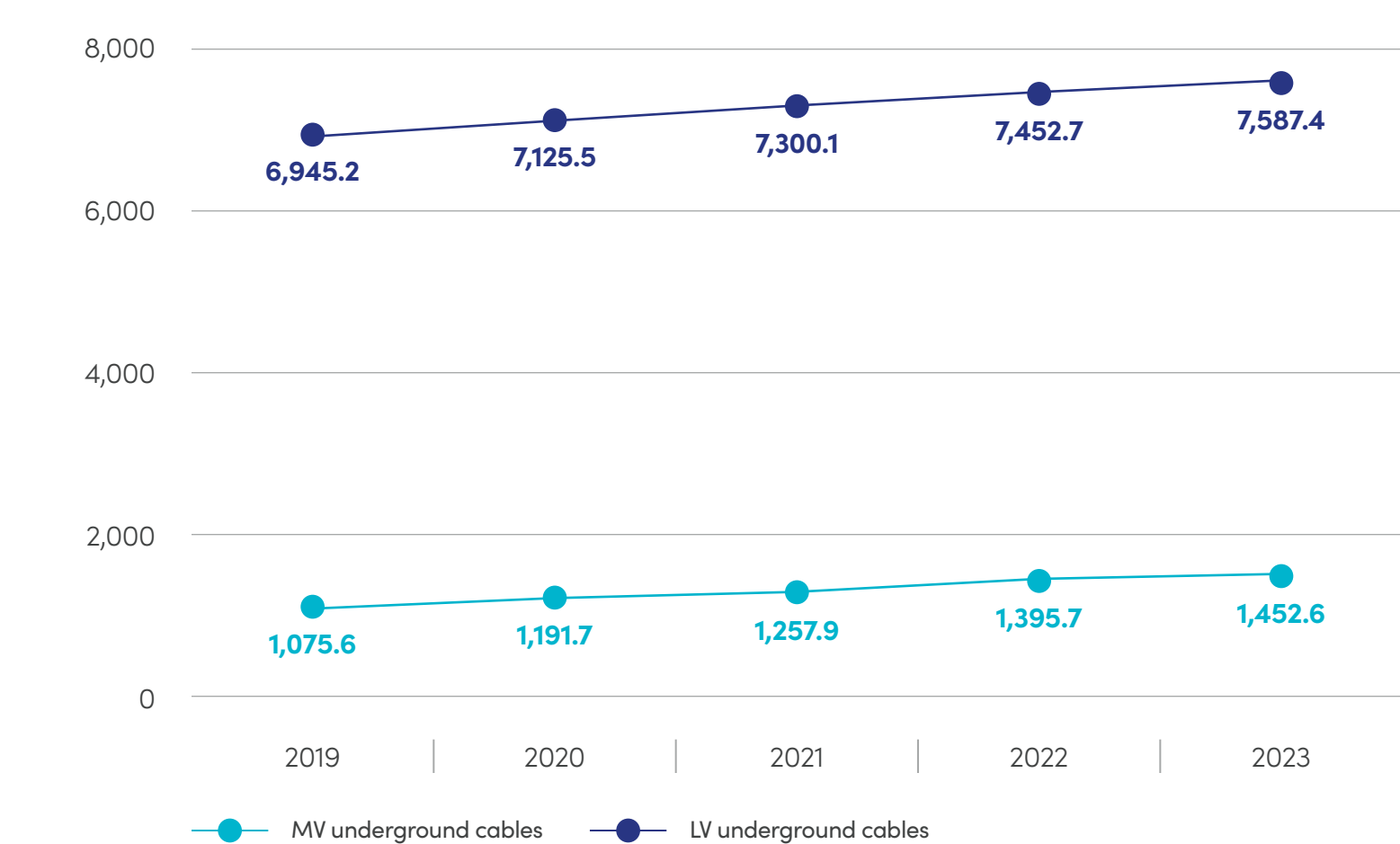
By 2025, the Company has set a strategic goal to cable 60% of the electricity network (48% for the MV network, and 63% for the LV network), as detailed in the Section Distribution Network Development Plan.

In 2023, 1,452.6 km of MV power lines (57 km more than in 2022), representing 37% of the MV network, and 7,587.4 km of LV power lines (134.7 km more than the previous year), representing 57.7% of the LV network, were cabled.

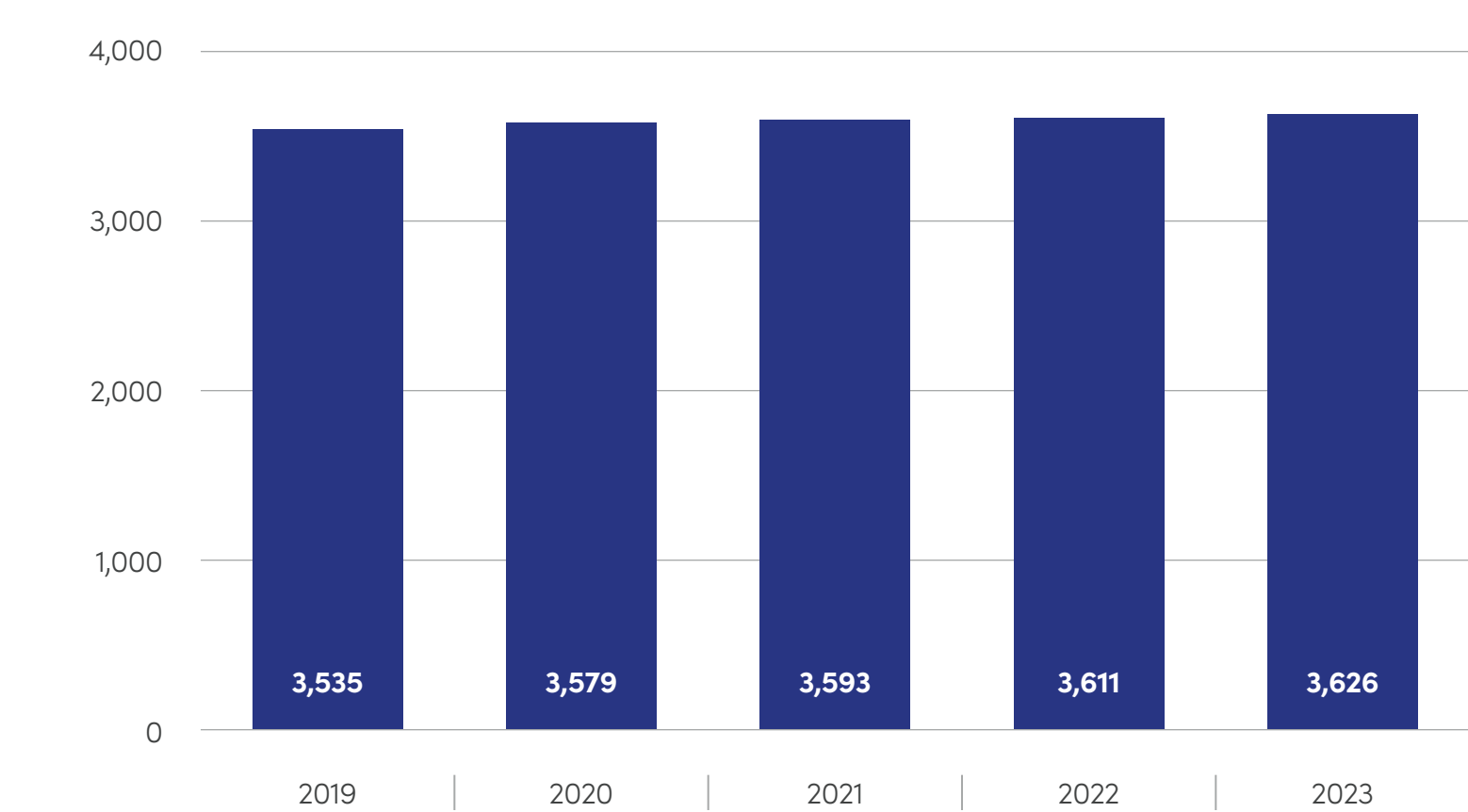
The increased load on existing TSs and the building of new TSs are a reflection of the rise in energy consumption and the connection of new users. Over the last five years, we raised the number of TSs by 91.

Voltage-based length of power lines on December 31, 2023					
Voltage	HV 110 kV	MV 20 kV	MV 10 kV	LVN (0.4; 1 kV)	Total
Length (in km)	72.3	3,773.2	148.3	13,158.0	17,151.8

Length of underground MV and LV power cables (in km)



Number of TSs



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Electricity Flows

The total electricity intake in Elektro Celje's distribution network in 2023 was 1,847,249 MWh, which was 7.4% less than in 2022, while the maximum peak load reached in February was 343.8 MW. The amount of electricity distributed to final users was 1,768,451 MWh (7.6 % less than the previous year).

Electricity losses in the distribution network amounted to 78,510 MWh, or 4.44% of distributed quantities, calculated based on issued invoices.

Input and output of electricity (in MWh)					
	2019	2020	2021	2022	2023
Transmission network	1,944,017	1,858,719	1,880,678	1,821,724	1,653,532
Producers	155,556	160,910	159,209	155,197	176,982
Unregulated supply	19,216	17,243	18,777	17,431	16,735
Total input into the distribution network	2,118,789	2,036,872	2,058,664	1,994,352	1,847,249
Total output of electricity	2,036,262	1,952,512	1,975,237	1,913,720	1,768,451
Unregulated output	9	323	61	7	289
Losses	82,518	84,008	83,366	80,626	78,510
Share of losses per transferred electricity	4.05%	4.30%	4.22%	4.21%	4.44%

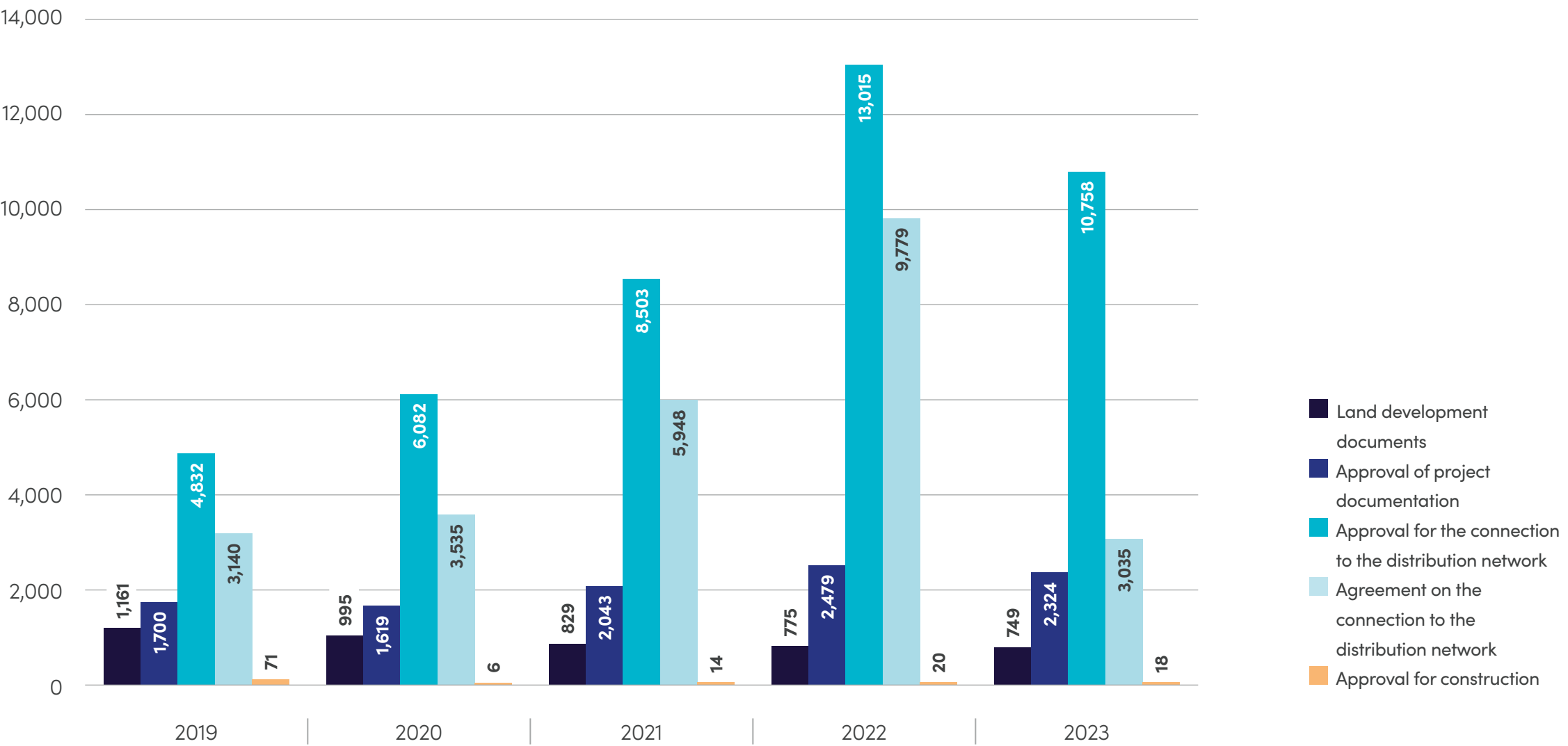
Network Access

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.

In 2023, **10,758 approvals for connection** were issued, including **5,807 for connection of self-sustaining power plants**, which is 17.3 % less than in 2022, when 7,019 approvals for connection were issued.

In 2023, Elektro Celje received **11,086 applications for the connection of self-sustaining power plants**, which is 36.2% more than in 2022. On December 31, 2023, there were 5,234 pending applications, while 1,045 applications were rejected. The rejections were due to deviations of the voltage profile in the network from the SIST 50160 standard when integrating additional power sources.

Land development documents issued



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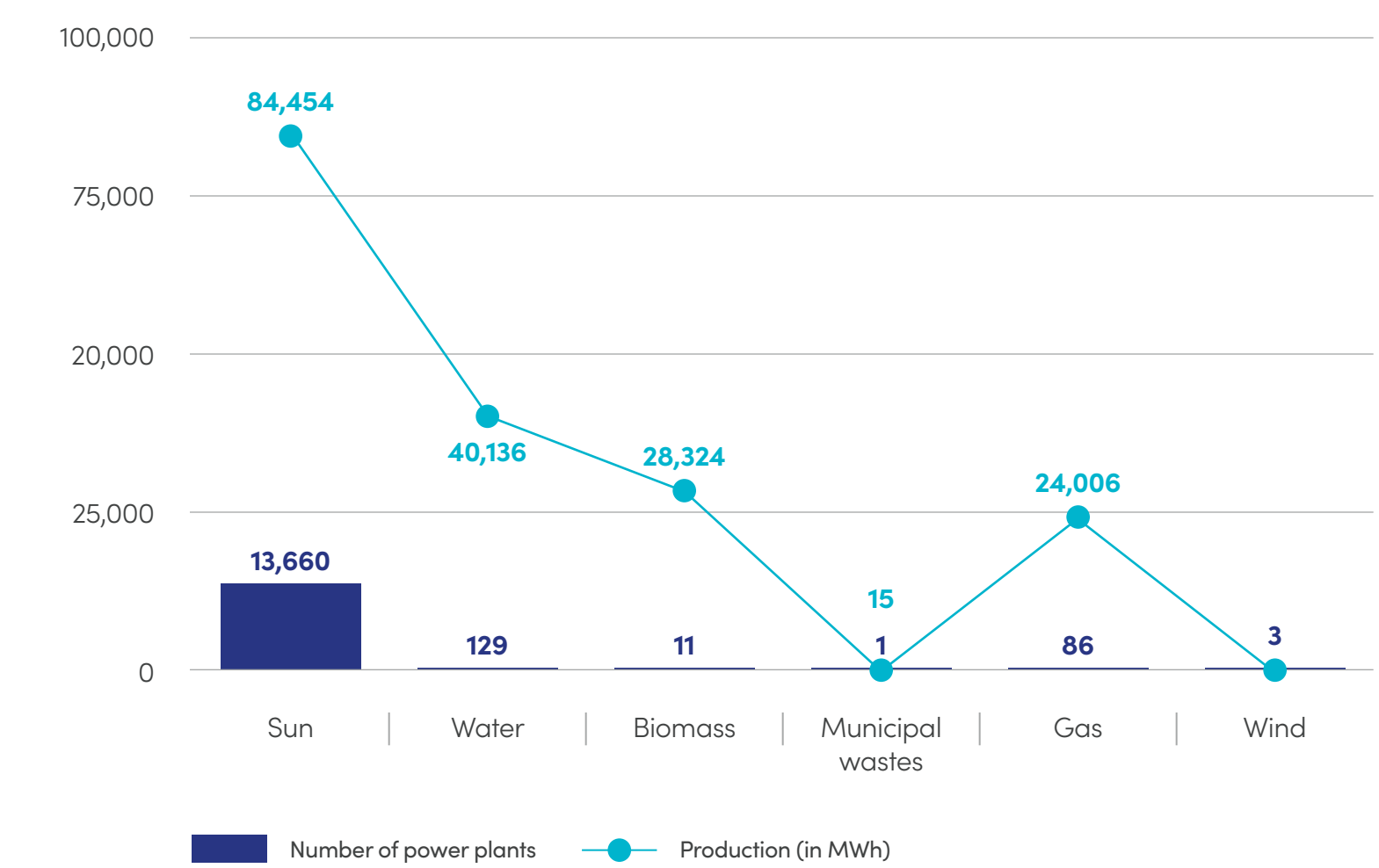


Network Users and Meter Measurements

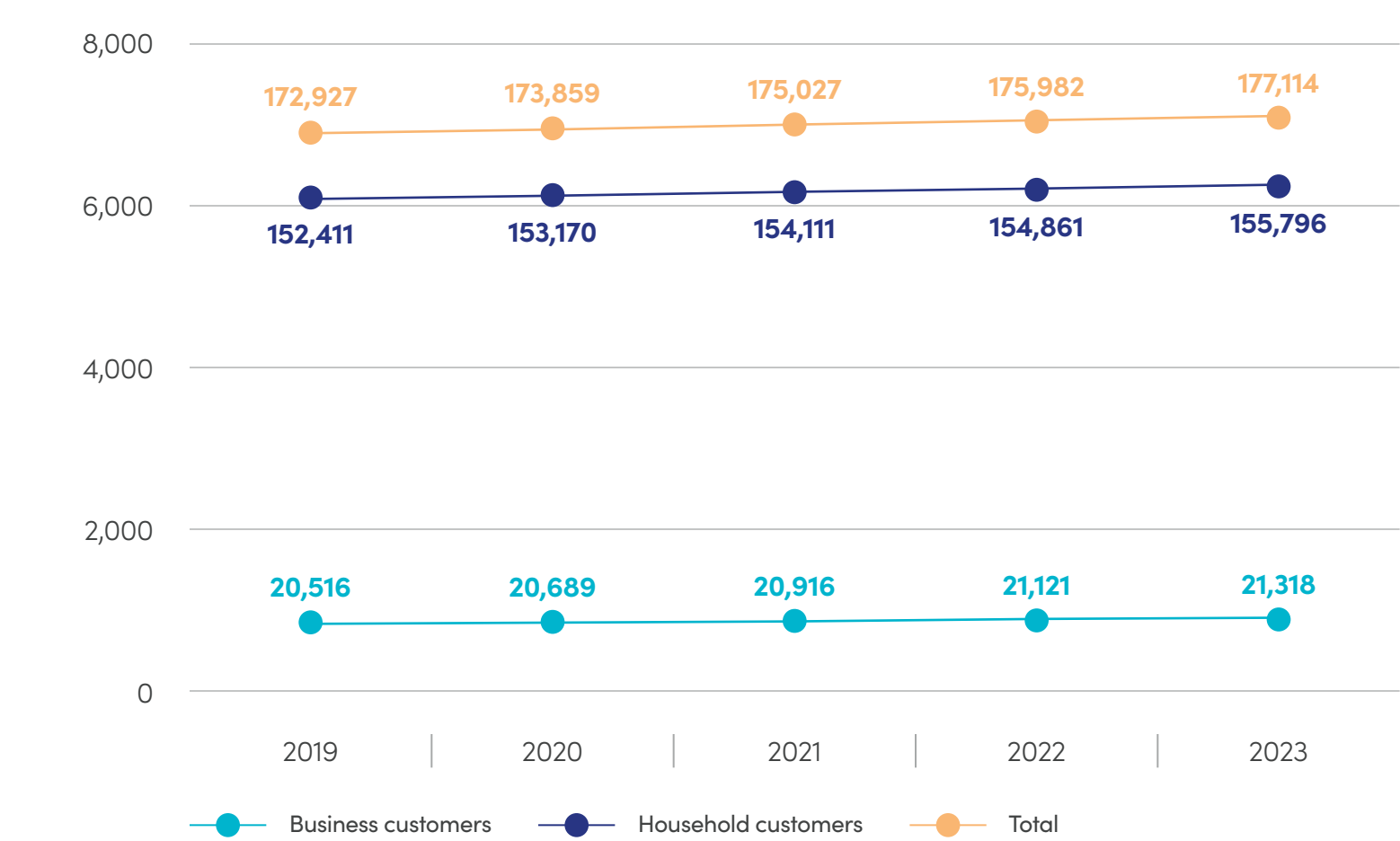
At the end of 2023, 177,114 electricity users were connected to the distribution network of Elektro Celje (including users with generation facilities and self-sufficiency). 2,646 users changed their electricity supplier, which is 7,514 fewer than the previous year.

In 2023, the total number of power plants increased by 4,481 compared to the previous year (from 9,409 to 13,890). By the end of 2023, there were 3,491 data concentrators/collectors (96.3% of all TSs) installed in local TSs and 3,031 control metres (83.6% of all TSs) in the remote metering system.

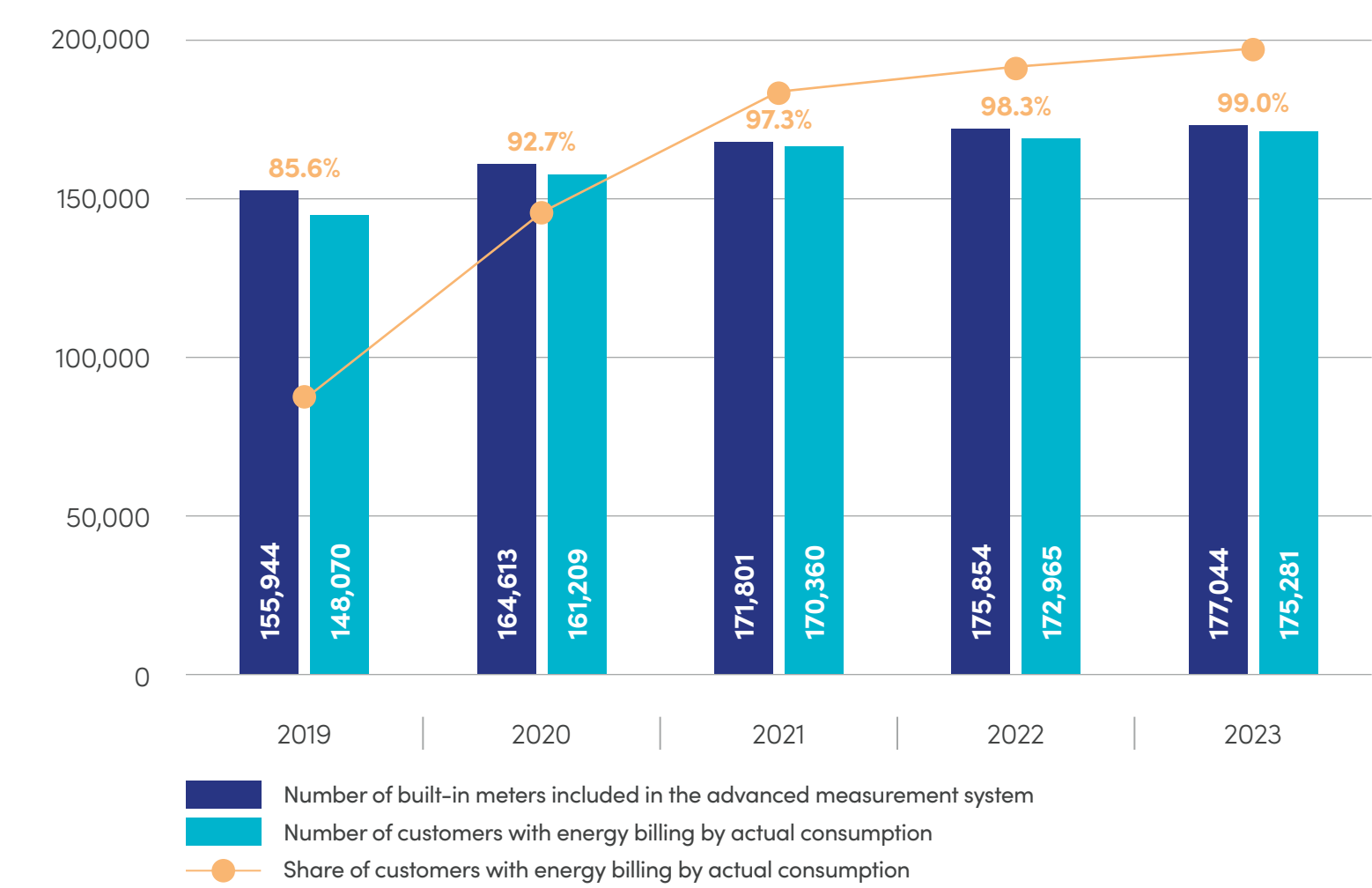
Number of operating power plants in 2023 and production of electricity by source



Number of electricity consumers connected to the Elektro Celje network



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



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Network Charge Calculation

Under the Agreement with the distribution system Operator, Company Elektro Celje is invoicing network charges to those users who are not billed for the network charge by their electricity suppliers along with electricity.

The network charge and contributions levied on the distribution system Operator in 2023 amounted to EUR 80,670,584, which is 99.4% of the planned ones for the same year.

With the Act on the Transmission of Data on the Quality of Electricity Supply, the Energy Agency has mandated the Company to monitor certain activities. These activities are aimed at ensuring the quality provision of services for electricity consumers in Elektro Celje's distribution area.

Network Billing Department services					
	2019	2020	2021	2022	2023
Agreements on access to the distribution network	13,346	13,150	15,344	17,053	17,260
Manual meter reading – annual reading	31,994	17,443	6,291	5,251	320
Manual meter reading – monthly reading	14,607	24,333	19,403	14,377	13,837
Remote meter reading – household and business consumption	1,686,040	1,843,925	1,965,517	2,006,952	1,989,414
Manual meter reading due to change of supplier	2,278	1,213	310	67	56
Remote meter reading due to change of supplier	10,185	12,660	8,919	10,597	2,903
Commercial quality indicators					
	2019	2020	2021	2022	2023
Time needed to respond to written questions, users' complaints or requirements (in days)	2	2	1	2	3
Average time to restore power supply at the metering point, after the conditions for reconnecting have been established (in days)	0.36	0.38	0.38	0.26	0.31
Average time to eliminate meter failure (in days)	5.23	5.78	4.45	3.34	2.07
Number of meter readings in one year by type of census (annual)	31,994	17,066	6,667	5,251	320
Number of meter readings in one year by type of census (monthly)	19,548	24,354	19,403	14,377	13,837
Average call hold time in the call centre, (in seconds)	37.83	34.33	28.68	30.64	33.60
Indicator showing the call centre service level (in %)	92.75	93.47	92.95	93.29	90.80

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Distribution System Operations

Distribution Network Operation

In 2023, several training sessions on the use of ADMS v3 were implemented to increase efficiency at work.

The dispatchers began employing the FLISR and LAR functionalities in their work, which substantially assisted them in monitoring and overseeing remotely operated devices from the distribution control centre.

The remaining unrecorded low-voltage and freshly created MV and LV networks were recorded, as well as system changes and ADMS upgrades in all areas.

In the GIS and the new SCADA ADMS v3, all necessary changes to the network were daily updated. Only by correctly entering all changes on the network, can dispatchers reliably control

and carry out switching manipulations for the needs of regular maintenance, investment, and breakdown elimination. As a result of the growing number of applications for solar power plant construction, data entry into the GIS system increased.

In 2024, we will continue to expand the use of ADMS v3 in response to specific needs.

Protection and Remote Control

Over the next four years, we anticipate a considerable growth of automated TSs, as the GreenSwitch project envisions 151 such facilities and the construction of ten MV electrical circuits. We expect a major improvement in the network's dynamism and reliability with these upgrades. “

In 2023, we carried out tests for the 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, fault finding on cable lines, maintenance of rotary uninterruptible power supply (RUPS) systems, and parameter setting of protection and remote control relays.

DTS Sevnica had a replacement of its remote monitoring system, while DTS Dravograd, TS Radlje, and TS Podgračeno replaced their uninterrupti-

ble power supply (RUPS) systems. The ground fault detection system at DTS Krško DES (Distribution Electricity System) was replaced, while two fixed reactors were added at DTS Ravne to compensate for capacitive currents. In the field of distribution network automation, remote control was implemented in three TSs, and 5 remotely controlled separation points (DVLM) were installed or updated.

For the GreenSwitch project, a concept for protective operating schemes of a portion of the MV network in a loop was developed and described. This

technique is based on the rapid flow of information between protection terminals and remote control in TSs within the loop. The primary benefit is the ability to isolate a small portion of the network from service if a network issue arises. Furthermore, the concept of TS automation was expanded to include cutting-edge security and remote control terminals, allowing for a wide variety of data interaction with the superior control centre. We actively engaged in the production of tender paperwork using the concepts offered here. Over the next four years, we anticipate a considerable growth of automated TSs, as the

GreenSwitch project envisions 151 such facilities and the construction of ten MV electrical circuits. We expect a major improvement in the network's dynamism and reliability with these upgrades.

In 2023, we successfully implemented all operations required to maintain certification for conducting authorised electromagnetic radiation measurements, including inter-laboratory comparisons, calibrations, internal audits, and numerous training sessions. We conducted 157 electromagnetic radiation measurements to meet the needs of our Company.

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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, and a wireless Wi-Fi network. The Company handles cybersecurity, the marketing of excess telecommunications capacity via the company Stelkom, and the rental of the remaining TC infrastructure.

In 2023, we continued to build our optical links between distribution units and main TSs. We began renovating the primary network in Administrative Building C while also starting development on the secondary central optical node in Administrative Building A. In addition, we redundantly integrated the other optical nodes to develop the notion of continuous operation of the Administrative Building. Thus, we made investments in equipment and services for cyber security as well as active telcoms equipment for Ethernet/IP and IP/MPLS networks. We made the strategic choice to renovate the complete Ethernet/IP/MPLS network using matrix technology (Fabric).

Due to the manufacturer's favourable pricing policy for network equipment, we procured licences for a period of three years.

The ADS system, which is backed by artificial intelligence and provides visibility over services, protocols, and devices, has been fully implemented in the process network for anomaly detection.

Four smaller energy facilities received an expansion of the ADS OT system, which included installation of collection devices, connection to a central device, and staff training. The ADS OT system was simultaneously linked to a sectoral VOC using a central SIEM.

The radio system received equipment upgrades for microwave connections. We purchased more licences and access points and replaced the current control unit in the Wi-Fi network domain.

In the field of cybersecurity, 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, in terms of education provided by suppliers, integrators, and equipment manufacturers.



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Maintenance Quality

At Elektro Celje, we are planning the network to ensure a quality 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 indi-

cators (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 manage-

ment of voltage conditions, upgrading and cabling of the MV network, and upgrading of optical connections.

In 2023, Elektro Celje received 147 complaints about electric voltage quality from users (148 in 2022), 112 of which were justified (100 in 2022).

The table displays the total values of the SAIFI and SAIDI indicators for 2023 in relation to the cause of outage occurrence.

Planned outages for Elektro Celje in 2023 amounted to:

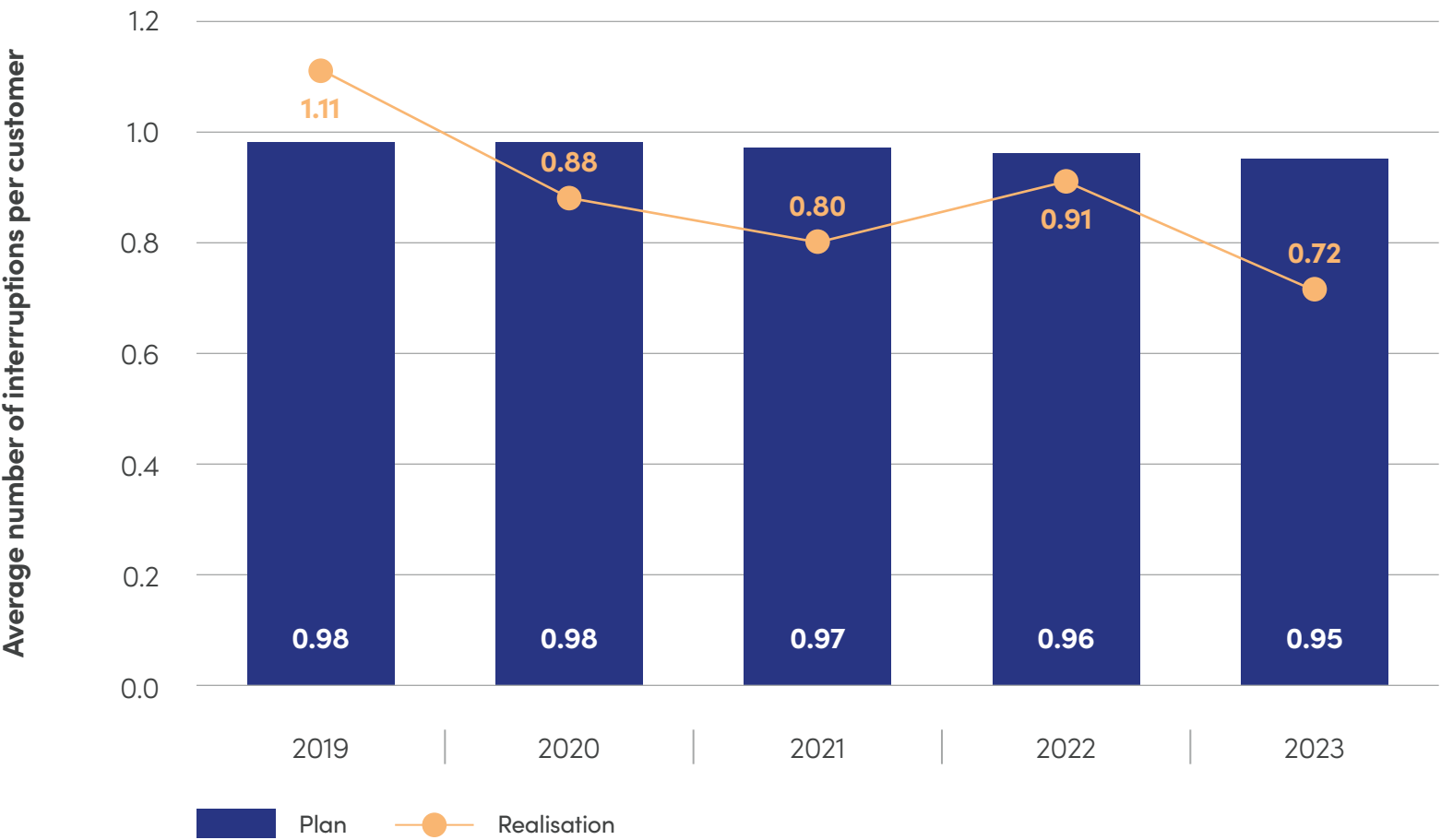
- SAIFI indicator: 0.72 outages/customer, representing 21.9 % more than the

average Electricity Distribution Company (0.59 outages/customer),

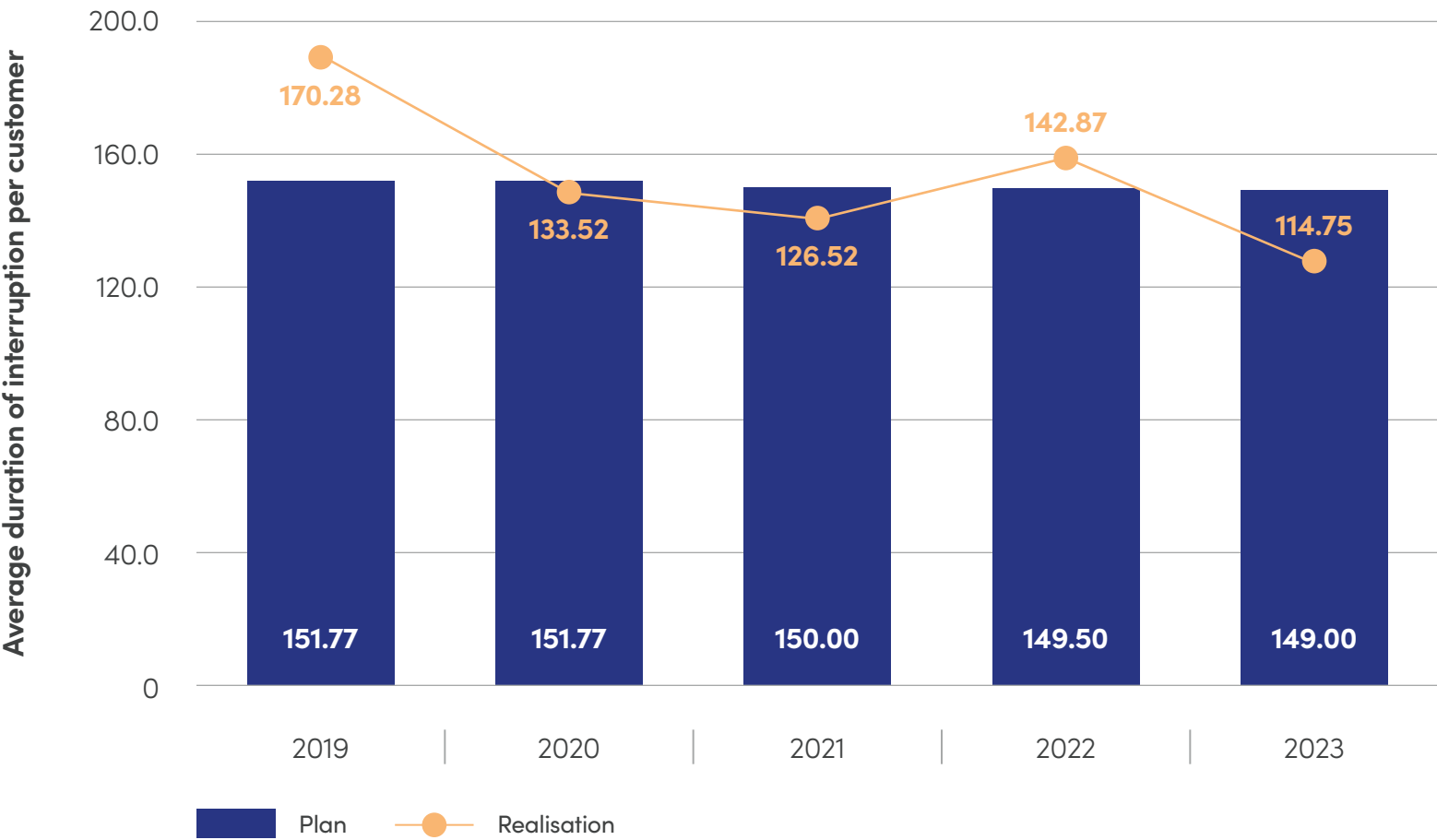
- SAIDI indicator: 114.75 minutes/customer (Electricity Distribution Company average is 82.46 minutes/customer).

SAIFI/SAIDI reliability indicators	UNPLANNED INTERRUPTIONS						PLANNED INTERRUPTIONS	
	OWN CAUSE		THIRD-PARTY CAUSE		FORCE MAJEURE		SAIFI [int./cust.]	SAIDI [min./cust.]
	SAIFI [int./cust.]	SAIDI [min./cust.]	SAIFI [int./cust.]	SAIDI [min./cust.]	SAIFI [int./cust.]	SAIDI [min./cust.]		
Total value	0.53	31.29	0.57	39.39	1.64	317.95	0.72	114.75

SAIFI: planned interruptions - own cause



SAIDI: planned interruptions - own cause



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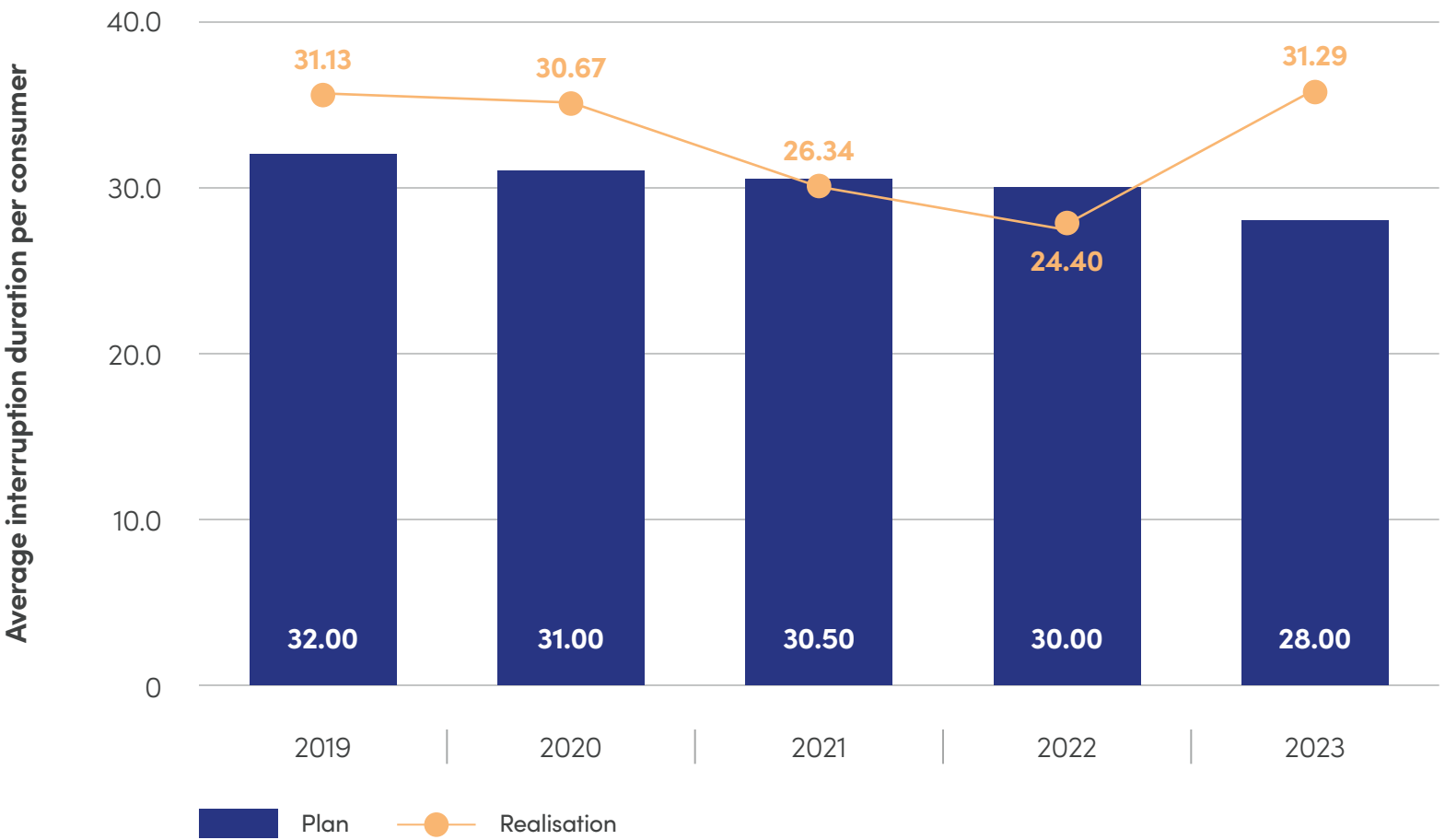
Unplanned outages are classified based on the cause of occurrence: own cause, third-party cause, and force majeure. Unplanned outages due to the Company's own causes indicate system age and a problem with maintenance (frequency, quality of work execution, etc.). Unplanned outages for which the distributor 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/ DS, DTS/ DS and Company levels.

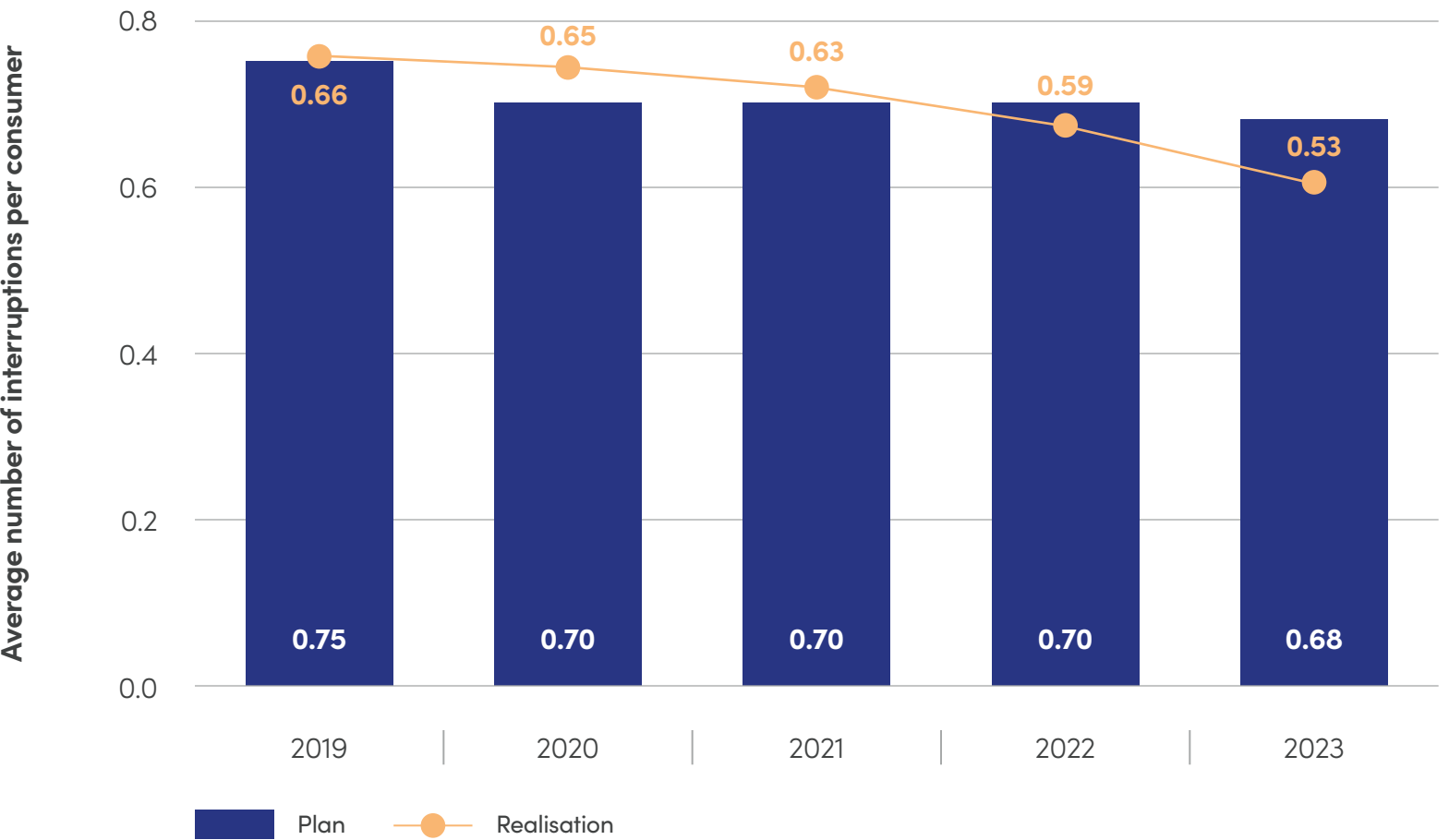
Unplanned outages at Elektro Celje for 2023 amounted to:

- SAIFI indicator (own cause): 0.53 outages/customer,
- SAIDI indicator (own cause): 31.29 minutes/customer.

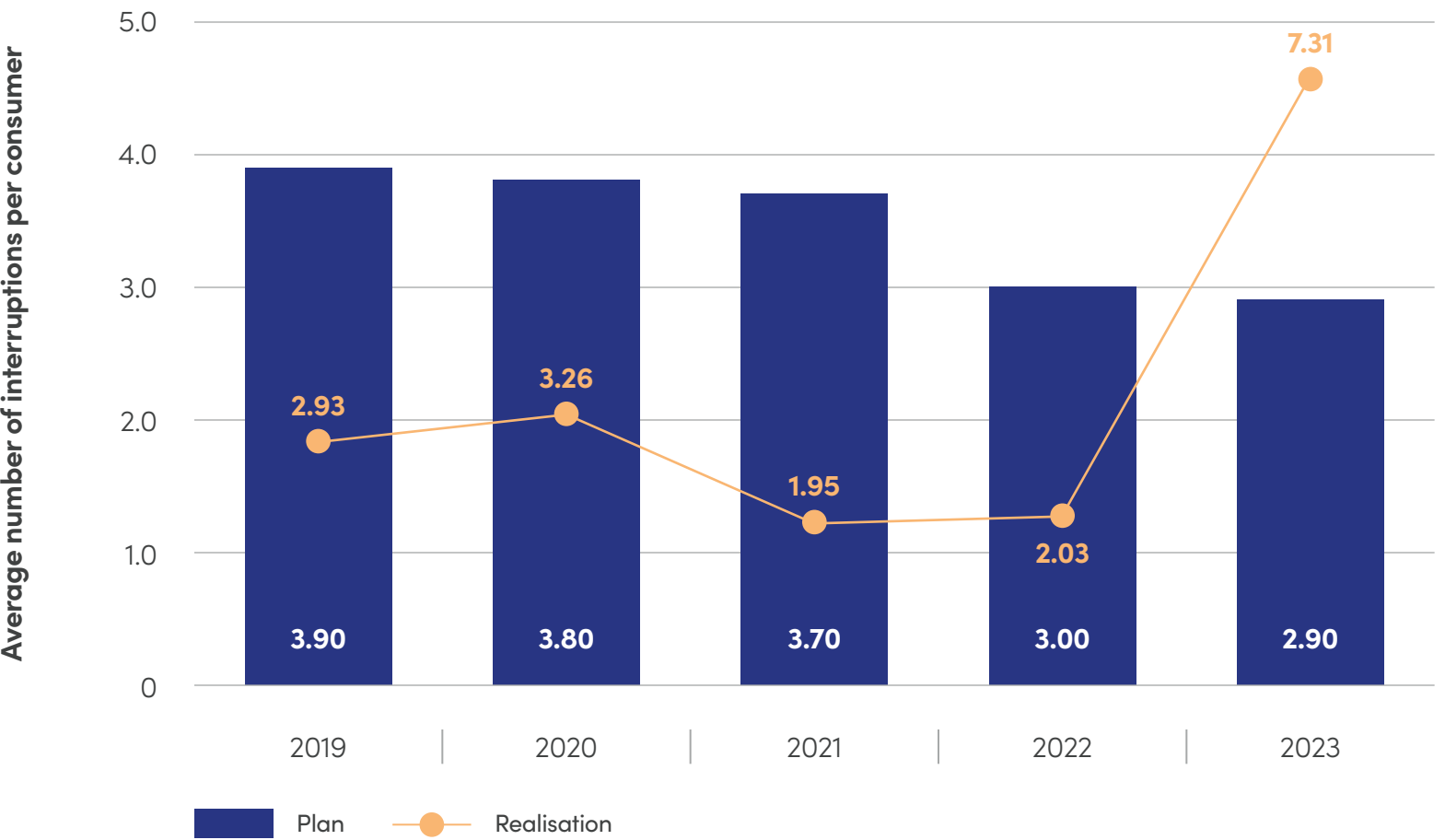
SAIDI: Unplanned interruptions - own cause



SAIFI: Unplanned interruptions - own cause



MAIFI: Unplanned short-term interruptions



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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 2024, with starting points for 2025 and 2026, which includes investments totalling EUR 170.4 million (EUR 48.2 million in 2024, EUR 58.2 million in 2025, and EUR 64 million in 2026).

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 power lines.

The majority of resources for new construction will be allocated to MV facilities (38.8% of investments over ten years). 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 ten years). The cause is the degraded LV network and the subsequent 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 (NEPN). 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 MV/0.4 kV) TSs, 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 electric energy 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.



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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 pri-

ority projects in the preparation of the Company's Development Plan:

- Construction of 2 x 110 kV OPL DTS Trebnje–DTS Mokronog (about 9 km) and 2 x 110 kV KB DTS Trebnje–DTS Mokronog (0.4 km) in 2024 and 2025.
- Construction of DTS Mokronog 110/20 kV 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 requirements (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.
- Considering the projected growth in EE consumption, the state of the in-

stalled 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 LV lines and installations are anticipated.

- Investments in the MV and LV networks will be made following 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 cables.
- Continued transition from 10 to 20 kV voltage in the Celje area.
- Remote control and protection device upgrade, replacement of uninterruptible RUPS system and batteries, and network automation.
- 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 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 following 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.

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Investments and Project Planning

In the field of investments, Elektro Celje plans, supervises, and directs investments. It additionally prepares project documentation as well as analyses and reports for various stakeholders and implements project documentation. We manage investments for new MV and LV facilities, DSs, DTSs, and 110 kV cable lines from project task preparation to the inclusion of facilities in operation. 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 2023 amounted to EUR 15,372,000.

Investments

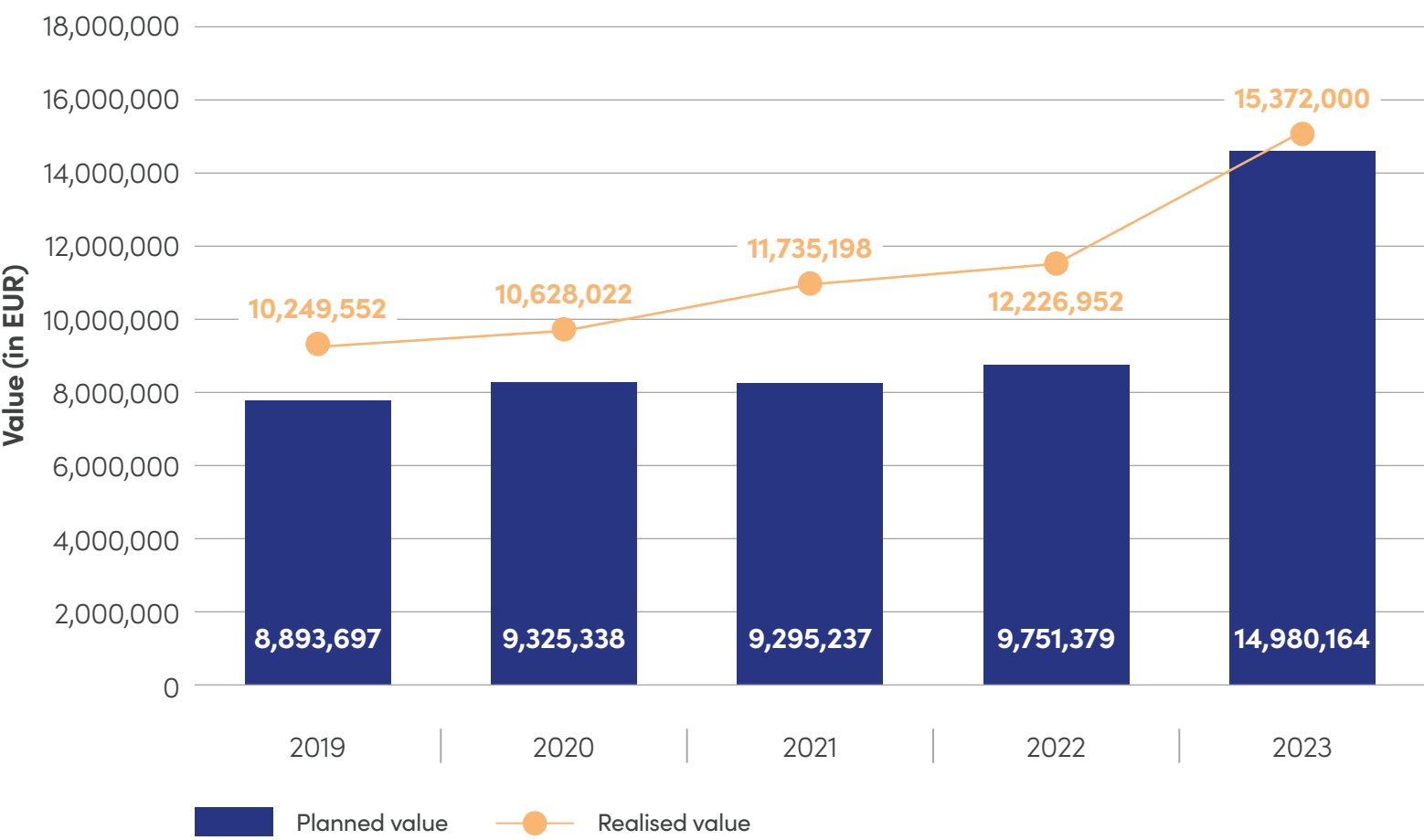
Elektro Celje invested EUR 31.2 million in 2023, exceeding its annual plan by 103.4%. However, the targets for Other Energy Investments (87.3%) were not met due to delays in the construction of the alternative DS Nazarje (floods), equipment delivery for the DTS Šentjur, and acquiring easements for the Trebnje Mokronog 100kV OPL. Furthermore, difficulties in selecting a contractor for

commercial building construction in Slovenj Gradec led to a lower-than-expected realisation for Non-Energy Investments (by 15.2%). Due to the anticipated values for replacements, capacity increases, and restorations exceeding (by EUR 2.3 million) as well as for new MV and LV facilities exceeding (by 0.6%), funds were diverted to investments in MV and LV facilities.

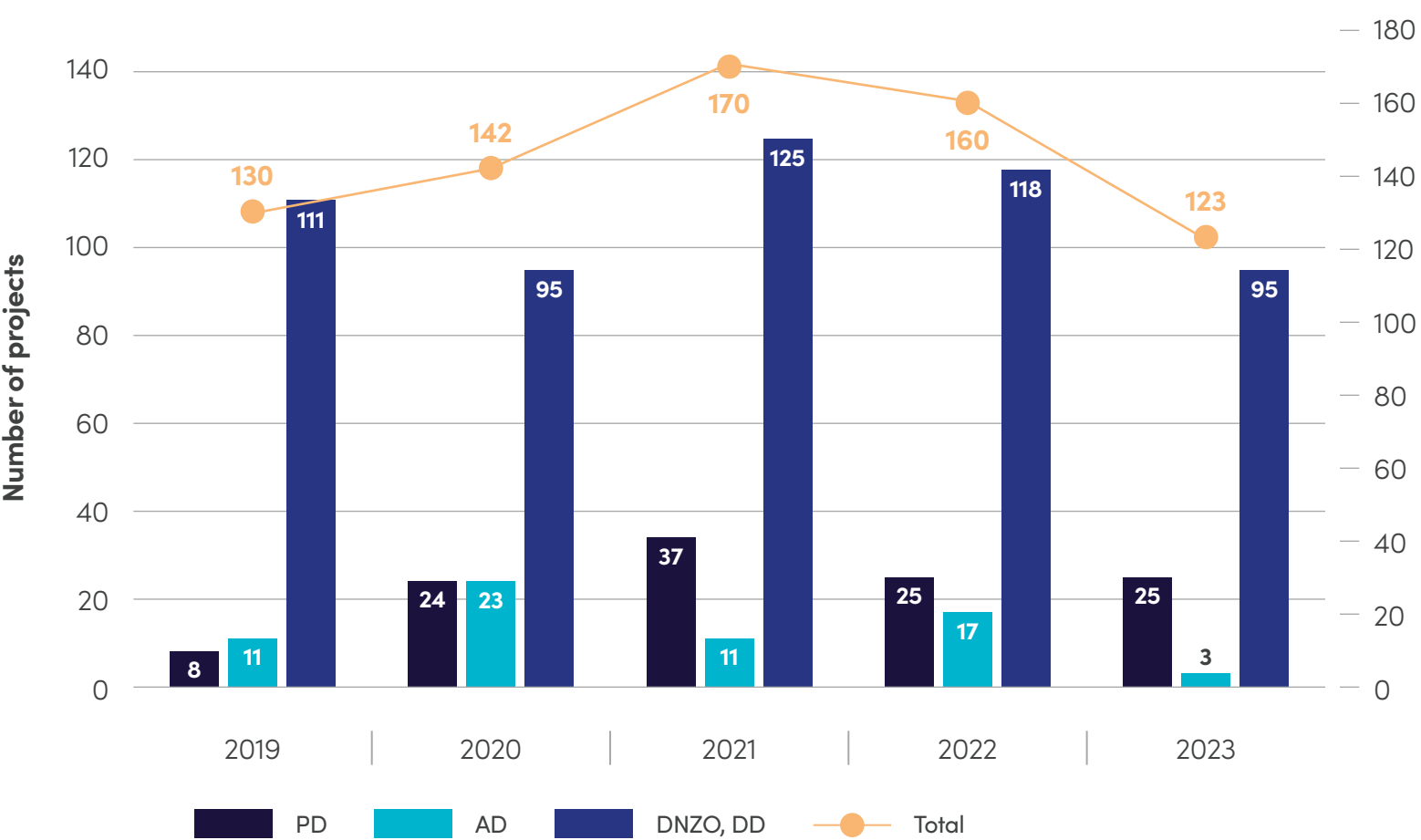
In addition, further expenditures have been incurred because of the removal of the impacts of natural disasters (windstorms, floods, and severe snowfall) in 2023; higher-than-anticipated costs for goods, services, and licences; and further GIS software upgrades. Measurement control equipment and cybersecurity in the telecom industry also required additional expenditures (about 22,500 metres will need to be replaced as a result of a new pricing system and compliance with the Quality Monitoring Act).

Type of investment (in EUR)	Investment plan 2023	Business plan 2023	Realisation 2023	Index Real./ Plan 2023
New MV and LV infrastructure	10,139,400	9,891,753	9,950,492	100.6
Replacements and capacity enhancements and renovations	10,270,000	10,867,647	13,119,895	120.7
Other energy investments	5,925,600	5,575,600	4,866,500	87.3
Other non-energy investments	3,865,000	3,865,000	3,277,148	84.8
TOTAL	30,200,000	30,200,000	31,214,035	103.4

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



Number of completed projects by year



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Major Investments in 2023

• 2 x 110 kV OPL DTS Trebnje – DTS Mokronog

In 2023, funds totalling EUR 530,184 were allocated for obtaining easement contracts and preparing project documentation in order to obtain a construction permit for the construction of the 2 x 110 kV OPL DTS Trebnje - DTS Mokronog.

• Logarska dolina 20 kV OPL: Reconstruction of OPL after the floods.

In August, floods severely affected the Zgornja Savinjska Dolina region. Among the heavily damaged infrastructure were the Logarska Dolina 20 kV OPL, measuring 3,300 m, and the 1 kV LV network, measuring 1,770 m. Some of the damage was temporarily addressed (approximately 2,594 m of universal 20 kV cable was laid), while permanent repairs included laying approximately 4,240 m of 20 kV cable. As part of this investment, we also built new substations: TS 20/0.4 kV Duple and TS 1/0.4 kV Raduha. Consequently, TS 1/0.4 kV Drolek was switched to the 20 kV network. The total investment amounted to EUR 450,826.

• Ločica Pek, Šempeter, and Šempeter Aero MV connectors from DS Ločica

New sections of power lines were constructed to enhance operational reliability and improve voltage conditions for consumers in the Šempeter area of the Savinjska dolina. The total investment amounted to EUR 420,550.

• TS Trobni dol (replacement) and TS Pod Škarnikom, and electrical lines

As part of the investment, a new TS Pod Škarnikom was constructed, and the existing TS Trobni dol was replaced with connecting and linking cable lines. The investment amounted to EUR 381,982 in 2023. The investment will continue in 2024.

• TS Brezovica Laknice 20/0.4 kV and electrical lines

Within the investment, a new TS Brezovica Laknice was constructed with connecting lines measuring 1,018 metres. The investment amounted to EUR 329,531.

• TS Kušina 20/0.4 kV and electrical lines

A new TS Kušina was constructed, and the existing TS Cirknik was replaced. Additionally, a 20 kV cable line connecting TS Cirknik to Koritno OPL was installed and upgrades were made to the low-voltage network. The investment amounted to EUR 313,511 in 2023.

• TS Šmiklavž Kisovar and electrical lines

A new TS Šmiklavž Kisovar was constructed to improve poor voltage conditions in the broader rural area of Miklavž pri Taboru. At the same time, the ageing low-voltage network was cabled, which will contribute to the stability of voltage conditions during winter. The investment amounted to EUR 263,504 in 2023.

• Jerman Vrh LVN

The primary network supplied by TS Jerman vrh was mainly installed above ground, although a minor section was cabled underground. Al – Fe and SKS conductors were of insufficient size, and the poles deteriorated. Additional consumers were planned for connection, hence the need to renovate the network and cable it (3.28 km). The total expenditure for these upgrades in 2023 amounted to EUR 262,276.

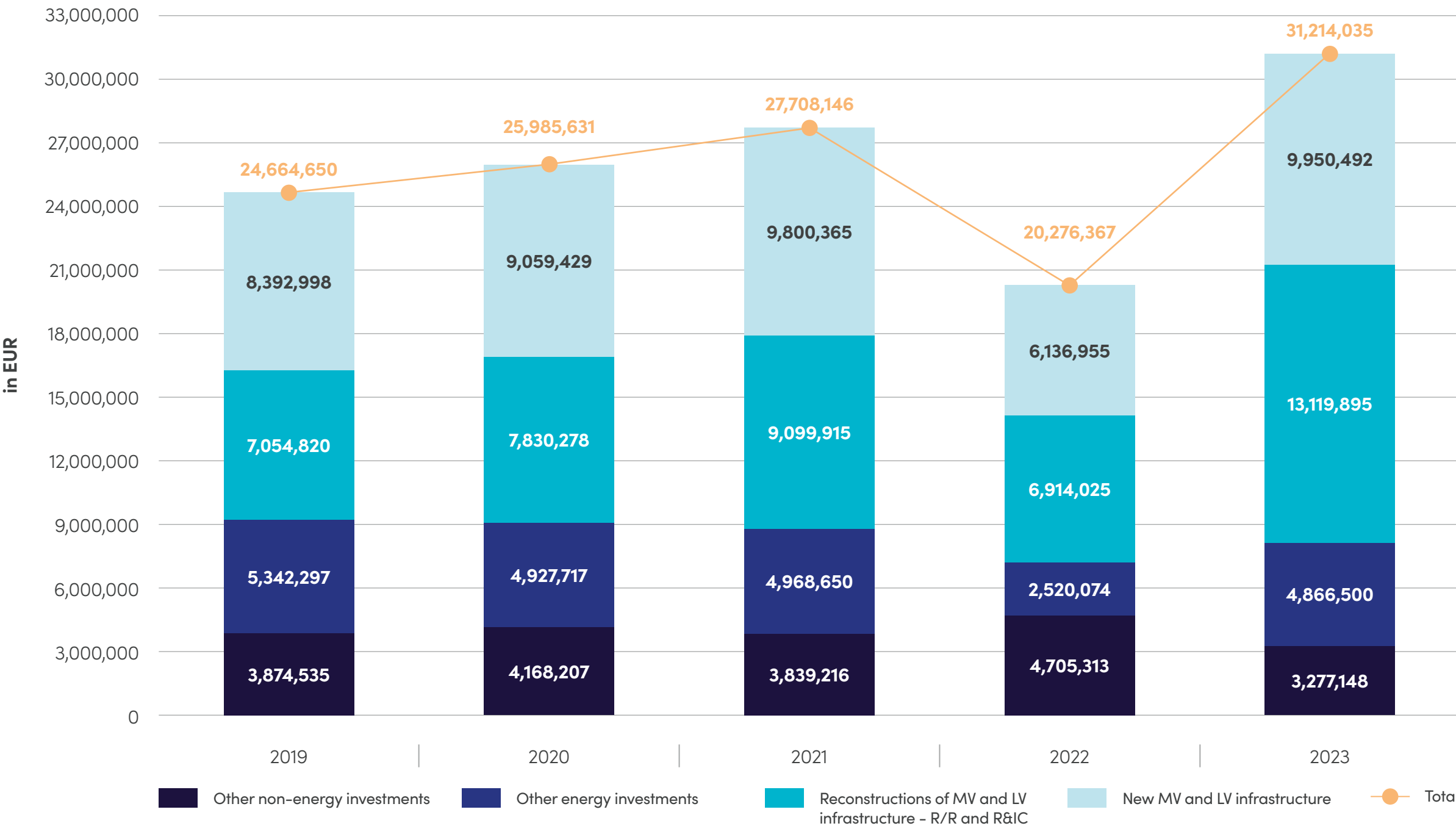
• TS Bojsno (replacement), TS Brezje Bojsno, and electrical lines

Due to poor voltage conditions in the village of Brezje pri Bojsnem, a new TS had to be constructed, while the existing TS Bojsno needed replacement due to deterioration. Additionally, 20 kV cable lines were installed to connect TS Bojsno with Dobova 2 20 kV OPL, and between Bojsno 20 kV OPL and TS Bojsno. The total investment in 2023 amounted to EUR 236,634.

• 20 kV cable line between Kržišče OPL and Zaloke Rimš 20 kV OPL

To improve supply reliability and quality, a 2,678-meter-long 20 kV cable connection was built between Kržišče 20 kV OPL and Zaloke Rimš 20 kV OPL. In addition, conduits for optical fibres were installed. The investment amounted to EUR 232,782.

Value and structure of investments



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Network Maintenance

At Elektro Celje, we take care of 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 the following section, maintenance quantitative and value data for electricity infrastructure are shown for 2023 by asset type and work type.

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	60.7	–	–	6.6	–	67.3
	clearance	km	14.0	–	–	0.0	–	14.0
DTS 110/MV kV, DS 110 kV	inspection	number	79	56	34	48	–	217
	revision	number	193	51	33	28	19	324
MV infrastructure								
MV overhead power lines	inspection	km	631.2	773.1	343.8	534.8	–	2,282.9
	clearance	km	75.4	156.9	30.5	30.1	–	292.9
MV underground cables	inspection	km	56.6	31.0	42.7	169.1	–	299.5
	clearance	km	1.1	3.9	–	4.5	–	9.5
DTS MV/MV, DS MV with control and protection	inspection	number	45	48	23	60	–	176
	revision	number	17	9	–	17	10	53
TS MV/0.4 kV, TS MV/0.95 kV, TS 0.95/0.4 kV	inspection	number	1,032	1,017	755	830	1	3,635
	revision	number	237	285	150	242	1	915
LV network								
	inspection	km	474.8	441.7	370.2	119.5	–	1,406.3
	clearance	km	23.0	9.7	8.7	26.4	–	67.8

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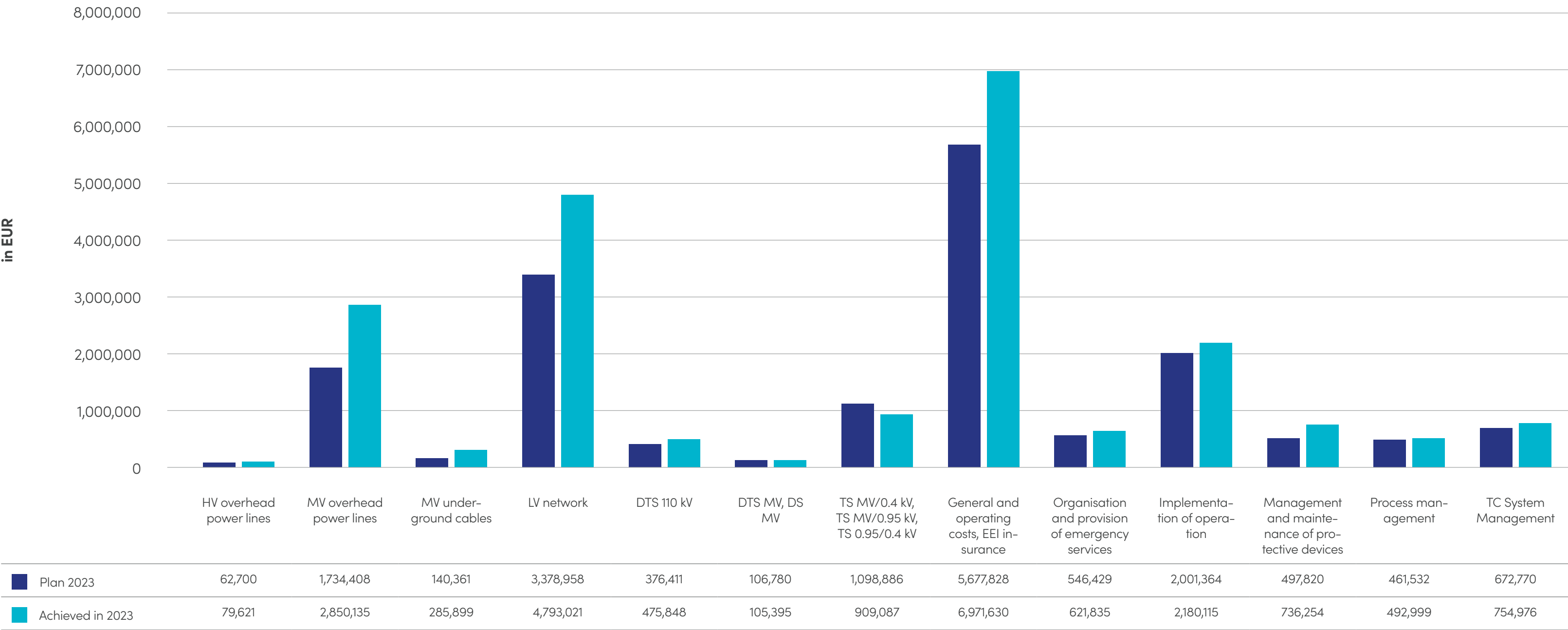


In 2023, maintenance costs for the electrical energy infrastructure amounted to EUR 21.3 million, which is 26.9 % more than planned.

In 2023, there were three major weather events affecting the power equipment: a heavy snowfall in January, a severe windstorm in July, and floods in August. The personnel at the distribution units repaired as quickly as possible the damages, restoring the network's normal operation conditions.

In 2023, we recorded 3,502 interventions due to fuse overheating at users' homes and 1,319 interventions due to fuse overheating in TSs. 19 transformers were replaced due to increased demand or the need to connect dispersed sources, and 3 were replaced due to malfunctions. To improve voltage conditions, 303 LV connectors and 50 LV conductors were restored.

Maintenance of energy infrastructure



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	2	0	0	2	4
Duration of interruptions on the 110 kV infrastructure	0.00	0.00	0.00	0.02	0.02
Number of interruptions longer than 3 minutes on the MV infrastructure	206	169	275	331	981
Number of hours required to repair the faults on the MV infrastructure	9,185	3,290	11,221	12,190	35,886
Number of faults on the LV network	9,650	3,516	3,010	6,269	22,445
Number of hours required to repair the faults on the LV network	18,484	6,079	8,132	17,660	50,355

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Market Services

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

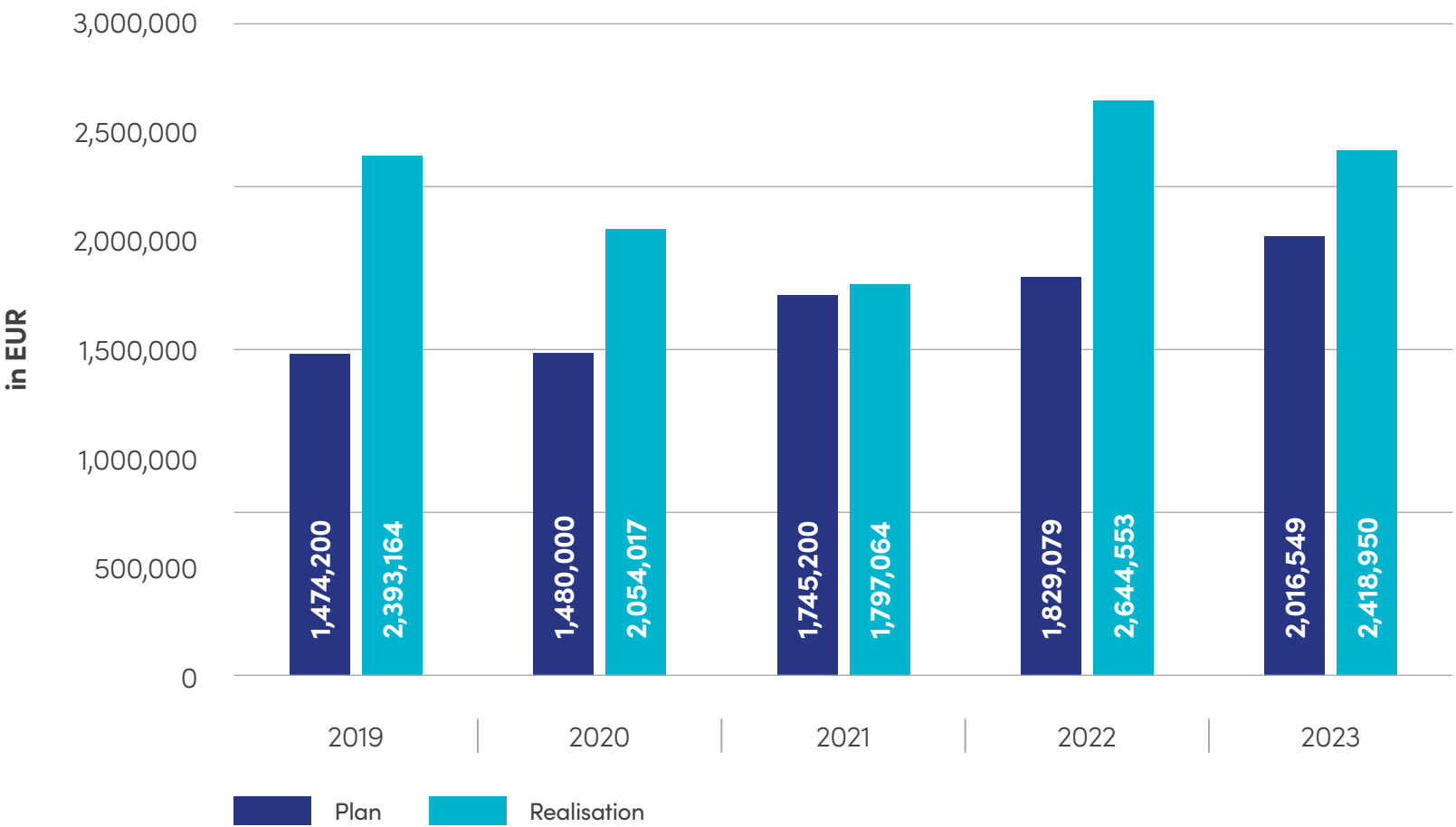
- Construction of MV and LV facilities and customer connectors;
- Project Planning;
- Maintenance of MV and LV connections, as well as maintenance and revisions of TSs;
- Various measurements for customers
- Other non-energy market activities (network switchover, supervision during the construction of buildings, setting out maintenance works on public lighting, data transmission, etc.).

In 2023, revenues from the sale of services to customers totalled EUR 2.4 million, which is 20% more than what was projected. The largest portion was dedicated to the construction of new MV and LV facilities for customers, the construction of LV connectors, 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.

In the cost structure, the largest portion (66.1%) is represented by material costs.

Revenue from customer services



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Research and Development Projects



H2020 iFLEX

Duration:
November 1, 2020–October 31, 2023
Estimated value:
EUR 6,271,549 (EUR 250,000)
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 (EUR 339,520)
Coordinator: ETRA INVESTIGACION Y DESARROLLO SA (Spain)

- The project’s key goals are:
- create and connect synergies between energy flexibility resources and technologies, and 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–November 30, 2023
Estimated value:
EUR 9,865,590 (EUR 322,625)
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 into the concept 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–March 31, 2024
Estimated value:
EUR 27,900,419 (EUR 114,250)
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, common IT architecture and interfaces;
 - 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 (EUR 20,000,000)
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 and functionalities for the development of smart networks that will be combined with battery-operated electricity storage systems and highly digitised information systems.

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Project AMBER

Duration:
January 1, 2023–December 31, 2025
Estimated value:
EUR 107,500 (EUR 50,000)
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.

Company Elektro Celje is aware of the importance of collaboration in the field of technological development and innovative activities; thus, it participates in development projects directly related to the distribution of electrical energy and encourages employees to take an active part in them.

“



Project Horizon Europe EV4EU

Duration:
June 1, 2022–November 30, 2025
Estimated value:
EUR 8,989,682 (EUR 639,950)
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. In Slovenia, the first demonstration will take place at 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 demonstration 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 (EUR 73,125)
Coordinator: ENGINEERING INGEGNERIA INFORMATICA SPA (Italy)

The project's goal is to ensure 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 (EUR 150,000)
Coordinator: TEKNOLOGIAN TUTKIMUSKESKUS VTT OY (Finland)

As part of the project, new possibilities for connecting power network operators, software solution developers, service providers, aggregators, and end-users will be explored.

The project's goals are as follows:

- cost-effective implementation of CEM (Customer Energy Manager) and their integration solutions in various sectors;
- common interface and automated modelling tool development;
- provision of secure and interoperable interfaces and automated flexibility management services;
- development of CEM (Construction Engineering and Management) integration solutions, sustainable markets, and business models that support extensible deployment of 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 improve a more optimal utilisation of the resources across the entirety of the electricity infrastructure.



Horizon Europe SEEDS

Duration:
January 1, 2024 – December 31, 2027
Estimated value:
EUR 12,084,731 (EUR 215,850)
Coordinator: TECHNICAL UNIVERSITY OF DENMARK (Denmark)

The SEEDS project aims to accelerate the electrification of heating systems in buildings with a comprehensive approach, based on energy-efficient renovation and smart renovation of HVAC systems.

The solutions of the SEEDS project are intended for:

- reducing the thermal consumption of buildings,
- enabling the use of energy flexibility to increase the share of renewable energy sources (especially those locally produced),
- improving network stability.

The SEEDS project will develop and present solutions at TRL levels 6–8 and contribute to the electrification of buildings, increased use of local renewable energy sources, and decarbonization of Europe.

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Macroeconomic Environment

Economic trends indicators					
	2019	2020	2021	2022	2023
GDP, real growth (in %)	3.2	−4.2	8.2	5.4	1.6
Average registered unemployment rate (in %)	7.7	8.7	7.6	5.8	5.0
Inflation, annual average (in %)	1.6	−0.1	1.9	8.8	7.4
Inflation, Dec./Dec. (in %)	1.8	−1.1	4.9	10.3	4.2
Gross salary in the Republic of Slovenia, nominal growth (in %)	4.3	5.8	6.1	2.8	9.7
Gross salary in the Republic of Slovenia, real growth (in %)	2.7	5.9	4.1	−5.5	2.1

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

Following the first evaluation, calculated from quarterly data, Slovenia recorded a growth rate of 1.6% in **gross domestic product in 2023**. The positive contributions to GDP growth came from gross investments in fixed assets (increased by 9.5%) and household final consumption expenditure, which increased by 1.3%. The reduction in inventories negatively affected GDP growth, decreasing it by 4.4 percentage points. External demand (exports) decreased by 2.0%, while imports decreased by 5.1%. Due to a more significant reduction in imports compared to exports, the trade surplus increased, contributing 2.8 percentage points to GDP growth.

The **average registered unemployment rate** dropped from 5.8% in 2022 to 5.0% in 2023. According to the RS Employment Service, 48,353 unemployed people were registered in Slovenia at the end of December 2023, which is 9.1% less than in December 2022.

In 2023, annual **inflation** was 4.2% (10.3% in 2022), while average annual retail price increases were 7.4% (8.8% in 2022). The highest contributions to the annual inflation rate (0.8 percentage points) came from higher prices of food and non-alcoholic beverages (up by 4.6%). Increases in the recreation and culture group (up by 6.3%) accounted for 0.6 percentage points

of impact. Additionally, higher prices in the alcoholic beverages and tobacco group (up by 9.4%), healthcare (up by 8.5%), restaurants and hotels (up by 7.9%), as well as diverse goods and services (up by 6.2%), each contributed 0.5 percentage points of impact.

On an annual basis, service prices experienced an average increase of 6.0%, while the prices of goods saw a 2.7% increase.

In Slovenia, the **average monthly gross salary** for 2023 was EUR 2,220.95. It was nominally 9.7% higher than the 2022 salary, but in real terms, it was 2.1% higher. The average gross salary for 2023 in the public sector exceeded that of 2022 by 10.3%, while in the private sector, the increase was 9.4%

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Energy Regulatory Operational 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 following the sustainable requirements of its users, who are guaranteed a high-quality and reliable supply. The development of the electricity distribution network, with the users' active participation, will enable the transition to a low-carbon society with electricity produced from renewable energy sources. The cost-effective and socially just green transition is built on efficient energy consumption and demand-side management, with a focus on the active participation of consumers, including households and businesses, as well as industry.

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 users 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, criteria for the determination and the method for calculating individual RF, types of eligible costs (including regulated return), 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. Furthermore, 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 electricity 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-ZUOK-POE) was enacted. It aims to adopt measures to manage crises in the field of electricity and gas system operations by adopting necessary measures to manage increased risk in these systems' operations and measures to reduce import dependency, ensure reliable energy supply, and reduce pressures on energy prices due to the volatility of 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), 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).

Based on the third paragraph of Article 130 of the Electricity Supply Act (Official Gazette of the Republic of Slovenia, No. 172/21), the Energy Agency determined in November 2023 the Regulatory Framework for the activities of the electricity system and distribution Operator during the regulatory period from January 1, 2024, to December 31, 2028. They also determined the tariff components for network billing charges for the year 2024 and published them in the Official Gazette of the Republic of Slovenia No. 118/2023.

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Business Performance Analysis

Operating Performance (Profit or Loss)

Elektro Celje concluded the business year 2023 with a total profit of EUR 3,054,670, which is 55.8% of the planned amount for 2023. Total revenues amounted to EUR 78,430,825 (3.7% more than planned), while expenses totalled EUR 75,376,155 (7.4% more than planned).

The occurrence of adverse weather events, notably heavy snowstorms (January – February 2023), windstorms (July 2023), floods, and landslides (August 2023), had a substantial impact on the business outcome, resulting in a lower-than-planned performance. This was

largely attributed to the costs incurred for repairing damaged fixed assets and eliminating the adverse effects for a total amount of EUR 3,541,184 in 2023 (including labour costs of EUR 1,823,006).

In September 2023, the Ministry of Economy, Tourism, and Sports issued a decision to Elektro Celje regarding the allocation of state aid for the settlement of flood damages (a prepayment of EUR 459,100). Part of the total damages costs were covered by insurance compensation (EUR 1,444,053). Additionally, a portion of the damage costs was covered by a network charge equivalent to 10% of the annual damages costs, which was accounted for in the deviations during the calculation of the regu-

latory year 2023 (EUR 350,734). The cumulative impact of the damage events on the lower business result in 2023 amounted to EUR 1,287,297.

Using the current methodology for evaluating operational efficiency in the area of losses, Company ELES calculated a penalty for exceeding losses in the amount of EUR 1,044,479 due to events (detailed in the Risk Management/Risks of Electricity Losses Chapter) that affected a higher percentage of electricity losses in the network in 2023 (the achieved percentage of quantity losses for 2023 amounted to 4.44%, acknowledged according to the Energy Agency's decision, but recognised as 4.19%).

The deviation of the business profit or loss from the planned target was notably affected by the rising prices of materials, energy, and services.

When comparing revenues in 2022, it is required to take into account the EUR 12.4 million reduction in regulated revenues in 2022 as a result of the Emergency Measures Law, for which the Company filed administrative procedures in 2023. The Emergency Law also had an impact on the reduced realisation of investment expenditures in 2022, which in turn had an impact on own product and service revenues (down EUR 9.5 million from 2023 to 2022) and material costs for investments (down EUR 7.1 million from 2023 to 2022).

Elektro Celje's **Operating Revenue** in 2023 amounted to EUR 78,233,45 which is 3.5 % more than planned for 2023.

Revenue from the lease and maintenance of infrastructure and provision of services from the Distribution Operator's activities amounted to EUR 49,818,677 including revenue from the lease of electricity distribution infrastructure (EUR 25,563,227) and revenue for service provision (EUR 24,255,450).

Revenue from the sale of services, which includes providing electrical installation services to external customers as well as rentals, amounted to EUR

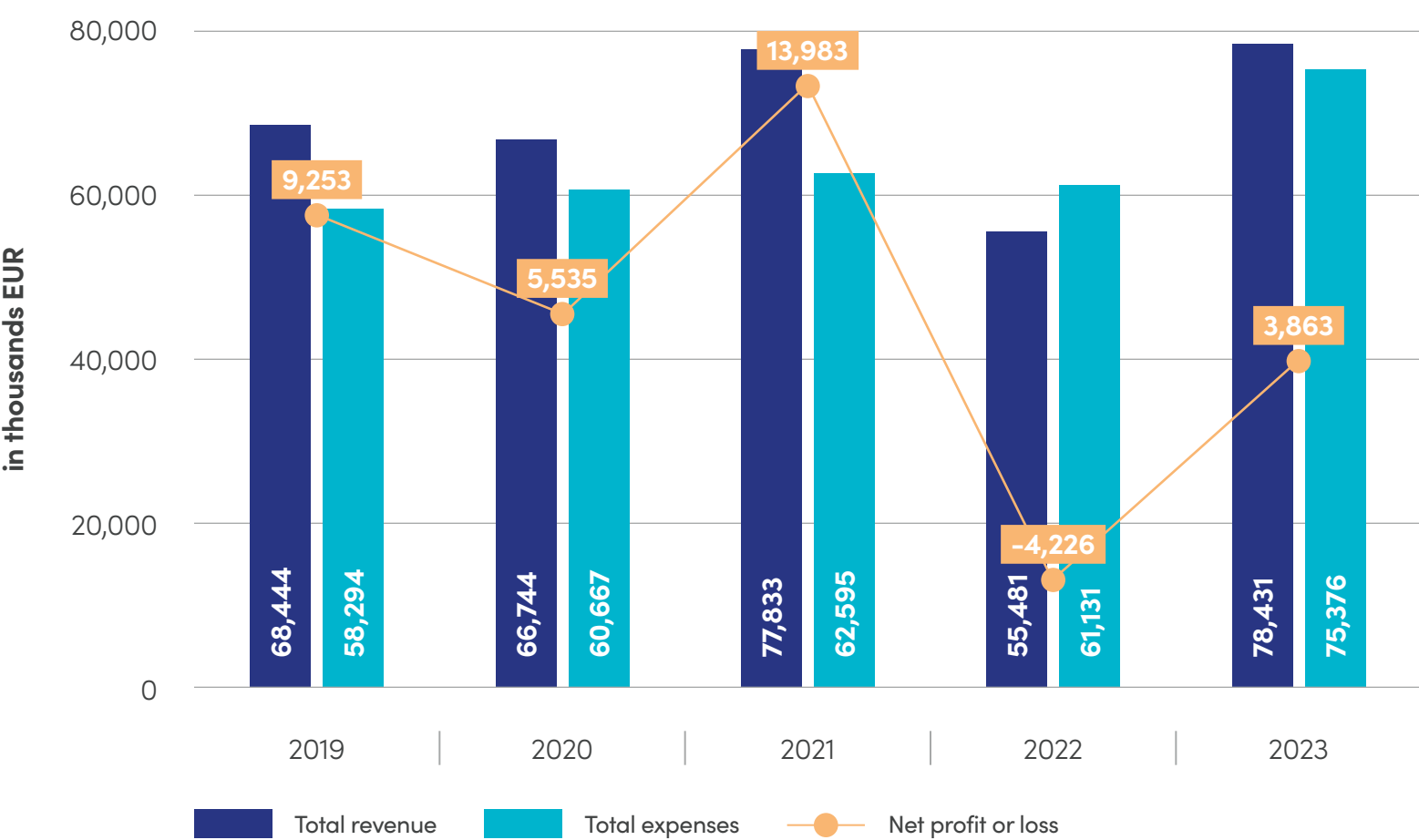
3,072,712, of this, revenue from services to customers was EUR 2,418,950, which is 20% more than the planned ones for 2023. The majority of them, as much as 60.7%, were achieved through the construction of MV and LV facilities. The added value from customer services is EUR 1,225,404 which is 35.2% higher than planned (EUR 906,647).

Revenue from capitalised own products and services was EUR 21,670,306 (8.1% more than planned) and represents 69.4% of investments. The value added in investment implementation amounted to EUR 8,598,538 and is 1.7% lower than planned (EUR 8,747,578).

Other operating revenue (EUR 3,671,550) compared to planned ones includes several received compensations, mainly for the elimination of adverse weather consequences (EUR 1,444,053, which is EUR 1.2 million more than planned), and also includes received government subsidies (EUR 462,000, of which the received advance payment of state aid for flood damage elimination amounts to EUR 459,100). Revaluation operating revenues, achieved through the sale of dismantled materials and fixed assets, were realized in the amount of EUR 91,222, which is EUR 228,778 less than the planned value. The revenue from salary refunds is also lower than planned (by EUR 160,105).

After deducting the income tax from the profit (EUR 253,649) and considering deferred tax assets (EUR 1,062,279), Elektro Celje's net business result for 2023 is a profit of EUR 3,863,300 (71.4% of the planned amount for 2023).

Total revenues, total expenses and net profit or loss



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Elektro Celje's **Operating Expenses** amounted to EUR 73,891,114, which is 7.3% more than the planned for 2023.

Costs of materials and services amounting to EUR 23,860,893 are 15.5% higher than planned. The majority of the expenses (EUR 13,071,768) pertain to material costs for investments, which, due to a larger volume of investments performed by the Company itself and higher prices, exceed the planned amount by EUR 1.8 million. A significant share of the material and service costs also comprises costs for maintaining fixed assets (13.7%), insurance pre-

miums (3.9%), IT and information service costs (5.9%), material and service costs for services provided to customers (5%), and costs for remedying damage events (3.6%).

Costs of materials and services for maintaining fixed assets are also higher than planned (by EUR 344,551), as are the costs for services provided to customers (by EUR 83,644) and for damage remediation (by EUR 605,290). Energy costs were also higher than planned (by EUR 171,772), due to Annexes 1 and 2 costs of services from the company Informatika (by EUR 66,531), consultancy costs

(by EUR 49,308), legal and notary services (by EUR 57,997), membership fees (by EUR 42,398), and also other service costs.

Lower than planned were primarily the costs of postal services (by EUR 46,908) and due to a received bonus recognized by the insurance company based on the loss result for 2022, insurance premium costs (by EUR 37,212), and mainly due to the planned service for a pilot project, which will be carried out only next year, also the costs of other intellectual services (by EUR 120,535).

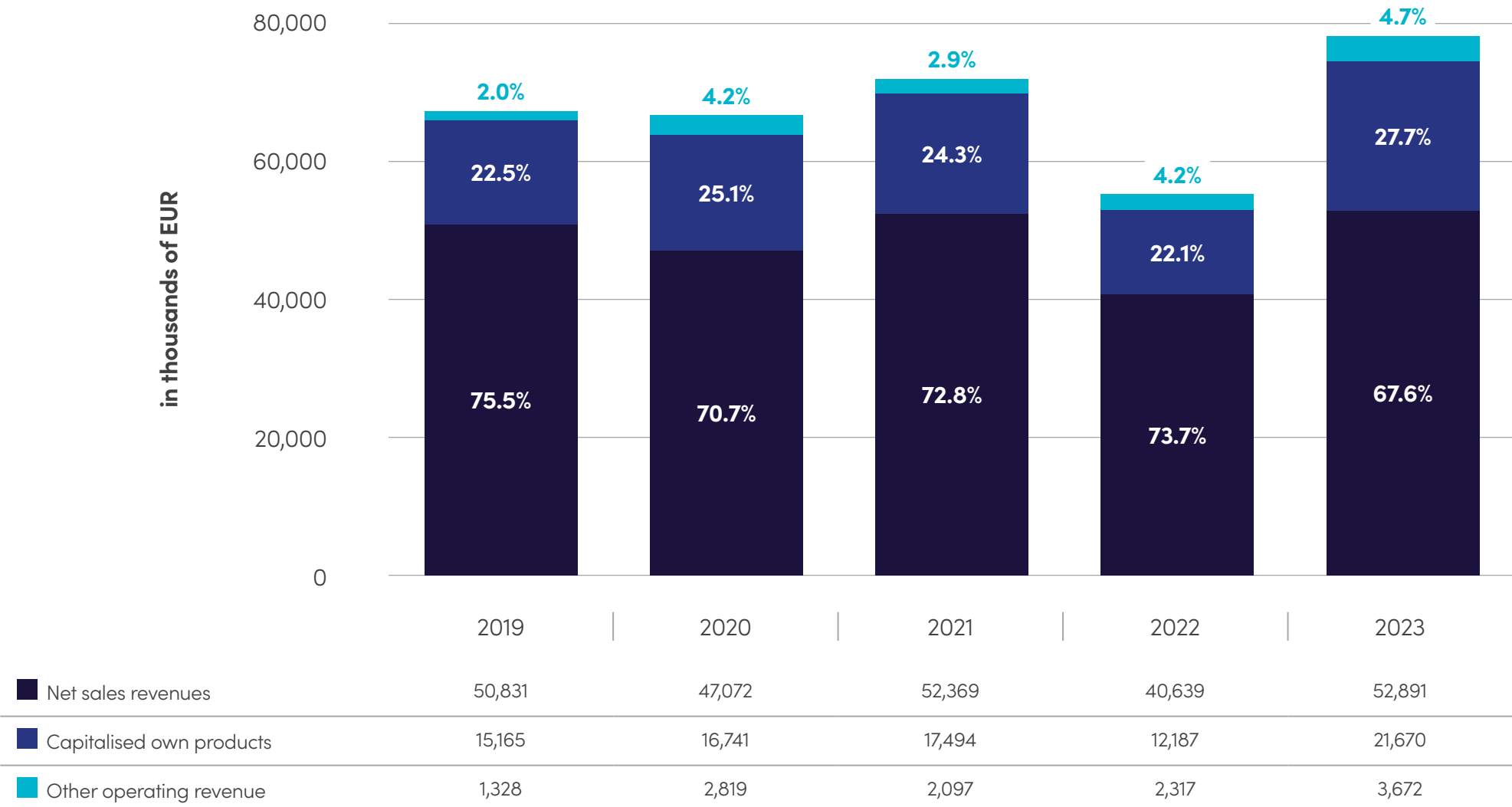
The costs of energy infrastructure maintenance for 2023 amount to EUR 21,256,815, which is 26.9% higher than planned.

Labour costs, totalling EUR 30,037,667, exceed the planned amount by 4.7% (EUR 28,694,600). These costs include payments outlined in Article 110c of the Company Collective Agreement: 70% of the average individual's salary based on performance indicators, plus a reward equal to the minimum wage (totalling EUR 2,086,436). The higher costs also stem from additional expenses such as transportation to and from

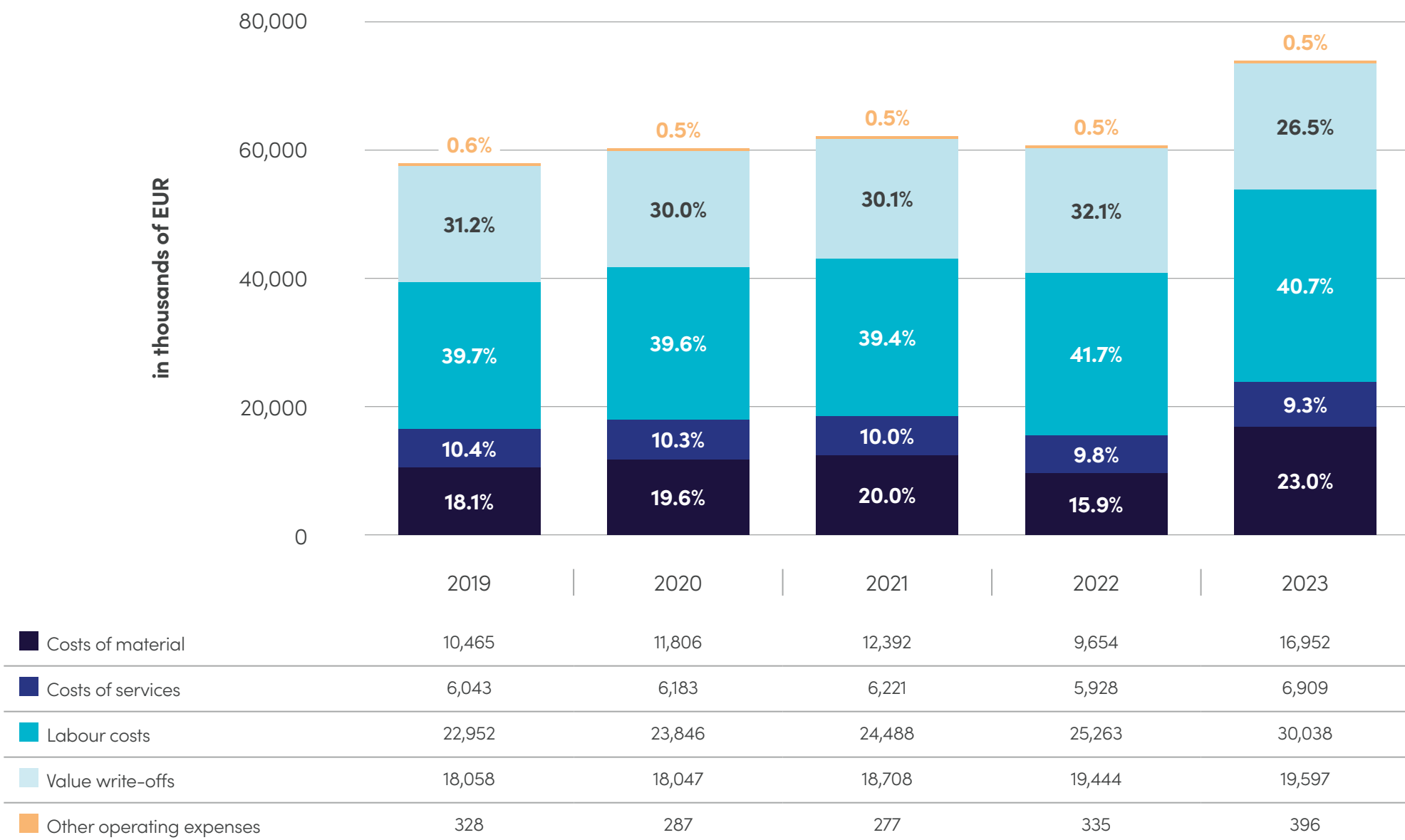
work, meals, allowances, and overtime incurred in addressing damage events.

The estimated salary costs from unused annual leave for 2023 amounted to EUR 797,323, which was higher by EUR 129,413 compared to planned (EUR 667,910). Additionally, costs for pension reserves, anniversary awards, and solidarity aid were higher than planned (EUR 300,000), totalling an increase of EUR 181,564. Meanwhile, the increase in transportation and meal expenses amounted to EUR 78,246.

Value and structure of operating income



Value and structure of operating expenses



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Value write-offs (EUR 19,596,527) include depreciation costs (EUR 18,836,929), adjustments to the value of inventories and receivables (EUR 12,711), and the revaluation of operating expenses on fixed assets related to losses due to the elimination or sale of fixed assets (EUR 746,887). The latter are more than expected due to an adjustment in the asset depreciation method in the new D365 Information Support. The effects of damaging events resulted in the write-off of fixed assets of EUR 264,198 in 2023; write-offs of EUR 82,050 were associated with public and street lighting.

Other operating expenses in the amount of EUR 396,027 are 18.1% higher than planned, primarily as a result of higher costs for personnel scholarships (by EUR 28,108) and higher costs for compensation for building land (by EUR 6,426).

Revenue and Financing Expenses
Financial revenues (EUR 89,159) mainly consist of financial revenues from interest on deposits (EUR 66,921) and receivables for network charges and services (EUR 14,838). Dividends received from Zavarovalnica Triglav, d.d. amounted to EUR 7,400.

Financial expenses (EUR 1,414,785) include expenses for interest on provisions for severance payments and anniversary awards (EUR 221,242, which is EUR 129,242 more than planned) and interest on borrowed funds (EUR 1,169,410), which is EUR 5,370 lower than planned. Compared to the same period of the previous year, they are higher due to the increased level of borrowed funds and movement in the EURIBOR reference interest rates (by EUR 802,000).

Other revenues from extraordinary activities amounted to EUR 108,421 and exceeded the planned amount by EUR 102,231, primarily due to a successful lawsuit in the Supreme Court (EUR 103,675).

Other expenses from extraordinary activities (EUR 70,256) exceeded the planned amount by 15.9%, primarily due to higher donations (by EUR 8,740) and higher rents and regression claims (by EUR 1,929).

Capital Assets and Financial Situation

On December 31, 2023, Elektro Celje's Balance Sheet amounted to EUR 323,312,938, which is 5.2% higher compared to the amount on December 31, 2022.

Financial Revenue and Expenses (in EUR)					
	2019	2020	2021	2022	2023
Financial revenue	1,067,415	103,654	5,870,226	318,532	89,159
Financial expenses	413,001	369,028	432,084	419,702	1,414,785
Net financial profit or loss	654,414	−265,374	5,438,142	−101,170	−1,325,626

Assets (in EUR)					
	December 31, 2023	Share (in %)	December 31, 2022	Share (in %)	Index 2023/2022
Long-term assets	303,172,515	93.8%	291,686,370	94.9%	103.9
Intangible assets and long-term accrued revenue and deferred expenses	4,678,438	1.4%	4,728,257	1.5%	98.9
Tangible fixed assets	288,652,473	89.4%	277,064,615	90.2%	104.2
Long-term financial investments	4,925,583	1.5%	4,924,991	1.6%	100.0
Long-term operating receivables	1,065,229	0.3%	2,169,957	0.7%	49.1
Deferred tax assets	3,850,792	1.2%	2,798,550	0.9%	137.6
Short-term assets	19,483,480	6.0%	15,083,723	5.0%	129.2
Assets held for sale	66,304	–	148,354	–	44.7
Inventories	4,574,788	1.4%	2,403,401	0.8%	190.3
Short-term operating receivables	10,890,051	3.4%	11,965,542	4.0%	91.0
Cash	3,952,337	1.2%	566,426	0.2%	697.8
Short-term accrued revenue and deferred expenses	656,943	0.2%	431,628	0.1%	152.2
Total assets	323,312,938	100.0%	307,201,721	100.0%	105.2

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Tangible fixed assets, which represent an 89.4% share of all assets, increased by EUR 11.6 million or 4.2%. Within **long-term financial investments**, investments are reported in the subsidiary Elektro Celje OVI (100% stake), the affiliated companies ECE (36.42% stake) and Informatika (16.57 stakes), Stelkom d. o. o. (7.68% stake), and shares of Zavarovalnica Triglav d. d. (2,960 shares). The latter were revalued due to a higher stock price compared to the book value on December 31, 2023, resulting in a revaluation of EUR 592.

Long-term receivables due from ELES at the end of 2023 amounted to EUR 1.1 million (compared to EUR 2.2 million on December 31, 2022) and will be gradually settled in 2025.

Among the **means of sale** worth EUR 66,304 there are public lighting assets, for which negotiations with municipalities regarding their sale or non-repayable transfer of ownership to municipalities are still ongoing. In 2023, agreements were concluded for the sale of public lighting to the Municipal-

ity of Radlje (valued at EUR 42,207) and the Municipality of Dravograd (valued at EUR 7,257, while the non-repayable portion was written off).

On December 31, 2023, **Inventories** were higher than planned by EUR 2.6 million, which is the result of increased investment expenditures in 2024 and higher purchase prices. The average inventory binding days in 2023 were 92 days, which is 5 days less than in 2022.

On December 31, 2023, **cash assets** included funds in the bank account (EUR 3,952,337). On May 18, 2023, the Company unexpectedly received non-repayable funds for the implementation of the GreenSwitch Project that amounted to EUR 5,093,275 (pre-financing).

The **short-term accruals** on December 31, 2023, are primarily comprised of non-invoiced revenues from the Distribution System Operator's activities (EUR 314,223), no yet invoiced projects to customers from rendered market services (EUR 113,094) as well as pre-charged costs. (EUR 159,613).

The Capital of the Company on December 31, 2023, amounted to EUR 232,684,711, while the book value of the share was EUR 9.62.

The value of **reservations and long-term accrued expenses and deferred revenues**, (EUR 21,651,421) also includes non-repayable EU funds received in 2023 for the GreenSwitch Project (EUR 5.1 million), intended for settling the incurred costs and expenses of the project, which is scheduled to commence implementation in 2024.

As of December 31, 2023, **financial liabilities** amounted to EUR 54,776,809, with the Company's total liabilities to banks amounting to EUR 54,079,584. This represents a 15.5% increase over the loan balance at the end of 2022.

The majority of **short-term accrued expenses and deferred revenues** consisted of the accrued costs of unused annual leave for the year 2023 (EUR 797,323).

Cash Flow Statement

Cash flow (in EUR)		
	2023	2022
Net operating cash flow	7,184,759	226,146
Net investing cash flow	-9,702,054	-7,587,364
Net financing cash flow	5,903,206	6,492,290
Change in net cash and cash equivalents	3,385,911	-868,928

Elektro Celje's cash assets increased by EUR 3,385,911 in 2023. On January 1, 2023, the cash assets amounted to EUR 566,426, and EUR 3,952,337 on December 31, 2023.

The cash flow result from operations compared to the cash flow result at the end of 2022 includes receipts of non-repayable funds from the European Union (EUR 5.1 million) and higher receipts from the Distribution System Operator, which were lower in 2022 due to the adoption of the Intervention Law. Deviations in expenditures for repayments of financial obligations in financing cash flow compared to the previous year are also the result of credit drawdowns due to lower inflows from operations in 2022.

In 2023, loan drawdowns amounted to EUR 30,050,000 (EUR 16,700,000 in investment loans and EUR 13,350,000 in revolving credit), repayments were EUR 22,788,154 (EUR 9,438,154 in investment loans and EUR 13,350,000 in revolving credit), and interest payments amounted to EUR 1,358,640. In 2023, the weighted interest of investment loans was 2.884%. on average.

Equity and liabilities (in EUR)					
	December 31, 2023	Share (in %)	December 31, 2022	Share (in %)	Index 2023/2022
Equity	232,684,711	72.0%	228,725,997	74.4%	101.7
Provisions and long-term accrued expenses and deferred revenue	21,651,421	6.7%	17,391,780	5.7%	124.5
Long-term liabilities	42,638,660	13.1%	38,387,901	12.5%	111.1
Short-term liabilities	25,528,529	7.9%	20,033,842	6.5%	127.4
Short-term accrued expenses and deferred revenue	809,617	0.3%	2,662,201	0.9%	30.4
Equity and liabilities (total)	323,312,938	100.0%	307,201,721	100.0%	105.2

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Business Indicators

Due to the disastrous weather events (snowfall, windstorms, floods) that occurred in 2023, the indicators of electricity supply quality (**SAIDI 31.29** and **MAIFI 7.31**) are worse than the planned values, while the SAIFI indicator of **0.53** is more favourable.

In 2023, the **distributed quantity of electricity** amounted to **1,768,451 MWh** (27,084 MWh less than planned). Losses amounted to **78,510 MWh** or **4.44%** of the distributed quantities, exceeding the value recognised by the Energy Agency for 2023 (4.19%) by 0.25 percentage

points. The following events had the greatest impact on the higher percentage of losses:

- Annual charging for connected self-sufficient power plants, leading to both reduced billed realizations and losses on the distribution network.
- Significant reduction in electricity consumption by major industrial users.
- Emergency situation on the distribution network in August: many metering devices were damaged in flood-affected areas, therefore, electricity consumption was not measured until the consequences of the disaster were mitigated.

Given the lower volume of distributed electricity than the planned one (by 1.5%) and higher operating costs of regulated activities (by 8.2%), the indicator **OPEX for distributed EE** exceeds the planned value (by 2.5 percentage points).

The **EBITDA margin** at **30.6%** is 3.7 percentage points lower than planned for 2023. The deviation is primarily attributable to higher costs, particularly because of adverse weather events and increases in prices of materials, services, and energy. As a result, both the **ROA** (by 0.5 percentage points) and ROE (by 0.7 percentage points) indicators are also lower than the planned values.



Considering the lower net financial debt (excluding cash assets), **Net financial debt/EBITDA (EUR 2.12)** is 0.3 percentage points more favourable than planned).

The **gross value added per employee** amounted to **EUR 83,564** and is EUR 2,407 lower than planned for 2023, primarily due to the higher average number of employees per hour (by 11 employees).

Since the investment plan was exceeded by 3.4% at the end of 2023, the **CAPEX in net sales revenue (59%)** is 2.1 percentage points higher than planned (56.9%).

PERFORMANCE INDICATORS for Elektro Celje, d. d.

A. FINANCING INDICATORS (INVESTMENTS)

in EUR	December 31, 2020	December 31, 2021	December 31, 2022	Plan 2023	December 31, 2023	Graphical comparison
Equity	222,482,388	234,602,568	228,725,997	231,811,439	232,684,711	
Liabilities	293,952,609	305,377,920	307,201,721	323,173,300	323,312,938	
Equity financing rate	75.69%	76.82%	74.45%	71.73%	71.97%	
Sum of equity and long-term debt (including reserves) and long-term accrued expenses and deferred revenue	273,521,867	282,863,912	284,505,678	300,699,494	296,974,792	
Liabilities	293,952,609	305,377,920	307,201,721	323,173,300	323,312,938	
Long-term financing rate	93.05%	92.63%	92.61%	93.05%	91.85%	

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B. INVESTMENT INDICATORS

in EUR	December 31, 2020	December 31, 2021	December 31, 2022	Plan 2023	December 31, 2023	Graphical comparison
Fixed assets (book value)	266,511,447	276,712,483	277,064,615	288,612,726	288,652,473	
Assets	293,952,609	305,377,920	307,201,721	323,173,300	323,312,938	<div><div></div><div></div><div></div><div></div><div></div></div>
Fundamental investment rate	90.66%	90.61%	90.19%	89.31%	89.28%	
Fixed assets plus long-term accrued revenue and deferred expenses (book value), investment property, long-term investments and long-term trade receivables	276,523,592	289,153,023	288,887,820	304,055,109	299,321,723	
Assets	293,952,609	305,377,920	307,201,721	323,173,300	323,312,938	<div><div></div><div></div><div></div><div></div><div></div></div>
Long-term investment rate	94.07%	94.69%	94.04%	94.08%	92.58%	
in EUR	2020	2021	2022	Plan 2023	2023	Graphical comparison
Realised investments	25,985,631	27,708,146	20,276,367	30,200,000	31,214,035	
Planned investments	25,000,000	26,000,000	19,300,000	30,200,000	30,200,000	<div><div></div><div></div><div></div><div></div><div></div></div>
Investment realisation rate	103.94%	106.57%	105.06%	100.00%	103.36%	
Investing cash flow	25,985,631	27,708,146	20,276,367	30,200,000	31,214,035	
Net sales revenues	47,072,367	52,368,583	40,639,370	53,107,066	52,891,389	<div><div></div><div></div><div></div><div></div><div></div></div>
CAPEX in net revenue from sales*	55.20%	52.91%	49.89%	56.87%	59.02%	

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C. HORIZONTAL FINANCIAL STRUCTURE INDICATORS

in EUR	December 31, 2020	December 31, 2021	December 31, 2022	Plan 2023	December 31, 2023	Graphical comparison
Equity	222,482,388	234,602,568	228,725,997	231,811,439	232,684,711	
Fixed assets (book value)	266,511,447	276,712,483	277,064,615	288,612,726	288,652,473	
Equity to operating fixed assets ratio	0.835	0.848	0.826	0.803	0.806	
Liquid assets	597,812	1,435,354	566,426	1,650,000	3,952,337	
Short-term liabilities	18,723,115	21,760,123	20,033,842	22,019,806	25,528,529	
Immediate solvency ratio of short-term liabilities (quick ratio)	0.032	0.066	0.028	0.075	0.155	
Sum of liquid assets and short-term receivables	10,506,120	11,173,697	12,531,968	15,485,373	14,842,388	
Short-term liabilities	18,723,115	21,760,123	20,033,842	22,019,806	25,528,529	
Accelerated solvency ratio of short-term liabilities (accelerated ratio)	0.561	0.513	0.626	0.703	0.581	

D. ECONOMIC INDICATOR

in EUR	2020	2021	2022	Plan 2023	2023	Graphical comparison
Operating revenue	66,632,315	71,959,696	55,143,389	75,579,905	78,233,245	
Operating expenses	60,168,454	62,085,110	60,624,196	68,857,805	73,891,114	
Operating efficiency ratio	1.107	1.159	0.910	1.098	1.059	

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E. PROFITABILITY INDICATORS

in EUR	2020	2021	2022	Plan 2023	2023	Graphical comparison
EBITDA	24,511,297	28,582,243	13,962,710	25,896,695	23,938,658	
Gross operating return	66,632,315	71,959,696	55,143,389	75,579,905	78,233,245	
EBITDA margin*	36.79%	39.72%	25.32%	34.26%	30.60%	
EBIT	6,463,861	9,874,586	-5,480,807	6,722,100	4,342,131	
Gross operating return	66,632,315	71,959,696	55,143,389	75,579,905	78,233,245	
EBIT margin	9.70%	13.72%	-9.94%	8.89%	5.55%	
Net profit or loss	5,535,289	13,983,238	-4,226,339	5,411,200	3,863,300	
Average equity	221,195,918	228,542,478	231,664,283	229,395,541	230,705,354	
Net return on equity ratio (ROE)*	2.50%	6.12%	-1.82%	2.36%	1.67%	
Net profit or loss	5,535,289	13,983,238	-4,226,339	5,411,200	3,863,300	
Assets average balance	292,212,146	299,665,265	306,289,821	314,430,032	315,257,330	
Return on assets (ROA)*	1.89%	4.67%	-1.38%	1.72%	1.23%	
in EUR	December 31, 2020	December 31, 2021	December 31, 2022	Plan 2023	December 31, 2023	Graphical comparison
Sum of dividends for the fiscal year	2,934,605	1,741,676	2,147,272	0	0	
Average share capital	125,954,146	150,955,090	150,955,090	150,955,090	150,955,090	
Dividends according to share capital ratio	0.023	0.012	0.014	0.000	0.000	
Dividend paid out in the year	2,934,605	1,741,676	2,147,272	0	0	
Average equity	221,195,918	228,542,478	231,664,283	229,395,541	230,705,354	
Dividend to equity ratio	1.33%	0.76%	0.93%	0.00%	0.00%	

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F. LABOUR PRODUCTIVITY INDICATOR

in EUR	2020	2021	2022	Plan 2023	2023	Graphical comparison
Gross added value	48,356,804	53,070,361	39,226,166	54,591,295	53,976,325	
Average no. of employees from hours (with refund hours)	605.73	626.35	621.89	635.00	645.93	
Gross added value per employee*	79,832	84,730	63,076	85,971	83,564	

G. TECHNICAL INDICATORS AND INDEXES

SAIDI (System Average Interruption Duration Index)* - unplanned interruptions - own cause	30.67	26.34	24.40	28.00	31.29	
SAIFI (System Average Interruption Frequency Index)* - unplanned interruptions - own cause	0.65	0.63	0.59	0.68	0.53	
MAIFI (Momentary Average Interruption Frequency Index)*	3.26	1.95	2.03	2.90	7.31	
SAIDI (System Average Interruption Duration Index) - planned interruptions - own cause	133.52	126.52	142.87	149.00	114.75	
SAIFI (System Average Interruption Frequency Index) - planned interruptions - own cause	0.88	0.80	0.91	0.95	0.72	

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G. TECHNICAL INDICATORS AND INDEXES

in EUR	2020	2021	2022	Plan 2023	2023	Graphical comparison
Losses (MWh)	84,008	83,366	80,626	75,233	78,510	
Distributed electricity (MWh)	1,952,512	1,975,237	1,913,720	1,795,535	1,768,451	
Losses on distributed electricity	4.30%	4.22%	4.21%	4.19%	4.44%	
Energy supplied in the time interval (MW)	232	235	228	238	211	
Peak power in the time interval (MW)	343	348	352	352	344	
LF (Load Factor)	0.68	0.68	0.65	0.67	0.61	
Distributed electricity (MWh)	1,952,512	1,975,237	1,913,720	1,795,535	1,768,451	
Standardised network length (km)	587	589	590	596	594	
Power distribution per standardised network length	3,325	3,356	3,242	3,013	2,977	
in EUR	2020	2021	2022	Plan 2023	2023	Graphical comparison
Number of connection approvals issued by consumer category						
– MV (1–35 kV)	35	80	145	80	120	
– 0.4 kV measured power	138	215	327	313	385	
– 0.4 kV without measured power	814	744	923	897	794	
– households	3,550	3,652	4,589	4,678	3,191	
– EV charging	2	2	10	11	9	
Standardised network length (km)	587	589	590	596	594	
Number of employees	629	623	612	635	639	
Standardized network length per employee	0.93	0.94	0.96	0.94	0.93	

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H. TECHNICAL ECONOMIC INDICATORS OF REGULATED ACTIVITY

Operating expenses of regulated activity (in EUR)	40,957,514	42,205,099	45,292,203	45,719,751	49,453,096	
Distributed electricity (MWh)	1,952,512	1,975,237	1,913,720	1,795,535	1,768,451	
OPEX on distributed electricity*	20.98	21.37	23.67	25.46	27.96	
Operating expenses of regulated activity (in EUR)	40,957,514	42,205,099	45,292,203	45,719,751	49,453,096	
Standardised network length (km)	587	589	590	596	594	
OPEX per standardized network length	69,741	71,710	76,721	76,711	83,253	
Regulated activity investments (in EUR)	25,592,207	27,438,707	20,017,269	30,056,211	30,970,526	
Distributed electricity (MWh)	1,952,512	1,975,237	1,913,720	1,795,535	1,768,451	
Investments in distributed electricity power	13	14	10	17	18	
Labour costs of regulated activity (In EUR)	16,603,790	16,723,261	18,701,616	19,551,051	21,588,344	
Number of consumers	173,859	175,027	175,982	176,430	177,114	
Labour costs per consumer (in EUR)	96	96	106	111	122	
Operating revenue of regulated activity (EUR)	47,144,564	52,270,516	39,905,387	53,100,092	53,774,343	
Distributed electricity (MWh)	1,952,512	1,975,237	1,913,720	1,795,535	1,768,451	
Operating revenue per distributed electricity energy	24	26	21	30	30	

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I. INDICATORS OF COMPLIANCE WITH BANK COMMITMENTS

in EUR	December 31, 2020	December 31, 2021	December 31, 2022	Plan 2023	December 31, 2023	Graphical comparison
Financial debt	39,324,681	37,874,384	47,448,292	64,128,892	54,776,809	
Average equity	221,195,918	228,542,478	231,664,283	229,395,541	230,705,354	
Financial debt/equity ratio**	0.178	0.166	0.205	0.280	0.237	
Net financial debt	38,726,869	36,439,030	46,881,866	62,478,892	50,824,472	
EBITDA	24,511,297	28,582,243	13,962,710	25,896,695	23,938,658	
Net financial debt/EBITDA ratio**	1.580	1.275	3.358	2.413	2.123	
Financial debt	39,324,681	37,874,384	47,448,292	64,128,892	54,776,809	
Equity	222,482,388	234,602,568	228,725,997	231,811,439	232,684,711	
Financial debt/equity ratio***	0.177	0.161	0.207	0.277	0.235	
Financial debt	39,324,681	37,874,384	47,448,292	64,128,892	54,776,809	
EBITDA	24,500,886	28,576,741	13,958,548	25,855,195	23,925,947	
Financial debt/EBITDA ratio***	1.605	1.325	3.399	2.480	2.289	
EBITDA	24,500,886	28,576,741	13,958,548	25,855,195	23,925,947	
Financial expenses from financial liabilities	297,980	408,643	373,132	1,175,280	1,193,543	
EBITDA/financial expenses from financial liabilities' ratio***	82	70	37	22	20	

* The selected indicators for SSH for the year 2023 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.

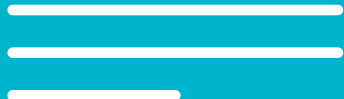
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In Balance between Man, Technologies and Nature

2023 saw Elektro Celje make a concerted effort to put all of the strategic objectives of the development of sustainability into practice. In addition to minimising the impact on the environment, these include the economic and managerial facets of operations, as well as accountability to employees and other stakeholders in our business environment. We follow broader international guidelines and operate transparently at all levels, which among other things is validated by the certificates we have been given. Our goal is to set a positive example for sustainable transformation and improve people's quality of life through our successful projects.

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Sustainable 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 in the **Non-Financial Statement** 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 power 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 d.o.o.. 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.

In October, the Government of the Republic of Slovenia approved the merger of SODO d. o. o., an electrical distribution operator, with ELES d. o. o., a transmission electricity network operator. Following the merger on October 2, 2023, ELES, d. o. o. became the full le-

gal successor of SODO d. o. o., entirely complying with the Companies Act and assuming all of its activities, assets, employees, and contracts. After the merger, ELES, d.o.o. became the operator of a combined system, resulting in a change in the company's name to "ELES, d. o. o., Combined Transmission and Distribution Electricity Network Operator".

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 sustainable aspect of business is presented in Section [Sustainable Reporting](#).

The adopted business and security policies of Elektro Celje direct the Company's operations. They are presented below, and their content is publicly available on the website www.elektro-celje.si.

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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.



Governance Policy 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 the Subsidiary 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 performance;
- formation of Supervisory Board Commissions and definition of their roles;
- system of distribution of liabilities and powers among members of the Com-

pany's Management and Supervisory Boards;

- rules among companies, 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. Regular checks are conducted through supervisory institutions, and success is measured by deviations in financial and non-financial performance indicators.

Management Policy outlines the attitude toward 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 Company's website.

In its broadest sense, **Security Policy** means controlling identified risks 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 Standard 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 Standard 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 Standard, we ensure the consistency of systems.

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Environment

Environmental Management Policy obligates us to ensure that the 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 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 evaluation is implemented.

- The Company manages environmental risks by:
- a periodic evaluation of compliance with environmental legislation and accordance with the ISO 14001 Standard:
 - 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 assessments of the Environmental Management System, taking preventive and corrective measures as well as 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. Fire hazard assessments have been prepared for all commercial and electrical power buildings. At business facilities with at least a moderate fire hazard, 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 emergencies.

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 us-

ing cogeneration provided by the subsidiary Elektro Celje OVI. The Company is registering a positive trend in effectively reducing its consumption of gas and heat. 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 following the criteria of so-called "green public procurement" with environmentally friendly 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 positioning electricity facilities, thereby increasing the share of electricity network installations.

The carbon footprint for 2023 was calculated using 2021 as the initial/reference year for determining the progress in managing the carbon footprint at Elektro Celje.

According to item 1.2.1 of Annex I of the Commission Delegated Regulation (EU) 2021/2139 dated July 6, 2021, we provide calculations of indicators and disclosures in Section [Elektro Celje Report According to the EU Taxonomy for 2023](#).



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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 by the Human Resources Strategy, which defines Human Resources' key goals and processes, 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 sustainabil-

ity 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 more detail in Section [Employment](#).

Since knowledge and excellence are key values, we provide opportunities for our employees to further their education and grow (as described in Section [Employee Development and Training Implementation](#)).

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 good partnership relations 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.

Main Personnel Risks and their
Management

In addition to the main personnel risks in 2023, which are presented in the Section on [Risk Management](#), occupational health and safety risks are also important.

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, while the results obtained serve as the basis for future improvements.

Proportion of Temporary Workers

The majority of employees (92%) 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. To attract enthusiastic, ambitious, and motivated individuals to our work environment, we offer the opportunity for secondary school and university students to undertake practical training and internships. In case of positive results, we also offer the possibility of subsequent employment.

Staff Turnover

We have a low turnover rate at the Company (6.2% in 2023), which still 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, which is presented in detail in the Section [Employee Structure](#).

Even though 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 can 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 Policy, determines the diversity of the Supervisory Board composition. The Human Resources Committee of the Supervisory Board oversees policy implementation and reports to the Supervisory Board.

Elektro Celje's Management Board 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.

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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 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.

Considering 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 Company manages the risk to the safety and health of all employees with:

- 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 following the requirements of ISO 45001:2018 Standard,
- implementing measures according to 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 2023, we recorded 7 minor accidents at work in the work environment and 10 dangerous events, 2 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 performed preventive medical examinations in cooperation with occupational medicine contractors based on 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 implemented the required measures related to the inspections of Fire Protection means and equipment.

Employees who work in the field are given preventive vaccinations against tick-borne meningoencephalitis. In addition, we also inform employees about

the possibility of vaccination against flu.

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

Human Rights Respect Policy

We are committed to respecting Human Rights throughout the entire business process as well as avoiding and preventing any possible negative impacts on 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 our consumers 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).

Fight Against Corruption and Bribery

Corporate Integrity Policy has been established within the framework of Elektro Celje's Code of Ethics, which complies with the Slovenian Corporate Integrity Guidelines. The Corporate Integrity System follows the guidelines of Standards ISO 37001 for Corruption Prevention and ISO 37301 for Compliance Management Systems. 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 following relevant legal regulations and standards, and increase operational efficiency and effectiveness.

The establishment of an internal reporting mechanism pursuant to the Whistle-blower Protection Act is detailed in [Section Corporate Integrity and Code of Ethics](#).

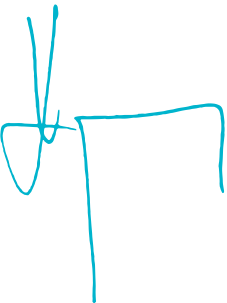
Corporate Integrity and associated risks are included in the Risk Management System and incorporated into the Risk Register, where they are identified, assessed, and managed using the suggested measures. With the assistance of the Corporate Integrity Manager, a mechanism is in place for regular and comprehensive 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 Integrity Risk is

defined as any unfair or illegal conduct by employees that is contrary to the law, good business practices, 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



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Elektro Celje Report according to the EU Taxonomy for 2023

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 6th July 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.

Company Elektro Celje's Sustainability-Oriented Strategy

Elektro Celje's strategy is sustainability-oriented. 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. The Company is committed to integrating sustainability principles as much as possible into its business processes.

Elektro Celje reports on sustainable development and social responsibility in the Annual Report, specifically in Section [Sustainable Reporting](#), in accordance with GRI Standards.

Identification of Activities Aligned with the EU Taxonomy

For the definition of coordinated activities, Elektro Celje conducted a comprehensive review of its activities and, based on available reporting attributes, identified those that can significantly contribute to climate change adaptation and mitigation of its consequences under the EU taxonomy.

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

Key indicators are calculated based on definitions from Annex I and displayed using the formats specified 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.

We have identified the essential contribution to climate change mitigation through the following activities listed in Annex I of Commission Delegated Regulation (EU) 2021/2139:

- 1. Infrastructure or equipment for transmission or distribution is a part of an electric power system that meets the following criteria:**
- 1 (a) the system is an interconnected European system, i.e., interconnected areas of control of the Member States, Norway, Switzerland, and the United Kingdom, and its subordinate systems;
 - 1 (b) more than 67% of the newly enabled production capacity in the sys-

tem 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 about 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 distribution transformer stations or power supplies, and voltage regula-

tion 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 under 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.

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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 revenues from taxonomically unacceptable activities. The denominator includes total net sales revenue.

Share of revenues from products and services related to economic activities aligned with the EU Taxonomy – disclosure for 2023																							
Economic operations (1)			Revenue in absolute terms (3)	Revenue share (4)	Criteria for a substantial contribution						Criteria for non-significant damage						Minimum safeguards (17)	Share of taxonomy-aligned revenue, 2023 (18)	Share of taxonomy-aligned revenue, 2022 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)		
Tags (2)					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)							
		EUR	%	%	%	%	%	%	YES/NO	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	52,132,240	98.6	100.0	0.0	0.0	0.0	0.0	0.0	irrelevant	YES	irrelevant	YES	YES	YES	YES	98.6	98.4	O	irrelevant			
Revenue from environmentally sustainable activities (aligned with taxonomy) (A.1)		52,132,240	98.6	100.0	0.0	0.0	0.0	0.0	0.0							98.6	98.4						
A.2 Activities eligible for taxonomy but not environmentally sustainable (activities not aligned with taxonomy)																							
Transmission and distribution of electricity	4.9	100,150	0.2																				
Revenue from activities eligible for taxonomy but not environmentally sustainable (activities not aligned with taxonomy) (A.2)		100,150	0.2															0.2	0.2				
Total (A.1 + A.2)		52,232,390	98.8															98.8	98.6				
B. ACTIVITIES INELIGIBLE FOR TAXONOMY																							
Revenue from activities ineligible for taxonomy (B)		658,999	1.2																				
Total (A + B)		52,891,389	100.0																				

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Investments in Fixed Assets

To calculate the share of investments in fixed assets (CAPEX) in environmentally sustainable activities (aligned with the Taxonomy), we considered the value of investments in fixed assets from activi-

ties that are currently included in the EU Taxonomy and meet the technical criteria for review. For calculating the share of investments in fixed assets (CAPEX) in activities that are eligible for the Taxon-

omy but are not environmentally sus-tainable (activities not aligned with the Taxonomy), we considered the value of investments in fixed assets from activi-ties 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 the delegated acts according to 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 fixed assets from activities not eligible for the Taxonomy. The denominator includes total investments in fixed assets.

Share of investments in fixed assets for products or services related to economic activities aligned with the Taxonomy – disclosure for 2023

Economic operations (1)			Criteria for a substantial contribution							Criteria for non-significant damage							Minimum safeguards (17)	Share of investments in fixed assets according to taxonomy, 2023 (18)	Share of investments in fixed assets according to taxonomy, 2022 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
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)							
	EUR	%	%	%	%	%	%	%	YES/NO	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	28,368,180	90.9	100.0	0.0	0.0	0.0	0.0	0.0	irrelevant	YES	irrelevant	YES	YES	YES	YES	90.9	78.2	O	irrelevant	
Investments in fixed assets in environmentally sustainable activities (aligned with taxonomy) (A. 1)		28,368,180	90.9	100.0	0.0	0.0	0.0	0.0	0.0								90.9	78.2			
A.2 Activities eligible for taxonomy but not environmentally sustainable (activities not aligned with taxonomy)																					
Transmission and distribution of electricity	4.9	1,825,287	5.8																		
Investments in fixed assets in activities eligible for taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A. 2)		1,825,287	5.8													5.816.1					
Total (A.1 + A.2)		30,193,467	96.7													96.794.3					
B. ACTIVITIES INELIGIBLE FOR TAXONOMY																					
Investments in fixed assets from activities ineligible for taxonomy (B)		1,020,568	3.3																		
Total (A + B)		31,214,035	100.0																		

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Investments in Working Capital

To calculate the share of investments in working capital (OPEX) in environmentally sustainable activities (aligned with the Taxonomy), we considered the value of operating expenses from activities that are currently included in the EU Taxonomy and meet the technical criteria for review. For calculating the

share of investments in working capital (OPEX) in activities that are eligible for the Taxonomy but are not environmentally sustainable (activities not aligned with the Taxonomy), we considered the value of operating expenses from activities that are currently included in the EU Taxonomy but do not

meet the technical criteria of the review. Other investments in working capital in activities not described in the delegated acts according to 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 activities not eligible for the

Taxonomy. The denominator includes total operating expenses, excluding the costs of material consumed for investments in fixed assets and labour costs related to the construction of fixed assets, as well as depreciation costs.

Company Elektro Celje does not engage in activities related to nuclear energy and natural gas, therefore disclosing standard proposals regarding activities in the field of nuclear energy and natural gas is not meaningful.

Share of investments in working capital related to products or services associated with economic activities, aligned with the Taxonomy – disclosure for 2023																					
Economic operations (1)			Criteria for a substantial contribution							Criteria for non-significant damage							Minimum safeguards (17)	Share of working capital investments aligned with taxonomy, 2023(18)	Share of working capital investments aligned with taxonomy, 2022 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
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)							
	EUR	%	%	%	%	%	%	%	YES/NO	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	29,372,776	86.9	100.0	0.0	0.0	0.0	0.0	0.0	irrelevant	YES	irrelevant	YES	YES	YES	YES	90.9	78.2	O	irrelevant	
Investments in working capital in environmentally sustainable activities (aligned with taxonomy) (A. 1)		29,372,776	86.9	100.0	0.0	0.0	0.0	0.0	0.0								90.9	78.2			
A.2 Activities eligible for taxonomy but not environmentally sustainable (activities not aligned with taxonomy)																					
Transmission and distribution of electricity	4.9	223,871	0.7																		
Investments in working capital in activities eligible for taxonomy but not environmentally sustainable (activities not aligned with taxonomy) (A. 2)		223,871	0.7														0.7		0.7		
Total (A.1 + A.2)		29,596,647	87.6														87.6		87.6		
B. ACTIVITIES INELIGIBLE FOR TAXONOMY																					
Investment in working capital from activities ineligible for taxonomy (B)		4,207,336	3.3																		
Total (A + B)		33,803,983	100.0																		

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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. Our strategic goals are sustainable and responsible towards the social, environmental, economic, and governance dimensions of development.

The achievement of goals is monitored using a Performance Indicator system. Certain non-financial indicators are presented in other Annual Report con-

- tents:
- 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 AMP (Annual Management Plan) is shown in the Section [Strategic Directions and Strategic Goals](#).



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.

For the first time, in 2022, the Company systematically designed and conducted a multi-stakeholder online survey to identify important topics. We invited all stakeholder groups to participate in a research project focused on both quantity and

quality, resulting in a total of 145 completed surveys. On this basis, the Importance Matrix 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](#).



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Stakeholders	Stakeholders subgroups	Needs and Expectations	Types of dialogue
OWNERS AND REGULATORS	Owners (SDH, d. d., and small shareholders)	<ul style="list-style-type: none">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
	ELES (Combined Electricity Distribution And Transmission Network Operator)	<ul style="list-style-type: none">Implementation of 10-year electricity distribution network development plans;Operations under 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 service price set by them, access to 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;Compliance with ELES strategy requirements in the field of the transmission network;Adherence to operational agreements, coordination of network development, ensuring compliance with Occupational Health and Safety regulations regarding work involving electrical currents, and maintaining information protection;Participation in projects and developmental partnerships.	Website, electronic communication, monthly, quarterly and annual reports, personal meetings, controls, participation in the preparation of development plans, acts and instructions
	Energy Agency	<ul style="list-style-type: none">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
	Ministries and competent services	<ul style="list-style-type: none">Quality of electric 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;Fulfilment 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	<ul style="list-style-type: none">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

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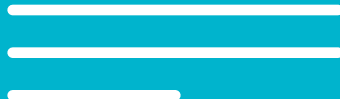
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Stakeholders	Stakeholders subgroups	Needs and Expectations	Types of dialogue
SUPPLIERS	Suppliers of materials, equipment and services	<ul style="list-style-type: none">Fair treatment, mutual respect, stability in relationships/long-term contracts;Availability 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 Occupational Health and Safety 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	<ul style="list-style-type: none">Development of new system servicesConnecting alternative systemsAccess to dataCompliance 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	<ul style="list-style-type: none">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: <ul style="list-style-type: none">Enabling connection of distributed resources to the network;Debureaucratization and simplification of procedures;Planned levels of power supply continuity;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 to meet future consumption and higher volume of diversified production of electricity, including the deployment of active networks.	Website, e-mail, classic mail, call centre, personal contacts, social media, web applications, public media
	Sellers of Energy	<ul style="list-style-type: none">Reliable data support for billing;Achieving the planned power supply 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.	
	Suppliers of electricity (connected to the power network)	<ul style="list-style-type: none">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.	

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Stakeholders	Stakeholders subgroups	Needs and Expectations	Types of dialogue
CUSTOMERS	Local communities (on the distribution network of Elektro Celje)	<ul style="list-style-type: none">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, Occupational Health and Safety and information protection.	Direct communication (oral, written), direct meetings, website, assemblies, participation in the procedures for the preparation of spatial documents
PARTNER ORGANISATIONS	Distributors of electrical energy in the country	<ul style="list-style-type: none">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)	<ul style="list-style-type: none">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)	<ul style="list-style-type: none">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 for Information Security (URSIV)	<ul style="list-style-type: none">Reporting potential cyber security incidents	Direct communication (oral, written)
	Certification and accreditation organizations	<ul style="list-style-type: none">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 potential non-compliance by SA (Slovenian Accreditation) within a specified period;Ensuring the professional competence of laboratory employees;Timely fulfillment of all contractually agreed payments.	Direct communication (oral, written), direct meetings, assessments, assemblies, reports, review of internal documents, satisfaction surveys
MEDIA	National and local media	<ul style="list-style-type: none">Information on activities;Providing data on planned outages in electricity supplies.	Press releases, articles, contributions, interviews

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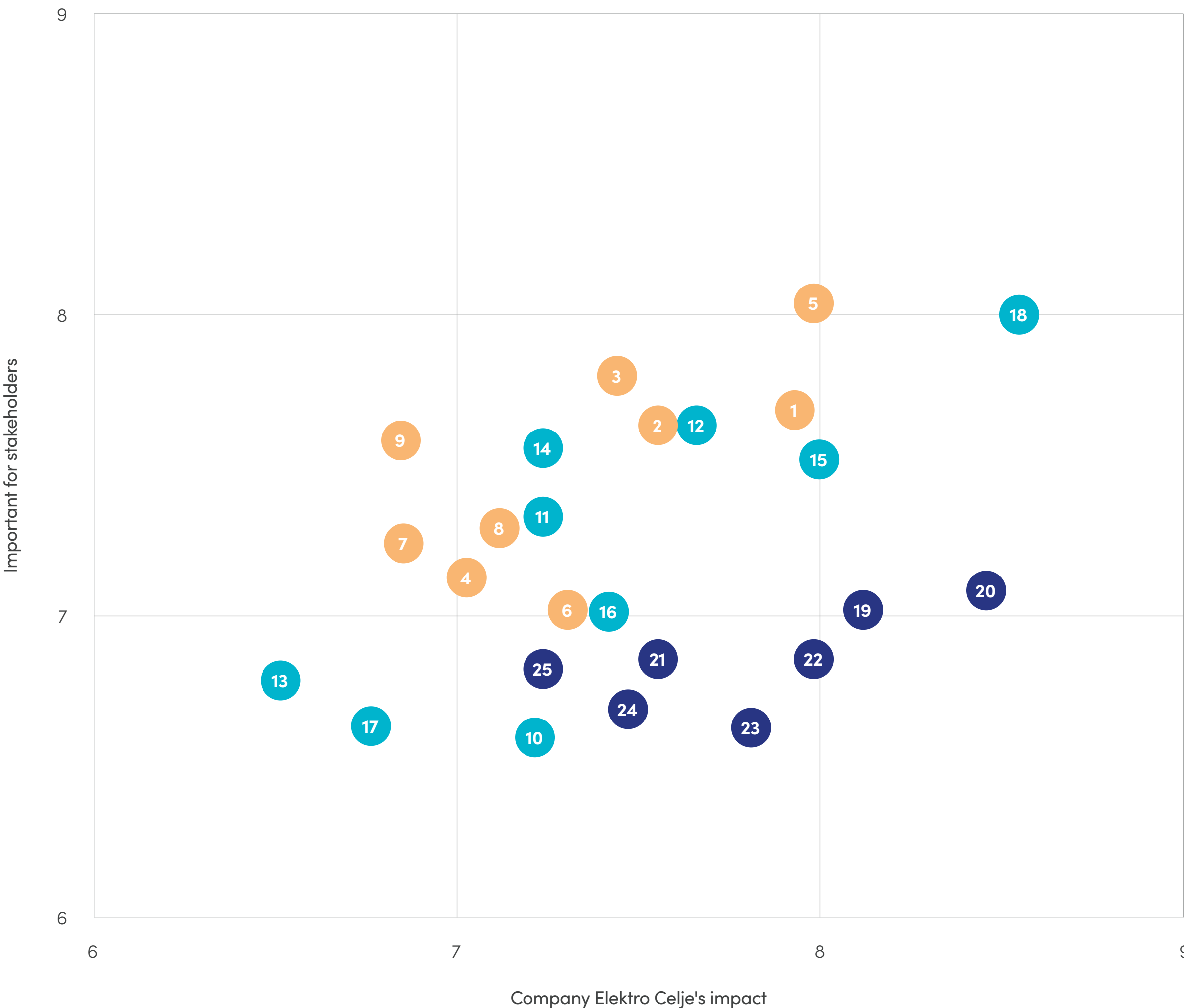
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Importance Matrix

We implement the principle of importance 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 impacts 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

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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	Weather Preparedness <div><div>3GOOD HEALTH AND WELL-BEING</div><div>9INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>13CLIMATE ACTION</div><div>15LIFE ON LAND</div></div>	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	Quality and Security of Supply <div><div>7AFFORDABLE AND CLEAN ENERGY</div><div>9INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div> 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	Occupational Health and Safety <div><div>3GOOD HEALTH AND WELL-BEING</div><div>4QUALITY EDUCATION</div></div> 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	Ethical and Responsible Management <div><div>3GOOD HEALTH AND WELL-BEING</div><div>4QUALITY EDUCATION</div><div>8DECENT WORK AND ECONOMIC GROWTH</div></div> GRI 205	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.	By 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	Waste Management <div><div>12RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div> GRI 306-2	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.	

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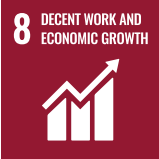


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	Important Topics/SDG and GRI	Negative Impacts and Risks	Positive Impacts and Opportunities	Strategic Projects
6	<div>Reducing Network Electricity Losses</div> <div></div> <div>GRI 305</div>	Excess AE losses have a direct impact on state aid, whereas lower profit or loss means less investment and a lower possibility of connecting to OVI.	If the losses are within the AE limits, this affects the increase in revenue and higher investments, making the network more robust and flexible.	
7	<div>Sustainable Investment in Infrastructure</div> <div></div> <div>GRI 203-1</div>	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	<div>Employees' Satisfaction and Commitment</div> <div></div> <div>GRI 2-7, 401-1, 404</div>	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	<div>Corporate Integrity and Transparency</div> <div></div> <div>GRI 205</div>	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	<div>Renewable Energy Sources and Their Placement in Space</div> <div></div>	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 OVI 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

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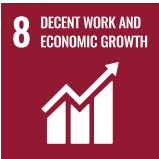






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	Important Topics/SDG and GRI	Negative Impacts and Risks	Positive Impacts and Opportunities	Strategic Projects
11	Environmental Disaster Management  GRI 306	Failure to manage environmental disasters may result in hazardous waste pollution, oil spills, etc., as well as reputation and trust erosion and financial consequences.	We prevent environmental pollution and incur disaster elimination costs by managing environmental disasters.	
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 damage
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     GRI 3-3, 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.

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Responsibility to Employees

With over 110 years of tradition, we foster a stimulating and dynamic work environment, nurture a culture of mutual collaboration and open interaction, advance knowledge, and operate with conscientiousness and dedication.

Even though 2023 brought various obstacles as a result of natural disasters, legislative requirements, and other developments, we were able to meet our objectives. This was undoubtedly made possible by the employees, who proved once more how vital they are to the Company by overcoming every obstacle with determination, fortitude, and a positive outlook.

Employee Structure

An appropriate Employee Structure contributes to the attainment of company objectives and plans, which are linked with constant changes in the Company and the external environment, and necessitates careful planning based on the needs of work processes.

On December 31, 2023, the company had 639 employees, which is 27 more than the previous year and 4 more than the planned number.

In 2023, **39 employees had their employment relationship terminated**. The most common reasons for the termination of employment relationships were **retirements**, which numbered **19** in the past year. The remaining terminations were due to consensual agreements or regular/extraordinary terminations.

At the end of 2023, the Company **employed 38 employees with disabilities**, 3 fewer than in 2022. The number of employees with disabled status is decreasing due to retirements and other terminations of employment, even though 6 new people acquired the disabled status in 2023. Within the scope of disabilities, we alter workplaces and work processes to comply with Pension and Disability Insurance Institute (ZPIZ) rulings, and we engage with Occupational Medicine and the Occupational Health and Safety Service. We participate in vocational rehabilitation procedures which enable vocational retraining or modifications at work using a variety of instruments.

Employee Structure According to Employment Status

The Company provides a solid work environment that combines traditional techniques with innovative approaches. We understand that providing opportunities for employees to grow and improve their abilities is critical for their development and advancement. We promote such conditions by offering **permanent employment opportunities** that provide stability and long-term prospects. These comprise **92%** of the Company's workforce, with the remaining composed of freshly hired employees and interns on fixed-term contracts.

More than **99% of Company employees work full-time**. Only workers with disabilities who have cut back on their hours due to a decision from the Pension and Disability Insurance Institute (ZPIZ) fall under the category of part-time employment.

Number of employees by employment status, share of employees by gender and average age

Number of permanently employed workers	587
Number of temporarily employed workers	51
Number of trainees employed	1
Total number of employees	639
Average age	44
Share of female employees	15%
Share of male employees	85%

"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 2022 – 2025 – Human Resources Management Mission



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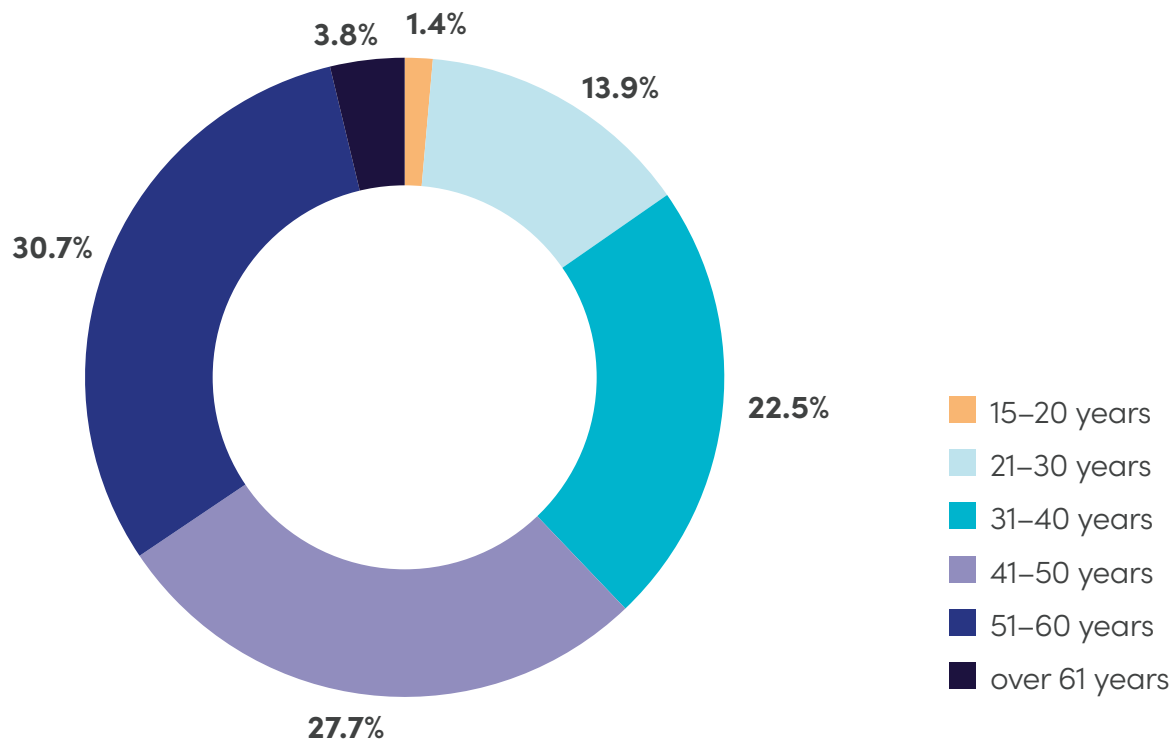
Employees' Age Structure

In 2023, the **average employee age fell to 44 years**, compared to prior years.

The decrease can be attributed to numerous retirements and the resulting influx of younger generations. The 51- to 60-year-old age group is still the most common, but the proportion of employees in this group has declined by 4% over the last year, while the 21- to 30-year-old group has increased by 3%.

We address the demographic challenge by implementing human resource policies that actively influence the talent pool of future generations. With multiple retirements, young people are joining our teams, gradually regenerating the Company's relatively old age structure.

Age structure of Elektro Celje employees

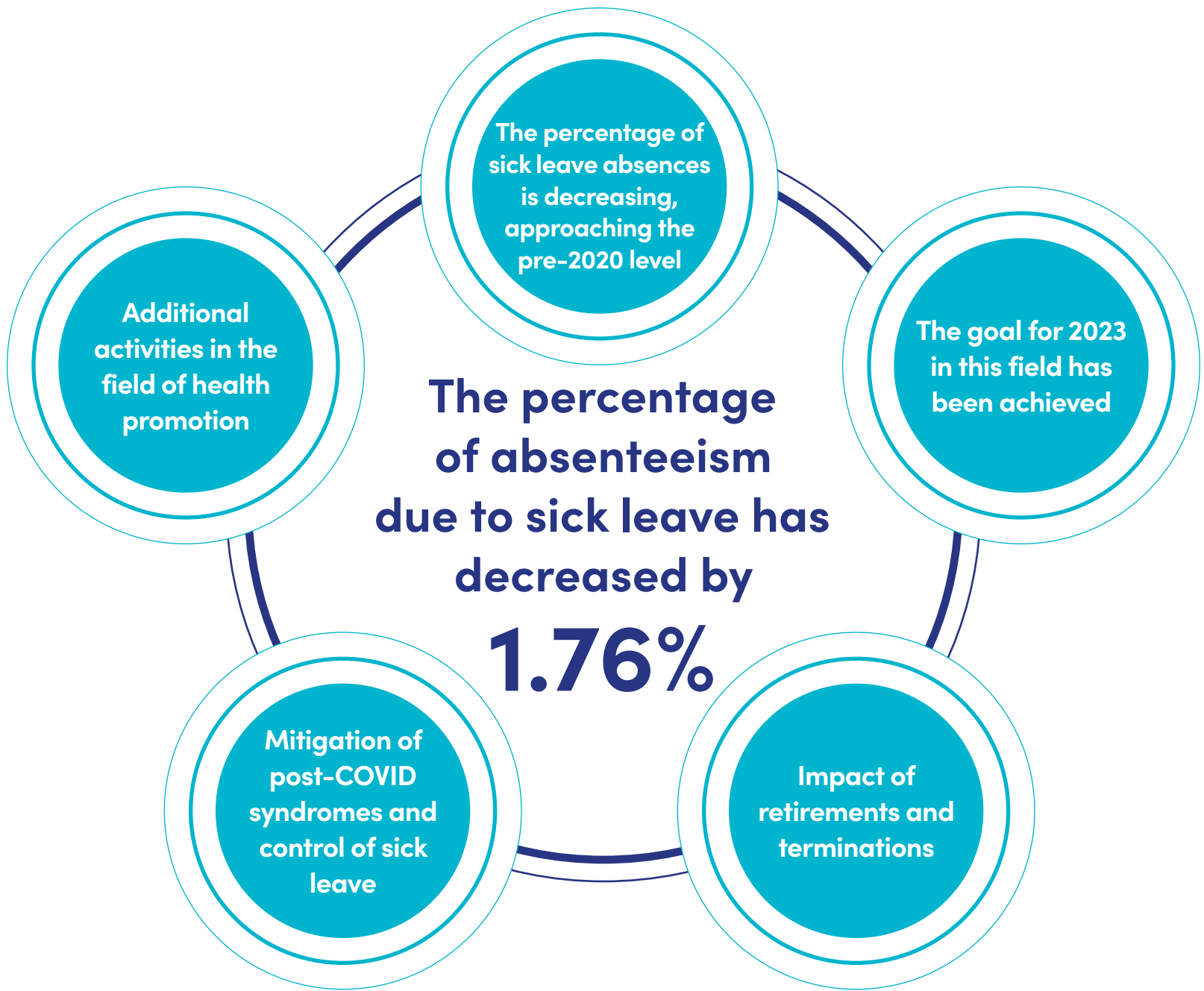


Sex Ratio of Employees

Despite the Company's commitment to gender equality, our sector relies heavily on technically qualified individuals. As a result, **the bulk of the employees (85%) is male**, as women are less likely to pursue this type of professional path.

Absenteeism

Our operations place a high priority on the well-being of our employees. As a result, in partnership with the Occupational Health and Safety Service, we provide assistance through a variety of activities and training sessions that have proven to be helpful, **as the number of sick leave absences has dropped compared to the previous year.**



Employment

Being responsible for our employees is essential to establishing a consistent and reliable work environment. This obligation begins with the cautious selection of competent and properly qualified individuals, which poses a substantial challenge to companies during a moment of labour market shortages. Therefore, we engage in complete human resource management activities and prioritise the creation of conditions that facilitate personnel acquisition and retention.

In this regard, we accomplished outstanding results in 2023. Despite an ex-

tremely competitive job market, we successfully recruited **66 new employees** for our existing team through smart Company advertising, numerous activities, and employee participation in active promotion efforts.

At the same time, we ensure the Company's economic competitiveness through a variety of activities, performance incentives, and salary adjustments. This is one of the primary reasons for why candidates choose to work with us.

We used various communication channels for advertising and promotion: job openings were promoted on the radio, Elektro Celje's website and intranet, so-

cial media platforms, as well as on employment portals of the Employment Service of Slovenia and MojeDelo. We were present at some secondary school institutions in Celje, Velenje, Krško, and Slovenj Gradec, as well as at the Faculties of Electrical Engineering in Ljubljana and Maribor. Educational institutions encouraged us to participate in campus events and career fairs, as well as to speak to students in their classrooms. We recognised these concepts as an important instrument for developing the workforce of the future.

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Cooperation with Young People

We recognise the value of our employees' experiences and knowledge; thus, we intend to share them with others. As a result, we actively seek out connections for knowledge transfers, best practice sharing, and the integration of young people into work processes on a regular basis, all while maintaining a diversified attitude and approach.

Collaboration with young people is invaluable as we shape the future together. We hope to motivate young people to pursue this profession by demonstrating how their inventiveness and unburdened perspective on difficulties may deliver outstanding results when combined with the longstanding methods and knowledge we have gathered over the years.



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Employee Growth and Implementation of Training

Employee growth allows for additional career development in both the professional and personal venues. Employees reach their potential through a variety of activities. We understand that by creating a supportive environment for growth and success, we boost employee happiness, consequently increasing dedication and motivation, which surely adds to meeting objectives. A substantial portion of employees' development occurs within the internal Knowledge Centre Academy, where we improve competencies and abilities and strengthen professional knowledge.

Growth is closely related to the identification of essential tasks for employees and the alignment of expertise and skills required for their completion.

Managers play an important role in this regard since they must be well qualified to transmit specialised knowledge while also encouraging and creating a pleasant work atmosphere. It is up to us to ensure that managers have sufficient training in targeted leadership and to make them more adept at identifying when employees require more education. They ensure that employees gain the appropriate skills using the information they have obtained. In our recruitment strategy, we have placed a strong emphasis on developing leadership abilities among managers, which we continue to improve. The **Junior Manager Academy**, which we have established as a component of the Manager Vocational Education and Training Programme, offers leadership skills training to managers who have recently taken on new roles.

Employees' Educational Structure
The world is evolving extremely rapidly with the aid of technology, necessitating a response with adequate knowledge and expertise. Hence, one of the principal objectives of our personnel strategy is to **enhance employees' professional qualifications by elevating their level of professional education**.

In 2023, we encouraged employees to achieve a higher level of professional education, primarily through co-financing their studies and granting study leave.

A higher level of education not only improves employees' professional skills, but it also opens up new career prospects for them and increases the Company's growth potential.

Number of employees by educational structure					
	No. of employees January 1, 2023	Share (in %)	No. of employees December 31, 2023	Share (in %)	Average no. of employees
Educational level I	2	0.3%	2	0.3%	2
Educational level II	1	0.2%	1	0.2%	1
Educational level III	15	2.4%	15	2.3%	14
Educational level IV	161	25.7%	160	25.0%	157
Educational level V	216	34.3%	206	32.3%	209
Educational level VI/1	81	12.9%	89	13.9%	86
Educational level VI/2	80	12.8%	91	14.2%	86
Educational level VII	59	9.4%	63	9.9%	62
Educational level VIII/1	11	1.8%	11	1.7%	11
Educational level VIII/2	1	0.2%	1	0.2%	1
TOTAL	627	100%	639	100%	629



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Sustainable Employee Care and Satisfaction

Employee care is a vital aspect of the Company's successful and responsible operation, as indicated by the Organisational Climate - SiOK assessment. The internal environment survey, which is conducted biennially within the Company, provides a professional study of the existing organisational circumstances. Using the survey results, we set fresh objectives and modify the personnel approach to drive improvement.

In 2023, the assessments were completed online, resulting in a 61% participation rate among employees, a 7.1% rise from 2021. This result was due to the HR department's increased engagement, which gave portable devices to employees without official electronic access in various locations, allowing them to submit survey questionnaires.

The results of organisational climate, satisfaction, and engagement show that the average assessment of organisational climate in 2023 remained unchanged from 2021, at 3.47. The average satisfaction score for 2023 was 3.96, which is 0.09 points higher than the Slovenian average and 0.07 points lower than the 2021 average.

The survey revealed that, despite favourable results, there is still room for improvement, particularly in areas such as awards, career growth, and internal communication.

These assessment results encourage us to appropriately meet the needs of the current generation while also acknowledging the need of looking ahead to the future. Through our ethical behaviour and responsible actions within the Company, we strive to create sustainable working conditions for future generations.

The Company is currently in a period of generational change, so intergenerational cooperation and the transfer of knowledge and practices to the young people who are joining the work processes are crucial. We aim to replace outgoing personnel with internal talents, who thus have the opportunity for career development.

If suitable personnel cannot be found within the organisation, they are recruited from outside sources. The key factors in personnel selection are professional qualifications, competence, and demonstrated engagement.

Despite the high number of retirements, the Company is dealing with relatively low turnover, which further decreased compared to 2022, standing at 6.2% in 2023.

Annual Development Talks

The Company already has a well-established tradition of holding annual development talks. In an open conversation with the manager, an evaluation is presented regarding where there is still potential for improvement, what has brought success in the previous year, and where there are still opportunities for development.

Based on previously conducted workshops, in 2023 annual development talks were held for all employees. They focused on encouraging colleagues to effectively carry out their work, motivating them to set appropriate goals, and fostering positive collaboration with others in various work processes.

Following the conclusion of the talks, analysis and proposals for change are created and presented to colleagues. Received feedback is critical for creating adjustments and attaining goals that affect the Company's success.

Work-Life Balance



In today's fast-paced world, it is critical to strike a balance between personal and professional responsibilities. As a result, we're happy to be able to help our employees achieve a better work-life balance through various methods under the comprehensive Family Friendly Company accreditation, allowing them to carry out their responsibilities with less stress and uncertainty.

Among the efforts that were made in the past year, some of the most notable were initiatives to encourage health protection, gifts for children, and a bonus for children starting school or kindergarten.

As part of our gifting campaign, we aim to engage our employees' youngest family members. We hope to spark their creativity and provide additional recognition for their work by curating a thoughtful gift assortment. In our 2023 Christmas holiday gifting programme, we delighted 260 children aged one to ten and distributed gift cards to 16 new parents.



SiOK
2023

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Additional Benefits for Employees

As additional benefits, we provide employees with various forms of insurance, covering health, accident, and retirement fields.

- SPECIALIST COLLECTIVE INSURANCE**
- Quick access to medical services.
 - Organisation and coverage of the costs of certain self-paid medical services at home and abroad.
 - Second opinion from specialists.
 - Possibility of inclusion of family members aged 1–74.

- COLLECTIVE ACCIDENT INSURANCE**
- Accidents coverage.
 - Various insurance options.
 - Limited or unlimited coverage.
 - Option to include family members aged 14 to 65.

- COLLECTIVE VOLUNTARY PENSION INSURANCE**
- Established Supplementary Pension Insurance Plan since 2001.
 - Social security for the later stages of life.
 - Premiums paid by the Company (EUR 979,204 in 2023).
 - Option for additional contributions by the employee.

Human Resources Projects

Human Resources Strategy 2022–2025



The Human Resources Strategy for the period 2022–2025, designed and adopted in 2022, continues to establish the primary operational principles. It aligns with the four key pillars and the fundamental conviction that employees, through their creativity and commitment, are the key to our excellence.

We carried out several activities and, by using creative thinking and inventive

methods to solve problems, we created a cooperative atmosphere in order to achieve the goals specified in the HR plan. Through various approaches and incentives, we were able to create conditions that promote both growth and the attainment of established objectives, while also fostering an adaptive setting in which every individual may realise their potential.

Communication with Employees

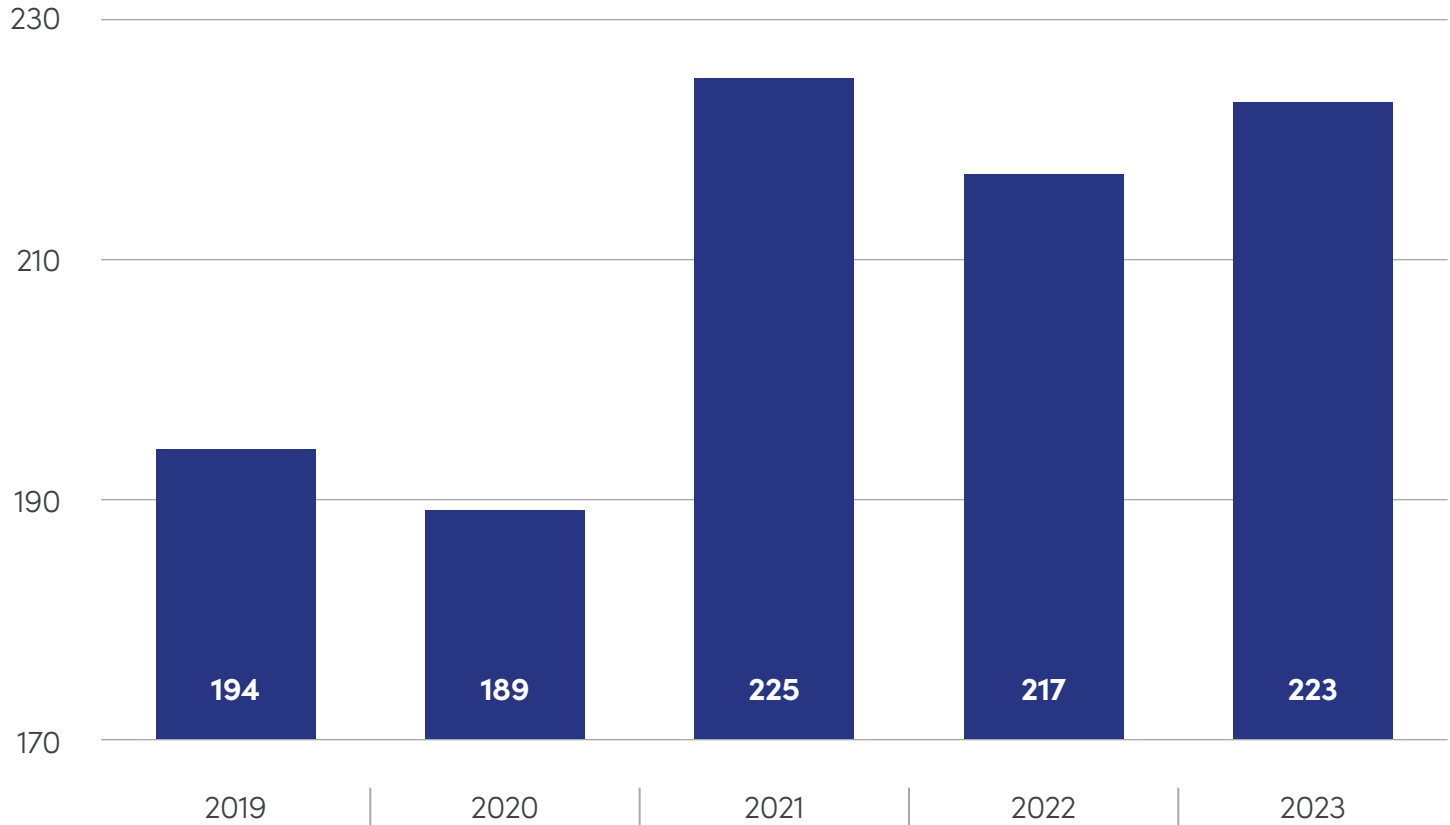
Open and regular communication between employees and the Company's management, as well as communication among employees, is a key value. The Company ensures responsible and ethical communication, promotes communication at all levels, and, as a result, fosters a productive work environment, enhances a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

- **Internal communication** is 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. Direct superiors also play a significant role in internal communication, as we strive to ensure that conveyed information reaches all employees.

- **Annual Conversation** with a Colleague is an important instrument of targeted human resource management in modern excellent organisations. It 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 basis.

Number of posts on the intranet page



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Responsibility to Social Environment

In 2023, several severe natural disasters struck electric distribution companies, resulting in numerous faults on the power network. Following each wide-spread disaster, the Company promptly communicated with network users and journalists.

In 2023, we focused a substantial portion of our communication activities on informing users about the imminent tariff system change, which would take effect in 2024 and only affect network billing. Its objective is to encourage customers to modify their consumption to aid in the distribution and overall electrical energy system optimisation. This can help to reduce network congestion during busy hours. Users will be able to modify their power and consumed electricity, allowing them to save money.

The new tariff system's key features include billing differentiation based on 15-minute intervals, the introduction of two seasonal periods (with higher rates from November to February and lower rates from March to October), five-time block segmentation, and the distinction between contracted and excess power billing.

The changes introduced by the new system affect all users and represent economic, legislative, technological, and social challenges.



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 outages, 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. According to the recorded visit, users most searched for information about the network status (**outages notifications**).

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.

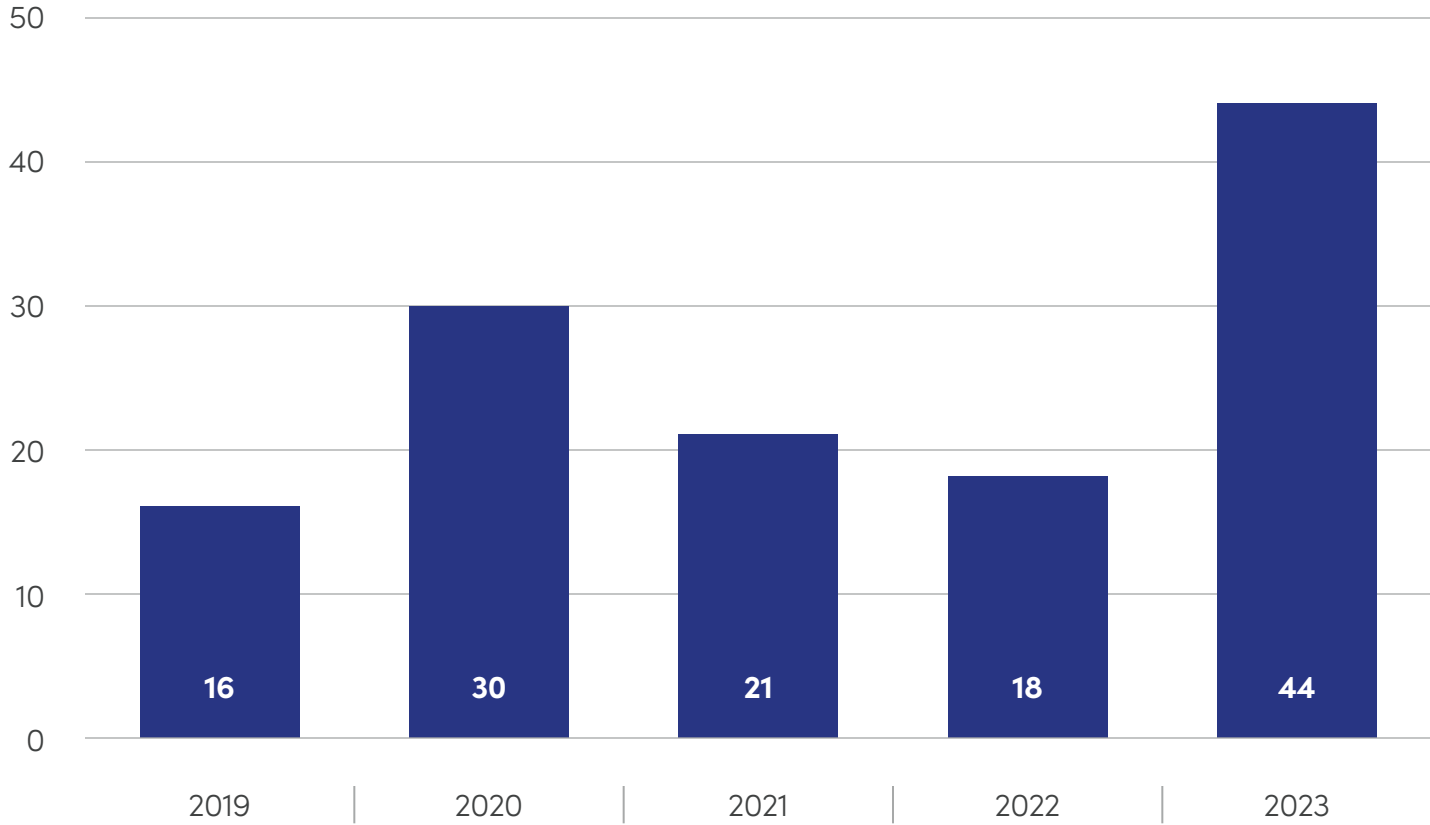
Customers must be informed of planned outages because only in this manner can all work on electricity facilities be completed safely and in the shortest possible time. The work is meticulously planned, so customers are notified at least 48 hours before the outage takes place. **Announcements of planned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

Customers can also use a web application to be notified about planned electricity power outages. By registering, they will receive an **e-mail notification** or **SMS** on their cell phone. By the end of 2023, there were **3,741** 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, who 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 **8,610** registered users.

Number of posts on the website



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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 strategy. 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 SSH recommendations and the OECD guidelines for corporate governance of 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 (EA, SSH), 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.

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 following accepted good corporate governance practices and management codes.

Our guiding principle in relation with the media is transparent and up-to-date communication that is mainly based on the Company's operations, new services and sponsorship collaborations, innovations on the power 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 construction works related to the implementation of maintenance and development tasks for the electricity distribution network under the ZJN (Public Procurement Act). All procurement procedures take into account the basic principles of public procurement and the economic aspect.

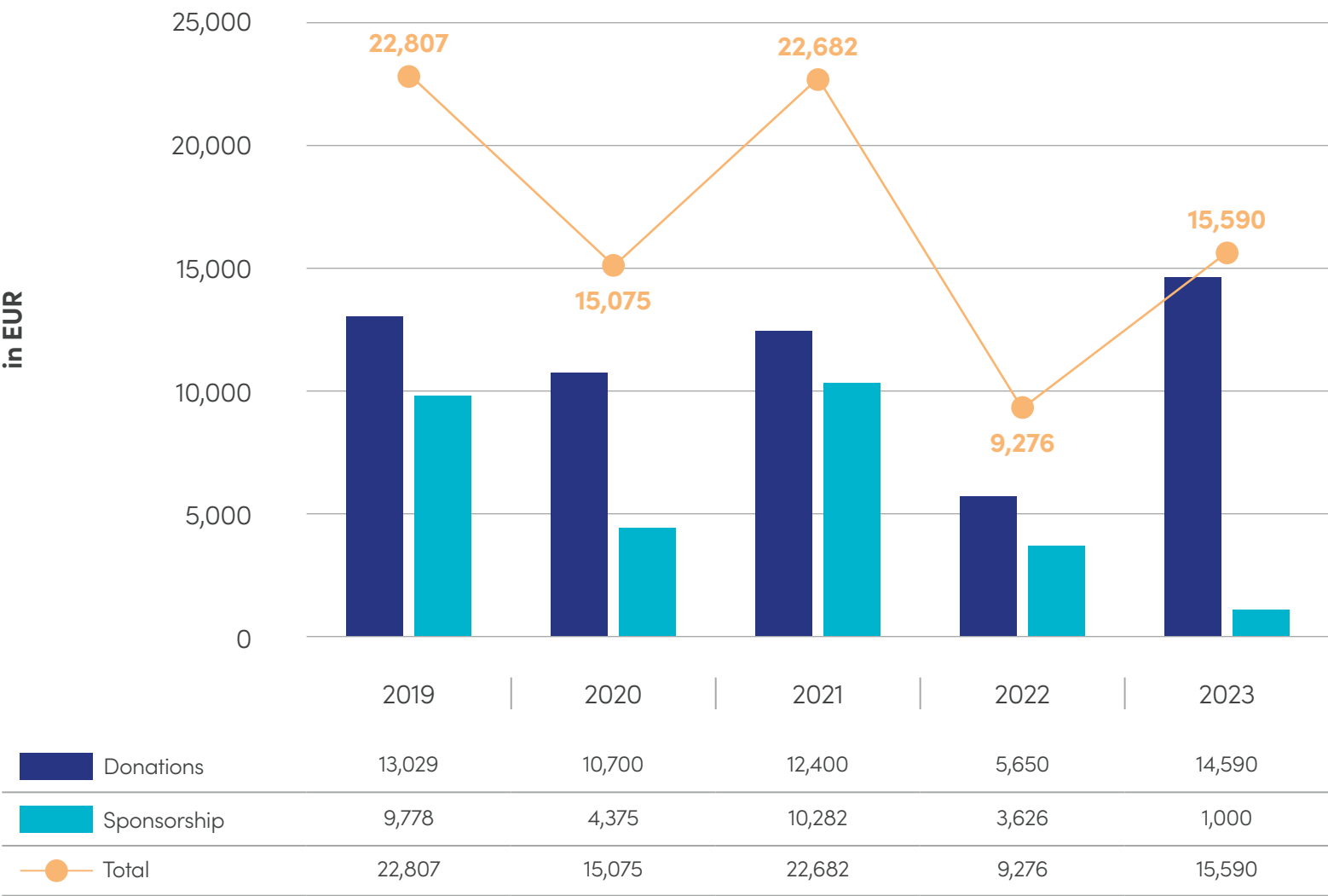
Contracts with estimated values determined following the Public Procurement Act provisions that are over the publication thresholds specified in the Public Procurement Act are to be carried out under the provisions of the aforementioned Act. When Elektro Celje is the contractor for third parties who 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.

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, deeper 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.

Sponsorship and Donations

Following 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.

Sponsorship and donations



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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 princi-






ples 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 high-

est 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 regularly (addi-

tional points are awarded to suppliers who have an ISO 14001 Environmental Management System in place).

Company Elektro Celje monitors the following environmental indicators:

Indicators	2019	2020	2021	2022	2023	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.	917.6	879.4	844.0	805.0	757.2	
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.	5.786	6.822	5.172	5.808	6.053	
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.	32.0	32.8	34.8	35.7	37.0	
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.	13	7	9	8	10.0	
Mixed municipal waste (in 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.	111,200	69,200	80,073	76,561	81,164	

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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 GIZ DEE methodology, which serves as the basis for calculating the carbon footprint of the five Electric Distribution Companies in Slovenia.

The remaining Electric Distribution Companies decided to use 2021 as the base year for reporting and managing carbon footprint. However, Elektro Celje's carbon impact has been measured since 2018.

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 and measures for an efficient energy consumption.

Indicators	2021	2022	2023
Scope 1 tCO ₂ e	1,764.5	1,605.6	1,540.0
Scope 2 tCO ₂ e (location-based)	27,538.2	26,629.6	24,199.7
Scope 2 tCO ₂ e (market-based)	70,825.3	68,487.7	30,158.4
Scope 3 tCO ₂ e*	17,639.3 (607.6)	14,082.9 (629.8)	806.8
Total tCO ₂ e emissions (market-based)	73,197.0	70,723.0	32,505.2
Total tCO ₂ e emissions (location-based)	29,910.5	28,865.0	26,546.5
The indicators are calculated on the basis of the location-based approach for the determination of Scope 2 emissions.			
Company's carbon footprint kgCO ₂ e/MWh (All CO ₂ e emissions on the distributed EE)	15.14	15.08	15.01
Company's operational carbon footprint tCO ₂ e/employee (All CO ₂ e emissions on average number of employees)	48.113	46.979	42.176
Carbon footprint of generated revenue kg CO ₂ e/EUR (All CO ₂ e emissions on net sales revenue)	0.57	0.71	0.50
Average number of employees	621.67	614.42	629.42

* Change in methodology due to alignment with the reporting standards of GIZ DEE companies, focusing on Scope 3 emissions, specifically categories K3, K5, and K7.



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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 Systems' 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 all Integrated Management System segments, we have established policies that commit us to respon-

sible behaviour in the fields of quality management, employees' health, information security, environmental management, risk management, and the implementation of electromagnetic radiation measurements. We review policies regularly, 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 review was conducted in April, followed by a partial one in November. As a result, new measures and improvements were adopted. The Management System Operation is verified annually by Bureau Veritas Slovenia assessors. In 2023, certification renewal verifications were conducted for the Quality Management, Occupational Health and Safety, Environmental, and Information Security Management systems, resulting in the extension of the certificates' expiration dates.

In 2023, Elektro Celje's accredited laboratory for measuring electromagnetic radiation, which meets the requirements of the standard SIST EN/IEC 17025:2017, was subjected to a compliance surveillance assessment by Slovenian Accreditation.

We planned and checked the efficiency and effectiveness of the processes' operation in the **Quality Management System** area, 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 a legal obligation, but Elektro Celje's values and fundamental tasks. In 2023, numerous measures were taken to ensure the preventive protection of employees. As a result, no systemic changes took place.

Raising employees' 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 2023, we recorded 7 minor workplace accidents. 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.

Information Security Management System

Complex cyber threats require a comprehensive approach to protect Company systems and data because they offer a high risk to information security and business operations.

For this purpose, we have built an Information Security Management System (ISMS), which is integrated into all business operations and helps the company achieve its objectives. We supervise it using the ISO 27001:2013 Standard, which ensures a methodical approach across all operating domains.

In 2023, information security activities were aimed at:

- continuous improvement of the Information Security Management System and adaptation to the ISO 27001:2022 requirements;
- Information Risk Assessment;
- monitoring security events and analysing threats that may have an impact on information security;
- compliance with the information security legislation requirements;
- 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;
- introduction of modern and secure information solutions;
- implementation of activities in the field of Business Continuity Management.

Active communication with key stakeholders within the Company who use or manage ICT systems, as well as the Security Operations Centre (SOC), which provides technical advice and support in responding to potential cyber attacks, was critical.

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

Indicators	2019	2020	2021	2022	2023
Number of Accidents at Work	8	6	9	8	7
Frequency of Accidents at Work (Number of Accidents per Effective Hour)	7.9	6.0	8.8	8.2	6.8
Frequency of Accidents at Work (Percentage of Injured Workers)	1.3	1.0	1.5	1.3	1.1
Severity of Accidents at Work (Lost Days to Effective Hours)	54.7	43.6	69.4	32.8	29.1
Share of Working Days Lost Due to Accidents (Lost Days from Injuries)	69.6	73.1	78.6	40.3	43.1

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Table of Contents According to the GRI Reporting Standards

Statement	Company Elektro Celje reported following GRI Standards for the period from January 1, 2023, to December 31, 2023	
GRI 1	GRI 1: Foundation 2021	
Sector Standards	/	
GRI Standard	Disclosure	Chapter
GRI 2: General Standard Disclosures		
Organisation and Report Data		
2-1	Organisation's Data	Company Presentation/Basic Information about Elektro Celje/Area of Operation
2-2	List of Entities Included in Sustainability Reporting	Company Presentation
2-3	Reporting Period, Frequency, and Contact Information	Non-Financial Statement Financial Report
2-4	Changes in Data from Previous Reports	Financial Report
2-5	External Verification	Independent Auditor's Report
Activities and Employees		
2-6	Activities, Value Chain, and Business Relationships	Non-Financial Statement Stakeholders' Involvement and Participation
2-7	Employees	Responsibility to Employees
2-8	Workers not Employed Within The Organization	Responsibility to Employees/ Collaboration with Young People
Management		
2-9	Structure and Composition of Management Boards	Corporate Governance/ Management Statement
2-10	Appointment and Selection of the Highest Management Body	Corporate Governance
2-11	Chairman of the Highest Management Body	Corporate Governance
2-12	Role of the Highest Management Body In Overseeing Impact Management	Corporate Governance
2-13	Delegating Responsibilities for Impact Management	Corporate Governance
2-14	Role of the Highest Management Body in Sustainability Reporting	Non-Financial Statement
2-15	Conflict of Interest	Non-Financial Statement
2-16	Reporting Critical Issues	Non-Financial Statement
2-17	Knowledge, Skills, and Experience of the Highest Management Body	Management Statement
2-18	Assessment of the Highest Management Body's Performance	Management Statement

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GRI Standard	Disclosure	Chapter
2-19	Reward Policy	Responsibility to Employees
2-20	Process of Determining Rewards	Responsibility to Employees
Strategy, Policies, and Commitments		
2-22	Sustainable Development Strategy Statement	Foreword by the Chairman of the Management Board
2-23	Commitments to Responsible Conduct	Non-Financial Statement
2-24	Incorporation of Commitments to Responsible Conduct	Non-Financial Statement
2-25	Ways for Addressing Negative Impacts	Non-Financial Statement
2-26	Mechanisms for Seeking Advice and Expressing Concerns	Non-Financial Statement
2-27	Compliance with Legislation and Regulatory Requirements	Management Statement Non-Financial Statement
2-28	Membership in Associations	Responsibility to Social Environment
Stakeholders' Involvement		
2-29	Approach to Stakeholders' Involvement	Stakeholders' Involvement and Participation
2-30	Collective Agreements	Responsibility to Employees
GRI 3: Essential Issues		
3-1	Procedure for Identifying Essential Issues	Non-Financial Statement
3-2	List of Essential Issues	Non-Financial Statement
3-3	Management of Essential Issues	Risk Management
GRI 201: Economic Performance		
201-1	Direct Generated and Distributed Economic Value	Business Performance Analysis
201-2	Financial Impacts, Other Risks, and Opportunities for Organisation Activities Related to Climate Change	Responsibility to the Natural Environment
201-3	Obligations from the Pension Plan	Responsibility to Employees/ Additional Benefits For Employees
GRI 203: Indirect Economic Impacts		
203-1	Development and Impact of Major Infrastructure Investments and Services Supported by the Organisation	Distribution Network Development
GRI 205: Anti-Corruption Conduct		
205-1	Number and Proportion of Activities Where Risks Related to Corruption Were Assessed	Non-Financial Statement Corporate Governance
205-2	Communication and Education About Anti-Corruption Policies and Practices	Non-Financial Statement Corporate Governance
205-3	Number of Confirmed Cases of Corrupt Acts and Adopted Measures	Non-Financial Statement Corporate Governance

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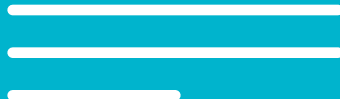
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GRI Standard	Disclosure	Chapter
GRI 302: Energy		
302-1	Energy Consumption in the Organisation	Responsibility to the Natural Environment
302-4	Reducing Energy Consumption	Responsibility to the Natural Environment
GRI 303: Water and Wastewater		
303-5	Water Consumption	Responsibility to the Natural Environment
GRI 305: Emissions		
305-1	Direct Greenhouse Gas Emissions	Responsibility to the Natural Environment
305-2	Indirect Greenhouse Gas Emissions	Responsibility to the Natural Environment
305-3	Other Indirect Greenhouse Gas Emissions	Responsibility to the Natural Environment
305-5	Reducing Greenhouse Gas Emissions	Responsibility to the Natural Environment
GRI 306: Waste		
306-2	Generated Waste	Responsibility to the Natural Environment
GRI 401: Employment		
401-1	Number and Proportion of New Employees and Turnover	Responsibility to Employees
GRI 403: Occupational Health and Safety		
403-1	Occupational Health and Safety Management System	Guidance Systems
403-2	Hazard Identification, Risk Assessment, and Accident Investigation	Guidance Systems
403-5	Training of Employees on Occupational Health and Safety	Guidance Systems
403-6	Occupational Health Promotion	Guidance Systems
403-9	Injury at Work Rate	Guidance Systems
GRI 404: Training and Vocational Education		
404-1	Average Number of Vocational Education per Employee	Responsibility to Employees/ Employees' Growth and Vocational Education
GRI 405: Diversity and Equal Opportunities		
405-1	Composition of Management Bodies and Employees' Structure by Category (Gender, Age, Minorities' Members, Other Relevant Diversity Indicators)	Corporate Governance Responsibility to Employees/ Employees' Structure

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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. In 2023, Elektro Celje was led by the Chairman of the Management Board, **Boris Kupec, MSc.**

The Supervisory Board consists of six members, four of whom are shareholders' representatives and two 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 simple 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 2023

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



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Composition of the Supervisory Board and Committees in the financial year 2023

Name and Surname	Function (chairman, deputy, member)	First ap- pointment to office	Completion of office/ mandate	Sharehold- ers'/employ- ees' repre- sentative	Participation in the Super- visory Board meetings ac- cording to the total No of meetings	Gender	Nationality	Year of birth	Education	Professional profile	Independ- ence ac- cording to Article 23 of the Codex (YES/NO)	Existence of a conflict of interest in the financial year (YES/ NO)	Membership in Supervisory Boards with a company of unrelated companies
Miha Kerin, MSc	Chairman of the Supervisory Board Member of the Human Resources Committee	7 Sep 2023 7 Sep 2023	– –	Shareholders' representative	11/11 1/3	M	Slovenian	1978	Master's Degree in Science Bachelor of Law"	Legal Knowledge Corporate Governance	YES	NO	Chairman of the Supervisory Board of Farne Ihan – KPM, d. o. o., Chairman of the Supervisory Board of Meso Kamnik, d. d.
	Deputy Chairman of the Supervisory Board Chairman of the Audit Committee	1 Sep 2021 3 Oct 2017	6 Sep 2023 6 Sep 2023		4/6								
Boštjan Leskovar, MSc	Chairman of the Supervisory Board Member of the Human Resources Committee	1 Sep 2021 1 Sep 2021	31 Aug 2023 31 Aug 2023	Shareholders' representative	6/11 2/3	M	Slovenian	1973	Master's Degree in Economics MBA	Management and Organisation International Management	YES	NO	Member of the Supervisory Board of KAD, d. d.
Simona Felser, MSc	Member of the Supervisory Board Deputy Chairman of the Supervisory Board	1 Sep 2023 7 Sep 2023	– –	Shareholders' representative	5/11	F	Slovenian	1977	Master's Degree in Entrepreneurship MBA	Management and Organisation Management	YES	NO	
Marjan Strnad	Member of the Supervisory Board Chairman of the Audit Committee	1 Sep 2023 7 Sep 2023	– –	Shareholders' representative	5/11 2/6	M	Slovenian	1977	Electronics Engineer	Electronics Management and Organisation	YES	NO	
Dejan Žohar, MSc	Member of the Supervisory Board	31 Aug 2021	31 Aug 2023	Shareholders' representative	6/11	M	Slovenian	1970	Master's Degree in Science; Bachelor in Electrical Engineering	Electronics	YES	NO	–
Klemen Srna	Member of the Supervisory Board Chairman of the Human resources Committee	1 Sep 2023 7 Sep 2023	– –	Shareholders' representative	5/11 1/3	M	Slovenian	1984	Bachelor of Political Science	Legal Knowledge, Grants and Public Procurement, Project Management	YES	NO	Member of the Supervisory Board of the company BSC, d. o. o.
Marijan Papež	Member of the Supervisory Board Chairman of the Human resources Committee	28 Aug 2021 1 Sep 2021	31 Aug 2023 31 Aug 2023	Shareholders' representative	6/11	M	Slovenian	1961	Bachelor of Law	Legal Knowledge, Corporate Management	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).
					2/3					Corporate Governance			
Jože Mravlak	Member of the Supervisory Board Member of the Audit Committee	18 Sep 2022 13 Oct 2022	–	Employees' representative	11/11 6/6	M	Slovenian	1968	Electronics Engineer	Energetics, Electronics	YES	NO	–
Matej Coklin	Member of the Supervisory Board Member of the Human Resources Committee	5 Dec 2022 20 Dec 2022	–	Employees' representative	11/11 3/3	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, operation compliance, and effective risk management.

The Company wishes 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 practices and valid recommendations,
- reduction of the risks of corruption, and
- promotion of business morality in day-to-day business.

The measures adopted 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, 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 Cor-

porate Integrity in the Company, and collaboration with external supervisory inspection bodies.

Establishment of Internal Reporting Channels under the Whistleblower Protection Act

Elektro Celje has adopted a Regulation for the Establishment of Internal Reporting Channels to guarantee information about the process for handling internal reports under the Whistleblower Protection Act, which must enable completeness, integrity, and confidentiality of information and prevent unauthorised persons from accessing the content of reports, data about the reporter, and the individuals involved. With this regulation, the Company has established regular communication channels, employee education and training programmes, internal reporting procedures, measures to prevent unauthorised access to information, and the appointment of a trustee to handle reports in addition to informing the appropriate internal organisational units about breaches and reporting them to management.

With this, the management of the Company recognises the value of moral and legal business conduct and commits to:

- not pursuing the identity of whistleblowers,

- refraining from taking retaliatory action and forbidding Elektro Celje employees from doing so,
- encouraging staff to report errors and possible violations, even if they are just suspicions, through internal reporting channels, as this will facilitate efficient handling of reports and timely resolution of errors and violations.

Signature of the Commitment to Respect Human Rights in Business Operations

In 2021, Elektro Celje already committed to respecting human rights and preventing potential negative impacts on human rights through the revision of the Code of Ethics. Respect for human rights is enshrined in the Company's values, the Code of Ethics, and other internal documents.

In 2023, we confirmed our commitment to human rights by signing the Commitment to Respect Human Rights in Business Operation also at the Ministry of Foreign Affairs of the Republic of Slovenia.

The established system fully 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, Slovenian Sovereign Holding), 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, and unethical and corrupt acts, which, at all levels, bear responsibility for creating and cultivating cultural and ethical business practices.

The following were the key activities of the Corporate Integrity Officer in 2023: establishing internal reporting channels under the Whistleblower Protection Act and presenting them to employees, conducting activities related to promoting values and ethical conduct among employees, as well as promoting operation principles, monitoring the Risk Register in the field of corruption, unethical and unlawful operation by process, periodic meetings with employees, internal auditor, Quality Management Coordinator, Data Protection Officer, keeping a Gifts Register, handling reported violations, and informing employees about addressed cases.

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 2023, 13 reports of potential irregularities or violations of business compliance in the Company were addressed to the Corporate Integrity Officer.

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Risk Management

Key business risks were handled under the Risk Management Policy, which adheres to SIST ISO 31000:2018 Risk Management – Guidelines.

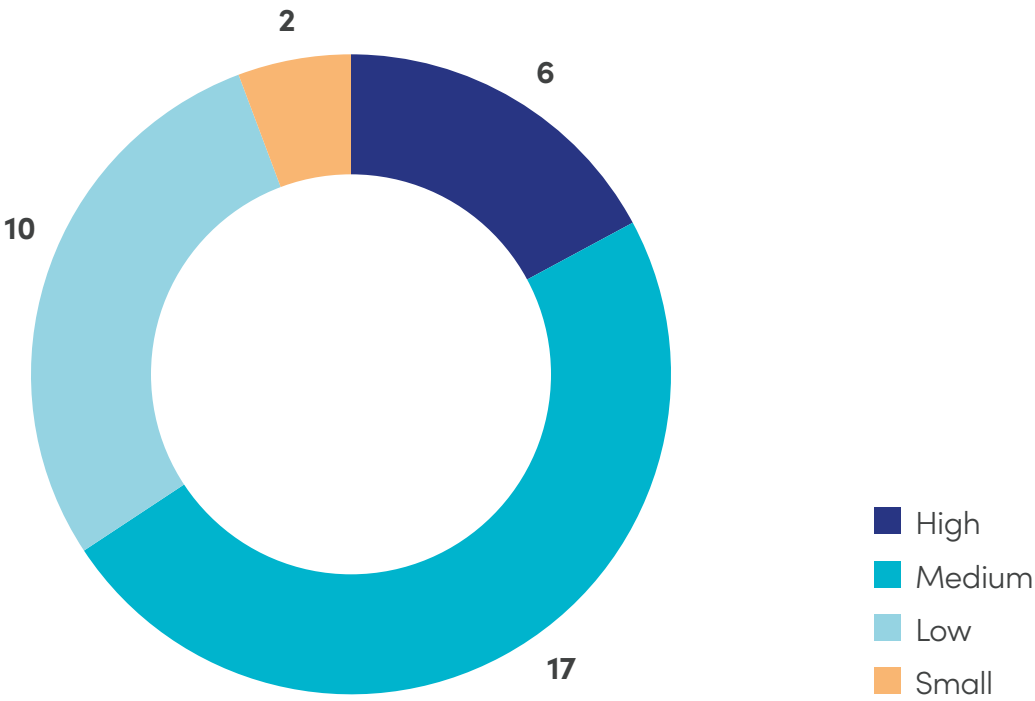
As of December 31, 2023, Elektro Celje had handled and identified **35 critical threats**, including one high-risk and ten moderate-risk issues. Due to its external nature, we acknowledge that there is a high regulatory risk; nevertheless, we have already started addressing the moderate risks in 2023 and intend to take further steps in the future to further limit them.

Small risks are acceptable to the Company, whereas low risks are conditionally acceptable if their reduction is no longer cost-justified, or practical, or if the Company has sufficient human and financial resources at the time of occurrence. The Risk Manager determines further actions based on the management's established acceptable risk levels, which are as follows: high regulatory risk is acceptable, moderate risk of unfavourable weather-related events, and low risk of maintaining information security and business continuity.

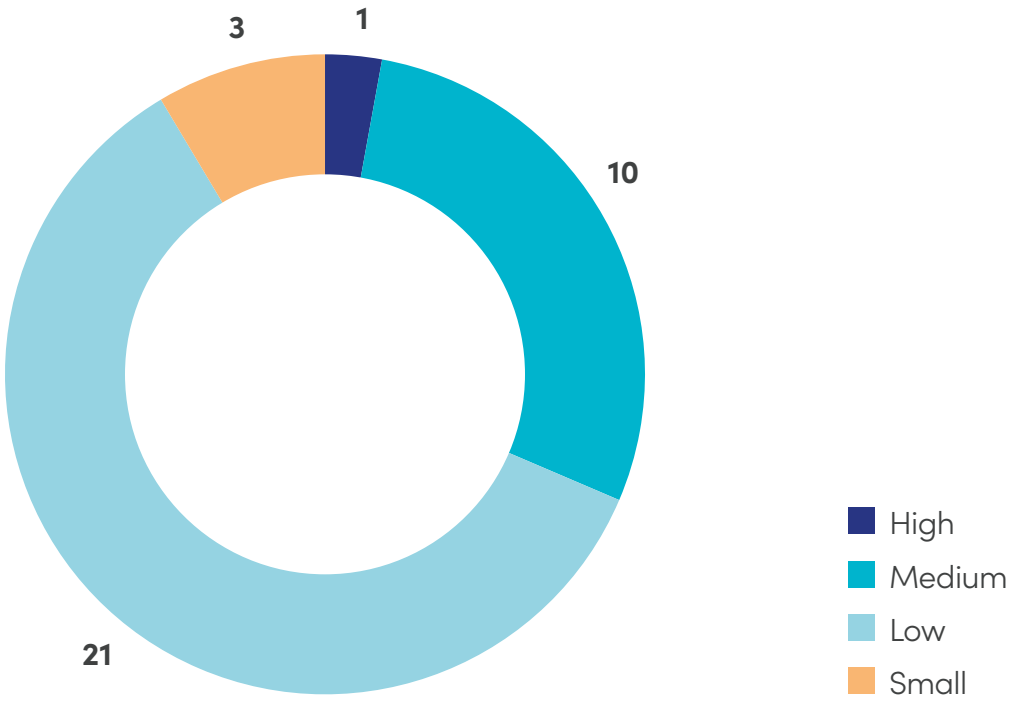
Below, the high regulatory risk is shown alongside other moderate risks managed by the Company.

In 2023, the effects of Risk Management were as follows:

Assessment of key business risks before management (no internal controls and measures)



Assessment of key business risks after management on December 31, 2023 (taking into account implemented internal controls and measures)



Regulatory Risk

Several times in previous years, the risk was already justified. Many regulatory changes occurred in 2023, but none had a significant financial impact on the Company's operations.

The Distribution System Operator obtained the consent of the Energy Agency for the Electricity Distribution Network Development Plan in the Republic of Slovenia, namely for the period from 2023 to 2032. The Development Plan includes challenges posed by decarbonization, production decentralization, and mass electrification or the use of electricity as the main energy source in transportation and heating. This strategic document, developed in collaboration with the electricity distribution companies, is aligned with the objectives of the National Energy and Climate Plan (NEPN), which recognises the electricity distribution network as a key infrastructure.

Despite significant inflation and high investment expenditures in the Development Plan, the Energy Agency did not increase network rates, limiting its own sources of finance.

Forecasts for the future: The realisation of the regulatory risk is also 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

The Financial Department successfully handled the collection of open receivables while maintaining the Company's liquidity using a EUR 3 million revolving credit line.

The Company also controlled liquidity risk by timely acquiring investment loans. In 2023, a EUR 17 million long-term investment loan was acquired. In late December of last year, the Company started the borrowing process for 2024. It was successful in obtaining EUR 24.5 million to fund investments and ended the process in March of that same year.

Forecasts for the future: In 2024, the Company may experience additional defaults under the terms of the contract with the Distribution Network Operator because of the deficit in network charges (ELES owes EUR 2.2 million in debt from 2021 to 2023 for unpaid network charges, and EUR 1 million in non-payment due to the same in 2023).

The legal case with a minority of shareholders for the payment of 2021 transferred profits worth EUR 2.2 million is still ongoing.

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Market Risk

The ECB raised interest rates by up to 4.5 percentage points during the most recent tightening cycle (July 2022 to December 2023). The 1-month EURIBOR climbed in 2023, rising from 1.898% on December 30, 2022, to 3.834% on December 29, 2023; the 3-month EURIBOR increased from 2.202% to 3.925% on the same date. We anticipated an upward trend in EURIBOR in 2023, and financial expenses from bank loans did not exceed the intended level (planned EUR 1,175,000; actual EUR 1,169,000). It would not have been cost-justified to hedge interest rates in 2023.

Economic and Financial Sector:

- It monitors the movement of ECB (European Central Bank) key interest rates and EURIBOR rates, as well as forecasts of their future movements.
- When aligning credit contracts, it excludes 'increased costs' clauses that would subsequently allow lenders to change interest rates 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.
- It determines the best borrowing alternatives under different scenarios of EURIBOR fluctuations for the duration of the loan term in the event of loan offers based on fixed interest rates and rates connected to EURIBOR.

Forecasts for the future: The European Central Bank (ECB) is anticipated to reduce key interest rates for the first time

in mid-2024, following the conclusion of its tightening cycle, based on projections from the financial markets. This will depend on whether the inflationary pressures in the eurozone continue to decline or if new inflationary pressures (caused, for example, by the effects of new global crisis situations) start to surface. Therefore, the risk remains assessed as moderately high for 2024 as well.

Providing Adequate Human Resources

In 2023, the Human Resources Department was successful in recruiting new staff. The risk of ensuring personnel was not realised. A total of 66 employees were newly hired, all of whom received training in Occupational Health and Safety as well as Information Security before being integrated into their work environment. Employment relationships ended for 39 employees due to various reasons. Sick leave decreased from 8.05% in 2022 to 6.29% in 2023. Numerous measures were taken to manage risks:

- Development of a personnel strategy and preparation of an employment plan.
- Establishment of a prescribed procedure for identifying employment needs, a mentoring process, and adoption of a scholarship policy.
- Maintenance of accurate records of employees meeting retirement criteria to ensure timely replacements.
- Anticipating a shortage of technical personnel in the labour market in the coming years, the Company an-

nounced four additional personnel scholarships for the 2023/2024 academic year, in addition to the existing 14 scholarships.

- Promotion of professions by the HR Department at selected events, collaboration with educational institutions, establishment of communication via social media, and promotion of the Company as a reliable and caring employer. Collaboration with the Occupational Health and Safety Department aimed to reduce sick leave.

Forecasts for the future: These tasks will still need to be completed in 2024. Since the number of employees will need to be increased by 25 compared to the status on December 31, 2023, the risk of having sufficient staff is rated as moderate because of retirement and the increased volume of planned investments. Additionally, new retirements will need to be replaced. To achieve the desired performance and efficiency of newly hired employees, significant effort will be required to impart expertise to the younger generation.

Risk of Achieving Investments

The danger associated with underperforming investments was not realised in 2023. There was a 3.4% increase over planned investments. At the start of 2023, the danger of not achieving was deemed low. Some distribution units were given more administrative support to help supervisors do their jobs better.

Forecasts for the future: Due to the significantly increased volume of planned investments (EUR 48.2 million), there is a risk that all planned investments may not be implemented in 2024 due to:

- Insufficient number of employees to implement investments.
- Delays in investments due to untimely preparation of easement contracts and documentation.

Additional measures are being prepared to reduce such threats.

Risk of Non-Acquisition or Refund of Non-Repayable Funds Due to Non-Realisation of Planned Investments

The Acquisition of additional non-repayable funds for financing the electricity network represents a significant opportunity for the Company, while also posing a risk.

In 2023, Elektro Celje obtained EUR 5,226,399 of non-repayable funds from three EU projects.

Risks include events that could hinder the acquisition of planned non-repayable funds or necessitate their subsequent repayment due to:

- potential delays in project preparation for tendering due to insufficient personnel, inability to hire external services, outdated ongoing preparation of easement contracts, lengthy spatial planning procedures, or
- delays in the implementation of investment projects due to insufficient personnel, materials, external services.

In preparation are a new hiring plan and a plan for outsourcing certain tasks to external contractors. Timely project implementation will be ensured through the enhancement of the reporting system for monitoring investment implementation.

Forecasts for the future: Receipt of non-repayable funds requires the Company's responsible management (funds can only be used for agreed-upon projects and within the agreed-upon timeframe); therefore, Elektro Celje will dedicate full attention to this field in 2024 as well.

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 2023. The Company hired an external Data Protection Officer who prepared additional training in this area and reviewed internal documents related to the Personal Data Protection Act (ZVOP-2).

Forecasts for the future: As of 2024, the risk assessment is still moderate due to the need to completely implement data classification based on varying levels of confidentiality and to review and enhance the physical and technical security of the premises.

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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 (property) important to business operations and the provision of essential services.

In 2023, the Company carried out the following activities:

- establishment of an advanced system for monitoring security events and a system for controlling user access to the network,
- implementation of an information solution for managing new mobile phones and tablet computers,
- improvement of protection against harmful software code,
- update of documents for business continuity and verification of business continuity procedures for the business part of the IT environment,
- Implementation of user responsiveness checks in the event of a potential phishing attack,
- replacement of firewalls.

An external evaluation done in January 2024 determined that the Management System documentation complies with the standards, and that the Management System implementation within the Company is efficient and meets the requirements of the assessed standard.

Forecasts for the future: Although the Company reduced the number of threats and vulnerabilities in 2023 based on the measures implemented, no risk reduction is expected in the coming year due to constant environmental changes. Monitoring and regulating all external access to the Company's network will be a top priority.

Business Continuity Risk

In 2023, the Company did not record any events that negatively impacted the continuity of critical business processes. There were also no major outages, catastrophic events, or cyber-attacks in the information infrastructure.

In the second half of 2023, a Business Continuity Plan was established for the environmental operational technology (OT). The contracted provider supplied recovery procedures, ensuring the restoration of normal operations in the event of major issues (Recovery Plan or Disaster Recovery).

In the Business Continuity Risk area, a recognised threat of unwanted deviations was realised in 2023 during the implementation project of the new D365.

According to the Project Integration Plan, connections to linked information systems were not entirely completed and confirmed before going into production, resulting in serious operational challenges and the inability to provide some services. Errors and delays occurred when supplying the contractually agreed-upon functionalities of D365 and module 2 of the information support. Error correction in the functioning of the new information support D365 has been ongoing since July 2023, but several critical features have yet to be fully created.

Forecasts for the future: The D365 functionalities still do not meet users' expectations, therefore additional efforts will be required in 2024 to reduce the risk.

Major Weather Disasters and
Catastrophes

In 2023, adverse weather events caused significant damage to the electricity network:

- Heavy snowfall and windstorm in January and February caused damage totalling EUR 698,000.
- A windstorm in July resulted in damage amounting to EUR 1.8 million.
- Floods and landslides in August resulted in damage totalling EUR 2.6 million.

In 2023, the costs of damage repair amounted to EUR 3.5 million. The Company received compensation for dam-

ages resulting from natural disasters in the amount of EUR 1,318,627 from Zavarovalnica Triglav property insurance, and a prepayment worth EUR 459,100 from the Government.

Due to adverse weather events in 2023, there were 1,056 damage events (195 – heavy snowfalls, 383 – windstorms, 160 – floods, 318 – other damage events). Furthermore, activities to remedy the mentioned damages affected the Investment and Maintenance Plan implementation. Changes in the priorities of objects occurred in the investment part, resulting in delays of some objects to later periods. Additionally, there was a minor setback in routine maintenance (backlogs in the segment of LVN inspections and TSs revisions).

The Company addresses other catastrophes that could arise due to criminal, terrorist, fire, traffic, and other threats by enhancing technical and physical security measures in its assets.

Forecasts for the future: Based on past trends, we believe that damage from the realisation of such a risk will probably occur in the future, so we do not expect a risk reduction. To reduce the risk of flood damage in the future, routes along watercourses and landslide-prone terrain will be diverted during the design phase. When planning buildings, we will strictly adhere to the conditions set by the Water Directorate.

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Internal Audit and Internal Control System

Risks of Electricity Losses

From January to including November 2023, electricity losses on distributed quantities were within acceptable limits. When we added the December data to the calculation, the percentage of electricity losses increased significantly (4.44%). The determined value exceeded the value recognized by the Energy Agency for 2023 by 0.25 percentage points (4.19%).

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

- Considering that Elektro Celje is the electrical distribution company with the most linked self-sufficient power plants, the effect of annual settlements on the computed share of losses is much more pronounced. The latter results in losses for the distribution network as well as a decrease in invoiced realisation.
- Major industrial users significantly reduced their electricity consumption.
- In August 2023, the state of emergency in the distribution network, due to floods in the Zgornja Savinjska and

Mežiška dolina valleys. At the initial stage of the disaster, 103 km of MV (Medium Voltage) network was without power supply, so all operationally trained workers were reassigned to repair faults to ensure electricity supply as soon as possible. In flood-affected areas, many metering devices were damaged/flooded, so for a certain period (until the consequences of the disaster were eliminated), electricity consumption was not recorded.

Forecasts for the future: Electricity losses are influenced by electricity consumption (more connections from self-sufficient power plants are expected) as well as the consumption of significant industrial users. The Company has no control on electricity consumption, although it can help reduce unauthorised consumption. In 2024, a comprehensive data analysis of electricity flow will be carried out, and additional measures to reduce electricity losses will be adopted. If the Energy Agency does not adjust the technique for computing the recognised loss share, the Company will face penalties in 2024 as well.

Elektro Celje's management is based on the applicable legislation of the Republic of Slovenia, as well as internal regulations, and is implemented by good corporate governance practices. It 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 the internal controls system 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 entire Internal Audit activity is organized in such a way that **ensures its independence and impartiality as well as business professional conduct with professional diligence**, as defined by internal auditing standards. Organizational independence, as stipulated in the Corporate Governance Code for companies with state capital investment, is successfully achieved by having the Head of Internal Audit report administratively to the Company's Chairman of the Management Board and func-

tionally to the Supervisory Board's Audit Committee or the Supervisory Board. 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. Meanwhile, the responsibility for the establishment, operation, and development of internal controls remains with the owners of the processes (sub-processes) and the first line, which offers a suitable environment for their design and development.

The internal control system consists of the applicable organisational structure and responsibility system, tasks and competencies defined in the Rules on Internal Organization and Job Classification, the Management Rules, rules or procedures defined in the document management system, and the issued powers of the Chairman of the Management Board. Internal audit verifies the functioning of this system through regular and extraordinary audits.

The key rules for the Internal Audit operation are set out in the current Funda-

mental Charter of Internal Audit Activity, which was amended on May 16, 2022, and specific tasks in the adopted Annual Plan. With comprehensive planning of the internal audit activity, 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. In 2023, according to this assessment, the Company managed risks and operations in such a way as to reasonably ensure goal achievement, thanks to its **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 the correct and fair production of financial statements.**

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

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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 2023 in accordance with laws and other regulations, Elektro Celje's public limited Company's Statute, and the Recommendations and Expectations of the Slovenian Sovereign Holding (hereinafter SSH Recommendations).

In its work and business operations, the Company adheres to and applies the Corporate Governance Code of Companies with State Capital Investment, published on the SSH website, www.sdh.si.

The Management Board oversees and represents the Company and its business, operating independently and at its own risk. In doing so, it makes decisions that are consistent with the Company's strategic objectives and benefit shareholders and the organisation itself. The Guidance and Management System provides guidance and allows control over the Company and its Subsidiary. 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, and provides a framework for setting, achieving, and monitoring business goals. Furthermore, it 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 and its Subsidiary are to implement modern management and guidance principles, striving for the highest possible compliance with advanced domestic and foreign practices.

Clarifications Regarding the Corporate Governance Code of Companies with State Capital Investment and SSH Recommendations.

In 2023, the Company did not deviate significantly from the principles, procedures, and criteria outlined in the mentioned Code and SSH Recommendations. The Company declares that it does not fully and consistently abide by those

Code Provisions or Recommendations that are already enforced by law or by the Company in accordance with the Statute provisions in a manner different from that which is provided for by the Code, or in cases where non-binding practices are not prescribed in its acts, or when practices are not defined as a legal obligation.

The Company reports on the composition of the Management and Supervisory Boards in Section [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, the Company provides the following explanations:

1. Description of the Main Characteristics of the Company's Internal Controls and Risk Management System

Internal controls are policies and procedures implemented by Elektro Celje and its subsidiary at all levels in order to

manage risks, including those related to financial reporting. The introduced system of internal controls ensures the reliability and effectiveness of financial reporting in accordance with applicable laws and other external and internal regulations. 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 with 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 documents of management systems. They include, inter alia, double control and confirmation of the correctness, completeness and veracity of the business 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 de-

lineation of powers and responsibilities (e.g. separate accounting of invoices and their payment as well as required payment authorization).

The internal controls of financial reporting mentioned above are also related to the controls built into the Information System and 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 process management, risk management, and corporate governance.

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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 practices 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's 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 the remaining assets in the event of liquidation. All shares are of the same class, issued in book-entry form, and freely transferable.

On December 31, 2023, the Republic of Slovenia held a qualifying stake in Elektro Celje, as defined by the Acquisition Act, with 19,232,978 shares or 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

Elektro Celje's shareholders 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 2023, Elektro Celje's management lacked the power of the Shareholders Assembly to acquire its treasury shares. On December 31, 2023 the Company owned 333,849 shares.

7. Operation of the Company's General Meeting and its Key Responsibilities

The Shareholders' Assembly met once in 2023. 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

In 2023, the Company operated a corporate integrity system with elements compliant with the Slovenian Guidelines for Corporate Integrity. 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 2023 is prepared and published in accordance with the Companies Act and accounting standards.

The Chairman of the Management Board
Boris Kupec, Msc



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In Balance Between Challenges and the Green Transition Vision

The worst natural disasters to hit Slovenia in 2023 occurred in the areas operated by Elektro Celje's distribution network. It took a lot of resources and exceptional employee diligence to eliminate the consequences, which also had an impact on the business results. Even though it was an extremely challenging year, we continued the trend of investment and business growth and completed the majority of the strategically scheduled assignments. Our actions were all directed towards fully promoting the growth of renewable energy sources, enhancing the effectiveness of the distribution network, promoting sustainable development in society, and adhering to the green transition objective.



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INDEPENDENT AUDITOR'S REPORT
to the shareholders of ELEKTRO CELJE d.d.

Opinion

We have audited the financial statements of the company ELEKTRO CELEJ d.d. (hereinafter 'the Company'), which comprise the balance sheet as at 31 December 2023, and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Slovene Accounting standards (hereinafter 'SAS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing 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 (EU Regulation). 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.

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 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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Deloitte revizija d.o.o. - The company is registered with the Ljubljana District Court, registration no. 1647105 - VAT ID SI62560085 - Nominal capital EUR 74,214.30.

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Recognition of sales revenue in financial statements

Key audit matter	How key audit matter was addressed
<p>In the year ended December 31, 2023, the company recognized 52,891,389 EUR revenues from sales in the income statement.</p> <p>Sales revenue disclosures are included in chapter 2. <i>Notes to Elektro Celje financial statements (2.3n Revenue)</i> and 2.6.1 <i>Sales revenue</i>.</p> <p>As explained in chapter 2. <i>Notes to Elektro Celje financial statements (2.3n Revenue)</i>, sales revenues arises from contracts with customers and reflect transfers of agreed goods or services to customers in the amount of expected compensation.</p> <p>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.</p>	<p>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:</p> <ul style="list-style-type: none"> • 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 to ELES, we received confirmation of mutual transactions in 2023; • 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. <p>We also reviewed the information in the financial statements to assess whether the disclosures related to sales revenue were adequate.</p>

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.

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.

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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.

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 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, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal 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 entity’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, action taken to eliminate threats or safeguards applied.

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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Prohibited Services

We confirm that no services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided and that the audit company fulfilled independence requirements.

Other services performed by the audit company

There are no services, in addition to the statutory audit, which the audit company provided to the Company, and which have not been disclosed in the Annual Report.

Appointment of the Auditor and responsible certified auditor

Deloitte revizija d.o.o. was appointed as the statutory auditor of the Company on General Shareholders’ Meeting held on June 29, 2022, while the president of the Supervisory Board signed the audit contract on September 6, 2022. The audit contract was signed for 3 years. Our total uninterrupted engagement as statutory auditors has lasted since June 29, 2022.

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 2023, 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).

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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.

When assessing the correctness of the use of the criteria for distribution, we carried out procedures of an audit nature, with which we checked whether the individual criteria is used for the distribution of the economic category for which it was adopted and in the way it was determined.

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 accepting criteria for distribution and the supervising their implementation in line with ZPFOLERD and ZOEE.

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 2023, 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.

Summary of work done

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

- We recognized and assessed risk of material misstatement of the appropriateness of the distribution criteria and the correctness of their use in accordance with ZPFOLERD-1 and ZOEE.
- We have obtained an understanding of internal control that is relevant to the reasonable assurance engagement in order to design procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of internal control;
- 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 those charged with governance, 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 31/12/2023, in all material 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 cesta 165
1000 Ljubljana

Tina Kolenc Praznik
Certified auditor

For signature please refer to the original Slovenian version.

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

Ljubljana, April 12, 2024

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1 Company Elektro Celje's Financial Statements

1.1 Balance Sheet

ITEM (in EUR)	Note	As of December 31, 2023	As of December 31, 2022
ASSETS			
A. Long-term assets (I. + II. + III. + IV. + V. + VI.)		303,172,515	291,686,370
I. Intangible assets and long-term accrued revenue and deferred expenses (1 to 6)	2.4.1	4,678,438	4,728,257
1. Long-term property rights		4,569,361	4,136,142
4. Intangible assets in acquisition		108,619	501,302
6. Other long-term accrued revenue and deferred expenses		458	90,813
II. Tangible fixed assets (1 to 4)	2.4.2	288,652,473	277,064,615
1. Land and buildings (a + b)		210,149,298	206,496,199
a) Land		6,423,580	6,378,744
b) Buildings		203,725,718	200,117,455
2. Production equipment and machinery		61,946,885	63,133,246
3. Other plant and equipment		56,390	54,747
4. Tangible fixed assets in the course of acquisition (a + b)		16,499,900	7,380,423
a) Tangible fixed assets under construction and production		16,499,900	7,380,423
IV. Long-term investments (1 to 2)	2.4.3	4,925,583	4,924,991
1. Long-term investments excluding loans (a + b + c + d)		4,925,583	4,924,991
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		217,142	216,550

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ITEM (in EUR)		Note	As of December 31, 2023	As of December 31, 2022
V.	Long-term operating receivables (1 to 3)	2.4.7	1,065,229	2,169,957
	2. Long-term trade receivables from customers		1,064,758	2,168,438
	3. Long-term operating receivables due from others		471	1,519
VI.	Deferred tax assets	2.4.4	3,850,792	2,798,550
B.	Short-term assets (I. + II. + III. + IV. + V.)		19,483,480	15,083,723
I.	Assets held for sale	2.4.5	66,304	148,354
II.	Inventories (1 to 4)	2.4.6	4,574,788	2,403,401
	1. Material		4,574,788	2,403,401
IV.	Short-term operating receivables (1 to 3)	2.4.7	10,890,051	11,965,542
	1. Short-term operating receivables from companies within the corporate group		42,989	6,669
	2. Short-term trade receivables from customers		10,266,392	11,390,789
	3. Short-term operating receivables due from others		580,670	568,084
V.	Cash	2.4.8	3,952,337	566,426
C.	Short-term accrued revenue and deferred expenses	2.4.9	656,943	431,628
TOTAL ASSETS (A + B + C)			323,312,938	307,201,721

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ITEM (in EUR)		Note	As of December 31, 2023	As of December 31, 2022
LIABILITIES				
A.	Equity (I. + II. + III. + IV. + V. + VI. + VII.)		232,684,711	228,725,997
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.	Capital reserves	2.4.10	62,260,317	62,260,317
III.	Profit reserve (1 to 5)	2.4.10	18,977,306	17,736,482
	1. Legal reserves		5,532,008	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 profit reserves		13,445,298	12,295,266
V.	Reserves resulting from valuation at fair value	2.4.10	−83,018	−202,194
VII.	Net profit or loss for the period	2.4.10	575,016	−2,023,698
	1. Undistributed net profit for the period		575,016	0
	2. Net loss of the period		0	−2,023,698
B.	Provisions and long-term accrued expenses and deferred revenue (1 to 3)	2.4.11	21,651,421	17,391,780
	1. Provisions for pensions and similar liabilities		6,352,872	6,301,953
	2. Other provisions		174,538	141,667
	3. Long-term accrued expenses and deferred revenue		15,124,011	10,948,160
C.	Long-term liabilities (I.+ II.+ III.)		42,638,660	38,387,901
I.	Long-term financial liabilities (1 to 4)	2.4.12	42,621,691	37,795,907
	2. Long-term financial liabilities to banks		42,430,330	37,479,584
	4. Other long-term financial liabilities		191,361	316,323
II.	Long-term operating liabilities (1 to 5)	2.4.13	0	577,452
	2. Long-term trade payables		0	577,452
III.	Deferred tax liabilities	2.4.14	16,969	14,542

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ITEM (in EUR)		Note	As of December 31, 2023	As of December 31, 2022
D.	Short-term liabilities (I. + II. + III.)		25,528,529	20,033,842
II.	Short-term financial liabilities (1 to 4)	2.4.12	12,155,118	9,652,385
	2. Short-term financial liabilities to banks		11,649,254	9,338,154
	4. Other short-term financial liabilities		505,864	314,231
III.	Short-term operating liabilities (1 to 8)	2.4.13	13,373,411	10,381,457
	1. Short-term operating liabilities to companies within the corporate group		42,306	46,371
	2. Short-term operating trade payables		4,216,257	3,191,338
	4. Short-term operating liabilities from operations for third-party account		3,446,099	3,002,965
	5. Short-term liabilities to employees		4,113,181	2,943,685
	6. Short-term liabilities to state and other institutions		610,921	490,077
	7. Short-term operating liabilities based on advances		306,860	225,909
	8. Other short-term operating liabilities		637,787	481,112
E.	Short-term accrued expenses and deferred revenue	2.4.15	809,617	2,662,201
TOTAL LIABILITIES (A + B + C + D + E)			323,312,938	307,201,721

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1.2 Income Statement (profit and loss)

	ITEM (in EUR)	Note	2023	2022
1.	Net sales revenue (a + b)	2.6.1	52,891,389	40,639,370
	a. On the domestic market		52,891,389	40,639,370
3.	Capitalised own products and services	2.6.2	21,670,306	12,186,760
4.	Other operating revenue (including revaluatory operating revenue)	2.6.3	3,671,550	2,317,259
5.	Cost of goods, materials and services (a + b)	2.6.4	23,860,893	15,582,178
	a. Cost of sold goods and costs of used material		16,952,160	9,654,240
	b. Costs of services		6,908,733	5,927,938
6.	Labour costs (a + b + c + d)	2.6.5	30,037,667	25,263,456
	a. Cost of salaries		21,646,778	18,232,433
	b. Pension insurance costs		2,915,751	2,495,274
	c. Other social security costs		1,589,430	1,345,337
	d. Other labour costs		3,885,708	3,190,412
7.	Write-offs (a + b + c)	2.6.6	19,596,527	19,443,517
	a. Depreciation		18,836,929	19,326,467
	b. Operating expenses from revaluation of intangible and tangible fixed assets		746,887	112,888
	c. Operating expenses from revaluation of current assets		12,711	4,162
8.	Other operating expenses	2.6.7	396,027	335,045
9.	Financial revenue from shares (a + b + c)	2.6.8	7,400	256,670
	a. Financial revenue from shares in companies within the corporate group		0	200,000
	b. Financial revenue from shares in associates		0	45,718
	c. Financial revenue from shares in other companies		7,400	10,952
10.	Financial revenue from loans granted (a + b)	2.6.8	66,921	114
	b. Financial revenue from loans to others		66,921	114
11.	Financial revenue from operating receivables (a + b)	2.6.8	14,838	61,748
	b. Financial revenue from operating receivables due from third parties		14,838	61,748

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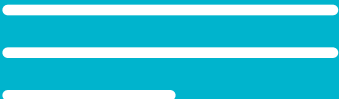
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	ITEM (in EUR)	Note	2023	2022
13.	Financial expenses from financial liabilities (a + b + c + d)	2.6.8	1,193,543	373,132
	b. Financial expenses related to loans from banks		1,169,410	367,228
	d. Financial expenses from other financial liabilities		24,133	5,904
14.	Financial expenses from operating liabilities (a + b + c)	2.6.8	221,242	46,570
	c. Financial expenses from other operating liabilities		221,242	46,570
15.	Other revenues	2.6.9	108,421	18,770
16.	Other expenses	2.6.10	70,256	86,697
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	3,054,670	-5,649,904
18.	Income tax	2.6.13	253,649	0
19.	Deferred taxes	2.6.13	1,062,279	1,423,565
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	3,863,300	-4,226,339

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1.3 Statement of Other Comprehensive Income

	ITEM (in EUR)	Note	2023	2022
1.	Net profit or loss for the period	2.6.11	3,863,300	−4,226,339
3.	Changes in reserves resulting from valuation at fair value	2.4.10	−1,834	−5,514
	– Revaluation of investments measured at fair value through equity		592	−6,808
	– Adjustment to reserves resulting from valuation at fair value for deferred tax liabilities		−2,426	1,294
5.	Other components of comprehensive income	2.4.10	97,248	502,554
	– Actuarial gains/losses in provisions for severance pays		107,285	561,661
	– Impact of deferred tax on actuarial gains/losses in provisions for severance pays		−10,037	−59,107
6.	Total comprehensive income for the period (1 + 2 + 3 + 4 + 5)	2.6.12	3,958,714	−3,729,299

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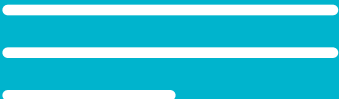
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1.4 Cash Flows Statement

ITEM (in EUR)	2023	2022
A. CASH FLOWS FROM OPERATING ACTIVITIES		
a. Inflows from operating activities	108,144,024	86,175,461
Inflows from sale of goods and services	99,295,456	84,507,832
Other inflows from operating activities	8,848,568	1,667,629
b. Outflows from operating activities	−100,959,265	−85,949,315
Purchase of material and services	−67,686,915	−54,012,281
Salaries and employees' share in the profit	−27,720,361	−24,933,421
Charges (contributions and other taxes)	−4,111,165	−5,833,845
Other outflows from operating activities	−1,440,824	−1,169,768
c. Positive or negative net cash flow from operating activities (a + b)	7,184,759	226,146
B. CASH FLOWS FROM INVESTING ACTIVITIES		
a. Inflows from investing activities	280,988	757,357
Inflows from interests and dividends received relating to investing activities	74,322	256,686
Inflows from disposal of property, plant and equipment	206,666	500,671
b. Outflows from investing activities	−9,983,042	−8,344,721
Outflows for the acquisition of intangible assets	−2,934,548	−2,769,308
Outflows for the acquisition of tangible fixed assets	−7,048,494	−5,575,413
c. Positive or negative net cash flow from investing activities (a + b)	−9,702,054	−7,587,364

ITEM (in EUR)	2023	2022
C. CASH FLOWS FROM FINANCING ACTIVITIES		
a. Inflows from financing activities	30,050,000	37,750,000
Inflows from the increase in financial liabilities	30,050,000	37,750,000
b. Outflows from financing activities	−24,146,794	−31,257,710
Interest paid on financing activities	−1,358,640	−355,617
Repayments of financial liabilities	−22,788,154	−28,754,821
Payments of dividends and other profit shares	0	−2,147,272
c. Positive or negative net cash flow from financing activities (a + b)	5,903,206	6,492,290
D. CLOSING BALANCE OF CASH ASSETS	3,952,337	566,426
Net cash flow for the period (sum of net cash flows Ac, Bc and Cc)	3,385,911	−868,928
Opening balance	566,426	1,435,354

Explanatory Notes to the Cash Flow Statement are presented in Section [Explanatory Notes to the Cash Flow Statement](#).

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1.5 Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY from January 1 to December 31, 2023 (in EUR)		Called-up capital	Capital reserves	Profit reserves				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 profit reserves		Retained net loss	Net profit 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	–202,194	0	0	–2,023,698	228,725,997
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	–202,194	0	0	–2,023,698	228,725,997
B.2.	Total comprehensive income in the reporting period	0	0	0	0	0	0	95,414	0	3,863,300	0	3,958,714
a)	Input of net profit or loss from the reporting period	0	0	0	0	0	0	0	0	3,863,300	0	3,863,300
c)	Changes in reserves resulting from valuation of investments at fair value	0	0	0	0	0	0	–1,834	0	0	0	–1,834
d)	Other components of comprehensive income in the reporting period	0	0	0	0	0	0	97,248	0	0	0	97,248
B.3.	Changes in equity	0	0	90,792	0	0	1,150,032	23,762	0	–3,288,284	2,023,698	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	–2,023,698	0	2,023,698	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	90,792	0	0	1,150,032	0	2,047,460	–3,288,284	0	0
f)	Other changes in equity	0	0	0	0	0	0	23,762	–23,762	0	0	0
C.	Balance at the end of the reporting period	150,955,090	62,260,317	5,532,008	886,371	–886,371	13,445,298	–83,018	0	575,016	0	232,684,711
	BALANCE SHEET PROFIT	0	0	0	0	0	0	0	0	575,016	0	575,016

Explanatory Notes to the Statement of Changes in Equity are presented in Section [Disclosures of Items in the Statement of Changes in Equity](#).

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STATEMENT OF CHANGES IN EQUITY from January 1 to December 31, 2022 (in EUR)		Called-up capital	Capital reserves	Profit reserves				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 profit reserves		Retained net loss	Net profit 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/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)	Settlement of losses as a deductible component of capital	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
	BALANCE SHEET 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 [Disclosures of Items in the Statement of Changes in Equity](#).

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2 Explanatory Notes to Company Elektro Celje's Financial Statements

2.1 Reporting Company

Elektro Celje d. d., a public limited company, is registered in Slovenia with its head office located at Vrunčeva 2a, 3000 Celje. The Company's main activity is the distribution of electrical energy. Through planning, construction, management, operation, and maintenance of the power system within Elektro Celje's distribution area, it ensures the long-term capacity of the power network and provides customers with a reliable, safe, and efficient electricity supply. For the implementation of its activities within the GJS DO (Commercial Public Service Distribution Operator) it concluded a contract with ELES, d. o. o., a commercial company for the lease of electricity distribution infrastructure and provision of services to the Distribution System Operator. The Company's activities also focus on research and innovation, as well as the construction of smart networks, for which it has successfully obtained non-refundable funds from the European Union budget 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., a company for renewable sources and engineering,

which is 100% owned by the Company. According to the criteria of the Companies Act (ZGD-1), the Subsidiary is classified as a small company and as such is not significant for presenting a true and fair view of the parent company's financial position, financial performance (profit or loss), cash flows, and changes in equity; therefore, the Subsidiary's financial statements are not consolidated. Under this exception from paragraph 7 of Article 56 of the Companies Act (ZGD-1), Elektro Celje does not prepare consolidated financial statements.

The associated companies within the Group are ECE, energetska družba d. o. o., an energy company for the sale of electric and other energy sources, consulting, and services, and Informatika, informacijske storitve in inženiring, d. o. o., a company for information services and engineering.

The Company's financial statements are prepared for the business year that ended on December 31, 2023, and are based on the operating Company's assumptions. Elektro Celje's Annual Report and financial statements are published on the website <https://www.elektro-celje.si/si/elektro-celje/letna-porocila>.

2.2 Bases for Preparation

a) Declaration of Conformity

The form and content of the Company's Financial Report, as an Annual Report integral part, are determined by the Companies Act (hereinafter referred to as ZGD-1). The Financial Report includes individual financial statements: Balance Sheet, Income Statement, Statement of Other Comprehensive Income, Cash Flow Statement, and Statement of Changes in Equity, as well as Explanatory Notes to these statements.

The Company's operations are conducted following the regulations in the energy sector (Electricity Supply Act, The Act on the Methodology for Determining the Regulatory Framework, and the Methodology for Calculating Network Charges for Electricity Operators) and regulations governing accounting, financial, and tax matters.

b) Reporting by Business and Geographical Segments

Under the regulations of the energy legislation, the Company provides accounting monitoring and reporting by

area, separately for the activity of the distribution 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 decisions 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

The financial statements are prepared with consideration for their original values, except for financial instruments traded in active markets, whose values can be reliably measured and are thus accounted for at fair value.

Financial statements reflect an authentic and honest presentation of the Company's financial position, Income Statement, and cash flows, and provide comparable information concerning

the previous period. They are prepared based on fundamental accounting assumptions. These are the occurrences of a business event and the unlimited duration of the Company's activities. This considers the principles of comprehensibility, adequacy, reliability, and comparability.

d) Functional and Presentation Currency

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

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e) Use of Estimates, Assumptions and Significant Uncertainties in Operations

The preparation of financial statements is based on the use of determined estimates and assumptions that affect the value of reported assets and liabilities on the reporting date, as well as the amount of revenues, costs, and expenses in the reporting period. Estimates and assumptions are based on the principle of the operating company, experience, and other factors, including expectations regarding future events, and are regularly reviewed. Adjustments in accounting estimates are recognised during the period of change and apply to all future periods affected by the changes. Significant estimates and assumptions include:

- **Estimate of the Useful Life of Depreciable Assets**
When assessing useful life, the Company considers expected physical wear, technical and economic ageing, as well as expected legal, lease, 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 determines the lease duration based on the period during which termination is not possible, considering also any periods covered by options to extend or terminate the lease.
- **Measurement of Value Adjustments for Receivables due from Customers**
The Company makes full value adjustments for receivables in bankruptcy proceedings, receivables subject to litigation,

and receivables that are more than 90 days past maturity on the Balance Sheet date. For receivables in compulsory composition proceedings, the Company carries out a valuation adjustment depending on the decisions of compulsory compositions or in the amount of 80% if the compulsory composition has not yet been confirmed.

- **Assessment of Long-Term Benefits for Employees**
In the frame 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 an 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 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.

- **Valuation 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 groups 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 forms a deferred tax asset based on probable future taxable income and net profits that may be burdened by deductible temporary differences. On the Balance Sheet date, the Company reviewed and determined the provision for deferred tax (arising from the revaluation of fair value of financial investments) and the deferred tax receivable (from the formation of provisions for long-term employee benefits, impairment of financial investments and receivables, gratuitous assets acquired, unused investment incentives, and uncovered tax loss) at the tax rates expected to be applied in the business year when the deferred tax asset is realized or the deferred tax liability settled.
- **Financial Investments Assessment**
At the end of the business year, the Company conducts a revaluation of long-term investments if their recorded book value surpasses the market value determined using the latest published stock exchange rate. Long-term investments not listed on an active market undergo revaluation if their demonstrated book value exceeds their realisable value. In

2023, there was no need for depreciation of investments.

Impact of the Economic and Operating Factors and Natural Disasters on the Financial Year 2023

In 2023, the Company faced rising prices of raw materials, energy, transportation, and other services (material and service costs were 15.5% higher than planned for 2023), disruptions in supply chains, increasing reference interest rates, and high inflation. Elektro Celje updated its business assessments and promptly recognised the effects in the financial statements. All of the listed negative impacts caused increased uncertainty and also the need to use judgment in assessing the impacts of the business environment and its influence on the estimates and assumptions used by the Company.

2023 was heavily marked by damaging events and disasters. In addition to heavy snowfalls (January, February) and windstorms (July), Elektro Celje's distribution network was most affected by August catastrophic floods and landslides in the areas of Koroška, Zgornja Savinjska dolina, and Savinjska dolina to Spodnje Posavje. These damaging events significantly caused a lower business outcome than planned.

The costs of repairing damages and writing off fixed assets amounted to EUR 3.5 million, with the total impact of the damaging events on the poorer business outcome in 2023 being EUR 1.3 million. To cover flood damages, the Company was granted state aid by the Ministry of Economy, Tourism and Sports (prepayment amounting to EUR 459,100, while the indicative amount of

reimbursements in 2024 is EUR 1 million). Some damage costs were covered by insurance claims (EUR 1.4 million) and by network charges of preliminary settlement deviations in the regulatory year 2023 (valued at EUR 351,000, which is 10% of the annual damage costs).

By implementing a policy of regular liquidity management at monthly, weekly, and daily levels, the Company planned cash flows to maintain cash balance on its bank accounts as low as possible. The Company managed its assets and investments to meet all its outstanding liabilities at any time. Newly formed adjustments of short-term receivables amounted to only EUR 1,547 in 2023 (compared to EUR 882 in 2022).

The Company borrows assets following the Decree on the Terms and Conditions and Methods of Borrowing by Legal Entities, referring to Art. 87 of the Public Finance Act. In line with the Decree, the Ministry of Finance's approval is required before starting any borrowing procedure or signing contracts with banks.

The Company is increasingly borrowing to finance investments (it borrowed EUR 19.5 million in 2023). Financial markets assess that the peak of reference interest rates has already been reached and expect a gradual decrease in 2024. The average weighted interest rate on investment loans in 2023 was 2.884%, with 72.2% of loans as of December 31, 2023 (compared to 57.5% of loans on December 31, 2022) being subject to variable interest rates linked to the movement of the EURIBOR reference interest rate.

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Financial commitments are specified in loan agreements with banking partners, which the Company regularly monitors and expects to be fully met based on audited financial statements for each business year. In addition, financial commitments associated with loans from the European Investment Bank are reviewed semi-annually. As of the balance sheet date on December 31, 2023, Elektro Celje had fulfilled all financial obligations to its lending banks.

Regulatory Framework for 2023

Based on Paragraph 2 of Article 109 of the Electricity Supply Act (Official Gazette of the Republic of Slovenia, No. 172/21), the Energy Agency (hereinafter referred to as the Agency) is responsible for issuing the Act on the Methodology to Determine the Regulatory Framework for Electricity Operators. The Act established a methodology based on the method of regulated annual revenue and regulated network charges (Official Gazette of the Republic of Slovenia, No. 123/22). The regulatory period was extended from three to five years (from 2024 to 2028), with a one-year regulatory period set for 2023, lasting from January 1, 2023, to December 31, 2023.

Controlled eligible costs of operation and maintenance for the regulatory period from January 1, 2023, to December 31, 2023, remained determined based on average realised eligible costs in the period 2018–2020, and Identified under the criteria outlined in the Act. Distribution companies and the system operator must further improve the cost efficiency of controlled operation and

maintenance costs by a factor of individual efficiency. The calculation also includes the impact of inflation, efficiency effects, network changes, and the number of users. The value of controlled operation and maintenance costs, as determined by the preliminary calculation for the regulatory year 2023, amounted to EUR 19,598,120.

The **individual eligible cost efficiency factor** for distribution companies during the regulatory years 2023–2028 was determined based on the findings of the study titled 'Comparative Analysis of the Efficiency of Electricity Distribution Activities in the Period 2009–2020,' conducted by the University of Ljubljana, Faculty of Economics, Center for Business Excellence in January 2022. For Elektro Celje, d. d., this factor was calculated at 0.9389.

Uncontrolled eligible costs of operation and maintenance (EUR 2,636,051) include costs and revaluation expenses for damages (amounting to 10% of all damage events), and until 2028, revaluation of operating expenses related to receivables from customers for network charges (up to 0.5% of the invoiced network charges for the distribution system), membership fees where mandatory membership is prescribed by EU regulations, as well as costs and expenses of smart networks arising from the maintenance and operation of these assets.

In the calculation of the planned **regulated return** on new assets (those put into use on or after January 1, 2021), the weighted average cost of capital before taxation (WACC) in the amount of 5.15 % was taken into account. For the calculation of the regulated return on old assets (those put into use on or before December 31, 2020), the individual weighted average cost of capital is considered, and determined based on the individual cost efficiency factor from the previous point, and the weighted average cost of capital before taxation. For Elektro Celje, this amounts to 4.84 percent.

Eligible costs of operation and maintenance also include **revaluation operation expenses of fixed assets** (write-offs of fixed assets) and **depreciation costs**. In the field of investments in **research and innovation**, costs and revenues (non-refundable grants from the European Union) for qualified projects under the Energy Agency are recognised and taken into consideration.

The **stimulation** percentage for **freely acquired European funds** is determined (6% of the purchase value in the year when the asset was put into use) in Article 76 of the Act. The acquisition of free funds from the State and the EU is important for network development, particularly for financial resources for new investments, as reducing the need for network fees relieves consumers. In 2023, the company received EUR 94,375 in incentives for freely acquired assets (EUR 18,989 for 2022).

The Regulatory stimulations or penalties regarding network electricity loss significantly impacted the worse-than-planned business performance (profit or loss) in 2023. The penalties amounted to EUR 1,044,479.

The calculated percentage of electrical energy losses was 0.25 percentage points higher than the required three-year average (2019–2021). The methodology determines the measurement of the share of electrical energy losses based on invoiced realisation and does not consider actual energy flows or the increasing number of connected self-sufficient power plants. The share of electricity produced by solar power plants compared to consumed electricity was highest in Elektro Celje's distribution area, reaching as much as 9.11%. In comparison to the entire territory of the Republic of Slovenia, Elektro Celje had almost one-third of all self-sufficient power plants connected by the end of 2023.

Economic Operations with the Company ELES

The Government of the Republic of Slovenia made the decision for the merger of SODO, an electricity distribution system operator, with ELES, a transmission system operator of the electric power network. On October 2, 2023, following the merger, ELES, d. o. o. succeeded SODO d. o. o. as the legal successor, assuming all its legal relationships. ELES took over all operations of SODO, thereby becoming the Operator of the combined transmission and distribution electric power network.

Elektro Celje, the owner of the electrical distribution infrastructure, entered an Agreement for the Lease of Electrical Distribution Infrastructure and the Provision of Services with the company ELES. Following the terms of the Agreement, the contracting parties also signed Annex No. 5 which set forth the amount of the Lease and the amount of services to be provided in the distribution network for the regulatory period 2023.

The preliminary accounting for the regulatory year 2023, which the Company received in March 2024, was completed using information from the Company's incomplete financial statements. Accordingly, in 2023, the Agreement value of services and lease was already charged EUR 314,223 less than the value determined by the Network Act's provisions. The Company included the calculated deficit in the revenues for 2023. The final calculation for the regulatory year 2023 will be based on audited figures from both the Contracting Parties and the Energy Agency's Decision.

In 2023, the Company also received from the distribution network system operator the calculation of the final deviations of the regulatory year 2022 (in the amount of EUR –14,808). The short-term portion of long-term receivables from ELES, due for payment in 2024, amounts to EUR 1,102,552 (one-third of the unpaid deficit from the preliminary and final settlement of the regulatory year 2021).

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2.3 Important Accounting Policies Information

For all periods presented in the financial statements, the Company applied the same accounting policies and calculation methods as in the previous financial years' preparations of financial statements. The Accounting Policies comply with the individual SAS 2016 Standards that give the Company a choice of different valuation methods. The Company discloses its choice for each item. When selecting rules and procedures, Elektro Celje considered the need for caution, the importance of content over form, and the importance of corporate events.

Following 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 include long-term property rights (primarily software investments), similar assets in preparation, and deferred expenses and accrued revenues (long-term deferred expenses). Investments in real rights to immovable property are disclosed in the Balance Sheet item Land and Buildings in accordance with to SAS 2.39.

An intangible asset is recognised when the economic benefits associated with it are likely to flow in and their costs can be reliably measured. Recognition is derecognised upon disposal or when no economic benefit is expected from its use and subsequent disposal. 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 is calculated using the straight-line depreciation method, taking into account the useful life of intangible assets, and begins on the first day of the month following the month in which the asset is available for use. Depreciation is calculated for each accounting period and is recorded as a cost or operating expense of the related accounting period. The depreciation basis is equal to the purchase value of intangible assets. Estimated useful lives vary depending on the asset type: for software, licences, and other rights, they range from 3 to 6.08 years, while property rights on real estate are estimated to have a useful life of 100 years.

Long-Term Deferred Expenses and Accrued Revenues include amounts of deferred costs and expenses related to a period of more than one year that do not yet burden the Income Statement. The costs of services for each billing period are allocated based on their corresponding values for that period.

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 account-

ing 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.

A tangible fixed asset is recognised when the economic benefits associated with it are likely 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 and non-refundable purchase duties, 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 90 days, 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 to the total value of the tangible fixed asset, each part is considered separately.

The 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.

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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 increase, 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 based on 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 derecognised 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.

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 well 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 re-value other equipment.

Depreciation is calculated using the straight-line method, taking into account the useful life of each individual asset or its components, until the value forming the basis used to calculate depreciation is fully replaced. A tangible fixed asset begins to depreciate on the first day of the month following its availability for use. 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.

The estimated useful life is as follows::

- Energy infrastructure buildings from 20 to 40 years,
- Other buildings from 20 to 40 years,
- Energy infrastructure equipment from 3 to 33.33 years,
- Other equipment from 2 to 33.33 years,
- Vehicles from 8 to 12.5 years.

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 grants the right to use an asset for a set period 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). The fixed asset acquired through lease is an integral part 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.

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 (from 3 to 6,08 years). 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 under the requirements of SAS 17.

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At the start of the Lease, the **Liabilities for Leased Assets** are shown in the same amount as the rights to use the assets and are reduced by repayments. 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 shown in the Financial Liabilities.

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 duration of the Lease, or on another systematic basis that best reflects the pattern of benefits it receives.

COMPANY IN THE ROLE OF LESSOR

The assets that the Company leases are shown 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.

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 the Subsidiary and associated companies, as well as other shares and shareholdings. Long-term investments are measured at purchase value or 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.

Financial investments are recognised if the economic benefits associated with them are likely to flow in 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, financial investments held to the maturity date, loans, assets available for sale, or financial assets measured at purchase value. Financial assets meas-

ured 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.

The Company revalues its financial investments to their fair value at the end of the financial year. It also conducts verifications to establish whether a market for an individual financial investment exists or whether sufficient transactions have been stipulated 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. Such impairment losses must not be reversed.

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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 impairment of short-term and long-term receivables, creation of long-term provisions for employees' benefits, the difference between calculated accounting and tax-recognized depreciation, impairment of financial investments valued at purchase value, formation of long-term deferred accruals for freely acquired fixed assets, the transfer of unused tax losses, and the transfer of unused tax

credit notes (relief benefits) to subsequent tax periods. They are recognised 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 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 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.

The material in inventories is recognised in the book records and Balance Sheet if the economic benefits associated with it are likely to flow in 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 material inventory 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 values, namely the least of them. The consumption of material inventory is valued using the weighted average price method.

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, 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.

Receivables are recognised in the book accounts and Balance Sheet if the economic benefits associated with them are likely to flow in 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.

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 (subse-

quent 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 related 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 evaluates 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 concerning 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 based on relevant supporting documents (court decisions, decisions on compulsory settlement, decisions on bankruptcy proceedings, and other relevant documents). Losses due to impairment or 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 through the Income Statement.

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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 ELES bear interest under the Network Act. Receivables of significant value that are not interest-bearing, are shown at discounted values in the Balance Sheet.

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 soon 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 and 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 Company's management, 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. In 2020, the Company's Share Capital 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 were formed following Art. 15 of the Introduction SAS 2006 (transitional provisions) with a view to application under Art. 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 reserves of profit exceeding the possible 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 2/3 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 financial 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 Costs 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, enable the covering of costs or expenses incurred. 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 for which provisions were made have been exhausted or when accrued and deferred items are no longer required. The unused portion is transferred to other revenues.

The amount recognised as a provision 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 expenditures are 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.

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.

Deferred revenues, which will cover estimated expenses for a period exceeding one year, are shown under **long-term accrued costs and deferred revenues**. Derecognition occurs when the options for which provisions were made have been exhausted or there is no longer a need for accruals. Accrued costs 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.

Long-term accrued costs 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/losses arising as a result of changes in actuarial assumptions and adjustments based on experience and made by a certified actuary.

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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 recalculation 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 about 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 to the state of disputes and the likelihood of a favourable or unfavourable resolution.

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

- **Fixed assets acquired for free** classified based on the depreciation rate of the assets acquired. Deferred revenues are transferred 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 Com-

pany has acquired among its tangible assets with an obligation to maintain and rebuild by 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 revenues for the calculation of average connection costs charged** under 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 predominant depreciation rate of fixed assets in energy infrastructure (3%).

- **Long-term deferred revenues for Government Subsidies and European Non-Refundable Funds**, 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, arose.

I) 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.

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.

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.

Short-term accruals and deferrals are recognised if such revenue, costs, or expenses are likely to incur at the time they are formed. Derecognitions occur when all accrued options have expired or accruals and deferrals are no longer required. They are only applied to items for which they were originally recognised. The reality of items in short-term deferred costs and accrued rev-

enues must be justified on the Balance Sheet date, whereas items in accrued expenses and deferred revenue should not conceal reserves.

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 revenues.

OPERATING REVENUES include sales revenues, capitalised own services, and other operating revenues associated with business effects.

Sales Revenues arise from contracts with customers and reflect 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 the Distribution Operator's revenues from electricity infrastructure leases and the provision of related services, as well as revenues from services provided (revenues from services provided to customers, leases). The amounts invoiced in the name and for the account of ELES, d. o. o., are not shown as revenues but rather as operating liabilities owed to the Company ELES. The calculated value-added tax and excise duty are not counted as sales revenue, but rather as withdrawal liabilities.

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

Other Operating Revenues include revenues from the reversal of provisions and long-term accrued costs and deferred revenues (primarily for free-of-charge fixed assets), revenues associated with business effects (received compensation, subsidies, state aids, reimbursements, grants, allowances, and so on), and operating revenues 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 REVENUES arise in connection with financial investments and receivables. These are interest revenues (interest on late payments of network charges and services received, interest on deposits, cash in accounts, and granted loans) and revaluation financial revenues (financial revenues from the sale of investments, revenues from dividend payments, and profit participation).

OTHER REVENUES consist 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).

Revenues are 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.

Revenues from contracts with customers are 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 revenues as the Company fulfills performance obligations (either gradually or instantly). Control is determined by the terms of the purchase and sale contract. In most cases, the transfer occurs when the customer receives the goods or the service is provided. To determine whether it has transferred control of an asset to a customer, the Company, under SAS 15.44, considers the indicators of control transfer (right to payment, 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).

Revenues are recognised in an amount that reflects the compensation 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.

Revenues from the sale of services to customers are recognised based on the completion of the estimated 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 revenues.

Revenues from interest are recognised on the date of occurrence using the effective interest rate method, revenues from dividends on the date when the shareholder's right to receive payment is exercised, while interest for overdue payments of the network charge and services is recognised 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.).

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 recognised 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 are not included in the gross amount. The Company followed the Provisions of General and industry Collective Agreements, as well as individual Employment Contracts, and other applicable regulations for salary payment. Refunds are recorded using gross mode. Value write-offs include depreciation and operating expenses from revaluation. 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 fixed assets and operating 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. The deferred tax is established based on the amount expected to be refunded by the tax authorities, using tax rates or regulations known on the Balance Sheet date, which will be applicable in the business year when the receivable will be refunded.

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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 revenues 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 Sections 19 to 24 of the SAS 21.8 and items from Sections 25 to 29 of the SAS 21.10.

s) Cash Flow Statement

The Cash Flow Statement shows 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. The

Cash Flow Statement is prepared using the direct method (Version I), in accordance with SAS 22.6. Inflows from sales also include value-added tax 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.



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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, 2023. It has the form of a sequential, step-by-step statement, as 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

(in EUR)	31 Dec. 2023	31 Dec. 2022
Long-term property rights	4,569,361	4,136,142
Intangible fixed assets in acquisition	108,619	501,302
Other long-term accrued revenue and deferred expenses	458	90,813
Total	4,678,438	4,728,257

Long-term property rights valued at EUR 4,569,361 as of December 31, 2023 (EUR 4,136,142 as of December 31, 2022) displayed licences, rights to use software, and software equipment for conducting electrical distribution activity. Long-term property rights worth EUR 2,635,839 were additionally activated in 2023. The upgrade of the Microsoft Dynamics AX Information System to Microsoft Dynamics 365 for Finance and Operations was completed. Automation of big data analysis was implemented in the 'BigData' processing area, and investment was made in software license compliance.

In 2023, the maintainance of licences totalling EUR 160,512 was recognised as the right to use property rights (for the period from June 1, 2023,

to June 1, 2028). The carrying value for contracts to ensure appropriate operational licences for information support (Claudera, ESRI, and Verti-GIS) amounted to EUR 495,941 (purchase value EUR 574,084, valuation adjustment EUR 78,143), with an additional uncharged portion under contracts of EUR 382,722 (EUR 191,361 due in 2024, the remainder in 2025).

The rights to use the rented software equipment are detailed in Section [Tangible Fixed Assets](#).

The Intangible assets are the Company's exclusive property and are free of encumbrances. On December 31, 2023, the Company had not concluded contracts for the purchase of intangible assets, for which no liabilities had yet been recognised.

(in EUR)	31 Dec. 2023	31 Dec. 2022
Liabilities to sups. for intangible long-term assets	834,303	915,726

Changes in tangible fixed assets (in EUR)	Long-term property rights	Intangible assets in acquisition	Long-term deferred expenses and accrued revenue	Total
PURCHASE VALUE				
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
As of January 1, 2023	17,392,403	501,302	90,813	17,984,518
Increase	0	2,243,156	0	2,243,156
Carry-over from ongoing investments	2,635,839	-2,635,839	0	0
Decrease	-493,645	0	-90,355	-584,000
As of December 31, 2023	19,534,596	108,619	458	19,643,673
VALUE ADJUSTMENT				
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
As of January 1, 2023	13,256,261	0	0	13,256,261
Depreciation	2,202,619	0	0	2,202,619
Decrease	-493,645	0	0	-493,645
As of December 31, 2023	14,965,235	0	0	14,965,235
CARRYING AMOUNT				
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
As of January 1, 2023	4,136,142	501,302	90,813	4,728,257
As of December 31, 2023	4,569,361	108,619	458	4,678,438

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2.4.2 Tangible Fixed Assets

Tangible fixed assets (in EUR)	31 Dec. 2023	31 Dec. 2022
Land	6,423,580	6,378,744
Buildings	203,725,718	200,117,455
Equipment	62,003,275	63,187,993
Land, buildings and equipment under acquisition	16,499,900	7,380,423
Total	288,652,473	277,064,615

Investments in tangible assets totalled EUR 28,970,879 in 2023, as shown in the [Investment and Project Planning](#) Section. In 2023, the cost of construction and production of tangible fixed assets under own control was EUR 21,670,306 (EUR 12,186,760 in 2022), while purchases from suppliers, including intangible asset acquisition, were EUR 9,543,730 (EUR 8,089,607 in 2022). There were no free acquisitions.

The book value of long-term intangible and tangible fixed assets leased to ELES amounted to EUR 275,315,725 on December 31, 2023 (EUR 272,581,040 EUR on December 31, 2022). The revenues generated from the activities of the leases to the Distribution Operator for the business year 2023, as calculated from the preliminary estimate for the regulatory year 2023, totalled EUR 25,497,637 (compared to EUR 14,124,909 in 2022).

The write-off rate for engineering structures was 66.1% (compared to 66.2% as of December 31, 2022), while equipment was written off at 67.7% (compared to 66.3% as of December 31, 2022). Borrowing costs attributed to newly activated construction facilities in 2023 amounted to EUR 141,348 (EUR 3,273 in 2022). Investments in progress include EUR 145,827 in interest (EUR 651 in 2022).

On December 31, 2023, easement rights for land in the amount of EUR 156,896 (EUR 129,596 on December 31, 2022), which are managed as intangible assets in the accounting records under SAS 2.39, are shown in the Balance Sheet, in the item Land and Buildings and Investments in Progress.

On December 31, 2023, equipment, real estate, and facilities were not pledged as a guarantee for liabilities or placed under financial lease.

(in EUR)	31 Dec. 2023	31 Dec. 2022
Liabilities to suppliers for tangible fixed assets	687,172	785,959

Changes in tangible fixed assets (in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
PURCHASE VALUE					
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
As of January 1, 2023	6,384,757	591,706,035	187,357,951	7,380,423	792,829,166
Increase	0	0	0	28,970,879	28,970,879
Carry-over from ongoing investments	58,547	13,789,328	6,003,527	-19,851,402	0
Decrease	-12,257	-3,900,716	-1,569,584	0	-5,482,557
As of December 31, 2023	6,431,047	601,594,647	191,791,894	16,499,900	816,317,488
VALUE ADJUSTMENT					
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
As of January 1, 2023	6,013	391,588,580	124,169,958	0	515,764,551
Depreciation	1,454	9,575,856	7,057,000	0	16,634,310
Decrease	0	-3,295,507	-1,438,339	0	-4,733,846
As of December 31, 2023	7,467	397,868,929	129,788,619	0	527,665,015
CARRYING AMOUNT					
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
As of January 1, 2023	6,378,744	200,117,455	63,187,993	7,380,423	277,064,615
As of December 31, 2023	6,423,580	203,725,718	62,003,275	16,499,900	288,652,473

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Rights to Use Leased Assets

Changes in the rights to use (in EUR)	Changes in rights to use property rights	Changes in rights to use leased equipment	Total
PURCHASE VALUE			
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
As of January 1, 2023	226,769	719,819	946,588
Increase	160,513	0	160,513
Decrease	0	-9,998	-9,998
As of December 31, 2023	387,282	709,821	1,097,103
VALUE ADJUSTMENT			
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
As of January 1, 2023	75,590	243,181	318,771
Depreciation	88,966	238,113	327,079
Decrease	0	-8,080	-8,080
As of December 31, 2023	164,556	473,214	637,770
CARRYING AMOUNT			
As of January 1, 2022	0	5,068	5,068
As of December 31, 2022	151,179	476,638	627,817
As of January 1, 2023	151,179	476,638	627,817
As of December 31, 2023	222,726	236,607	459,333

In 2023, the Company leased tangible assets (servers and telecommunications infrastructure, as well as passenger vehicle batteries) and intangible assets (software) that were capitalised in accordance with IFRS 16 (International Financial Reporting Standard). The lease term varies from 3 to 6.08 years. With the lease, the Company also secured the right to upgrade to a higher version during the lease period. In 2023, maintenance of licences amounting to EUR 160,512 was recognized as the right to use property for the period from June 1, 2023, to June 1, 2028.

The carrying amount of leased asset rights on December 31, 2023, was EUR 459,333 (EUR 627,817 on December 31, 2022). Lease payment amounts are determined and fixed by the Contract for the entire lease period. Bailiffs secured payments to the lessor for the leased assets. 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.

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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, 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
Carrying amount as of January 1, 2023	1,805,952	2,902,489	216,550	4,924,991
Changes in other comprehensive income	0	0	592	592
Carrying amount as of December 31, 2023	1,805,952	2,902,489	217,142	4,925,583

Long-term Investments in the Associated Company

Company name	Company Head Office	As of December 31, 2023		As of December 31, 2022	
		Amount (in EUR)	Share (in %)	Amount (in EUR)	Share (in %)
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	

Long-term Investments in Shares and Shareholdings of Other Companies

Company name	Company Head Office	As of December 31, 2023		As of December 31, 2022	
		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	7.68%	114,430	7.68%
Zavarovalnica Triglav, d. d.	Miklošičeva cesta 19, Ljubljana	102,712	2,960	102,120	2,960
Total		217,142		216,550	

By 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 Company was not a partner in another company for which it had unlimited liability for the obligations of such a company. Financial investments are not pledged as a guarantee of obligations.

The investment in Elektro Celje OVI, d. o. o., Rimska cesta 108, Šempeter v Savinjski dolini, is a **Long-Term Financial Investment in a Group Company**. It is shown at a purchase value, in the amount 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.

Elektro Celje holds a shareholding of 36.4195% in Company ECE. An option for the purchase and sale of these shares to company HSE was established, valid from January 1 to May 31, 2025.

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

The last revaluation of long-term financial investment in the Company Stelkom's shareholding took place in 2004 (at a value of EUR 1,243). Considering that on December 31, 2023, there was no objective evidence of a possible investment impairment, the Company considered that it was not necessary to revalue it in 2023.

Due to the higher stock market price of Zavarovalnica Triglav, d. d. compared to the book value, on December 31, 2023, an appropriate increase effect in financial investment of EUR 592 was recognised in equity.

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2.4.4 Deferred Tax Assets

On December 31, 2023, the Company did not have any other significant temporary tax differences or tax credits that could be used as an additional source to form deferred tax assets.

In 2023, a 19% tax rate (the same as in 2022) was used to calculate deferred tax assets, while a tax rate of 22% will be applied in 2024.

Deferred tax assets (in EUR)	31 Dec. 2023	31 Dec. 2022
Revaluation of short-term receivables	55,253	59,708
Revaluation of long-term receivables	6,743	6,025
Provisions for long-term employee benefits	577,719	560,192
Financial assets measured at purchase value	22,772	19,667
Long-term accrued expenses and deferred revenue from fixed assets acquired free of charge	612,759	599,707
Uncovered tax loss	1,162,180	1,003,701
Unused deduction	1,413,366	549,550
Total	3,850,792	2,798,550

Changes in deferred tax assets (in EUR)	Short-term receivables	Long-term receivables	Provisions for long-term benefits	Financial investments	Long-term accrued expenses and deferred revenue for fixed assets	Uncovered tax loss	Unused deduction	Total
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
As of January 1, 2023	59,708	6,025	560,192	19,667	599,707	1,003,701	549,550	2,798,550
Recognised in the Income Statement	0	718	27,564	3,105	13,052	158,479	863,816	1,066,734
Reversed in the Income Statement	-4,455	0	0	0	0	0	0	-4,455
Reversed in the Statement of Comprehensive Income	0	0	-10,037	0	0	0	0	-10,037
As of December 31, 2023	55,253	6,743	577,719	22,772	612,759	1,162,180	1,413,366	3,850,792

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2.4.5 Assets Held for Sale

Assets held for sale (in EUR)	31 Dec. 2023	31 Dec. 2022
Tangible fixed assets classified for sale	66,304	148,354
Total	66,304	148,354

Tangible fixed assets classified for sale include public and road lighting in the amount of EUR 66,304. On December 31, 2023, their condition, according to

the conclusion of 2022, was EUR 82,050 lower due to the stipulated agreements on their divestment with municipalities.

Changes of assets held for sale (in EUR)	Tangible fixed assets classified for sale
As of January 1, 2022	311,626
Sales	-163,272
As of December 31, 2022	148,354
As of January 1, 2023	148,354
Sales	-82,050
As of December 31, 2023	66,304

2.4.6 Inventories

Inventories (in EUR)	31 Dec. 2023	31 Dec. 2022
Material	4,412,534	2,301,685
Material in processing	4,801	1,095
Small tools	157,453	100,621
Total	4,574,788	2,403,401

The increase in inventories compared to the previous year is due to more significant investments and higher purchase prices in 2023. Through careful inventory planning and maintaining safety stock levels, the Company ensures the smooth implementation of investments and the maintenance of the electricity infrastructure.

On November 30, 2023, a deficit of EUR 8,712 and a surplus of EUR 15,499 were recorded in stock inventory. In 2023, inventories worth EUR 12,702 were written off due to obsolescence or changes in the quality of the materials.

Write-off, inventory deficit and surplus (in EUR)	30 Nov. 2023	30 Nov. 2022
Write-off of non-current stocks	-12,702	-4,162
Inventory deficit	-8,712	-11,109
Inventory surplus	15,499	7,581
Total	-5,915	-7,690

On December 31, 2023, the Company had no inventories pledged as security for its obligations.

2.4.7 Receivables

On December 31, 2023, the value of the Company's operating receivables amounted to EUR 11,955,280 (EUR 14.135.499 on December 31, 2022) and was not pledged as a guarantee of obligations. Except for regular invoices for the electricity network, the Company had no recorded receivables due from the Management Board, Supervisory Board, or internal owners.

Long-Term Operating Receivables

Long-term operating receivables (in EUR)	31 Dec. 2023	31 Dec. 2022
Operating trade receivables	1,133,207	2,236,855
Value adjustment to trade receivables	-30,649	-31,710
Discounted trade receivables from distribution operator	-37,800	-36,707
Long-term operating trade receivables	1,064,758	2,168,438
Long-term operating receivables due from others	471	1,519
Total	1,065,229	2,169,957

On December 31, 2023, long-term operating receivables mainly included long-term receivables due from the Company ELES in the amount of EUR 1,064,753 (EUR 1,102,553 from the preliminary accounting for RF 2021 and EUR -37,800 from the discounting of this receivable). The receivables due from Company ELES are no longer remunerated following its inclusion in the Regulatory Framework but were shown at a discounted value under SAS 5.36, using an average weighted interest rate of investment loans as of December 31, 2023.



Short-Term Operating Receivables

Short-term operating receivables (in EUR)	31 Dec. 2023	31 Dec. 2022
Short-term operating receivables from companies within the corporate group	42,989	6,669
Short-term receivables from foreign customers	1,200	1,200
Short-term receivables from domestic customers	10,536,451	11,705,013
Value adjustment to trade receivables	-237,627	-299,241
Discounted trade receivables from distribution operator	-37,800	-18,353
Receivables for interest	11,075	10,870
Value adjustment to receivables for interest	-8,976	-8,700
Advance payments made	3,617	1,548
Value adjustment to advance payments made	-1,548	-1,548
Short-term trade receivables from customers	10,266,392	11,390,789
Short-term operating receivables due from others	583,670	572,846
Value adjustment to short-term receivables from others	-3,000	-4,762
Short-term operating receivables due from others	580,670	568,084
Total	10,890,051	11,965,542

On December 31, 2023, the Company reported short-term operating receivables totalling EUR 10,890,051; these included 0.4% (leases, measures, and other services) of receivables due from Group companies.

Short-term interest receivables reduced by value adjustments due from domestic customers (EUR 10,261,024) consisted of receivables for maintenance and lease of electricity infrastructure and provision of services for ELES d. o. o. (EUR 7,099,046), receivables due from customers for network charges (EUR 2,814,475), receivables due from customers for services (EUR 234,069), receivables for Lease, average connection costs, and fixed assets (EUR 151,234),

and the discounted value of receivables due from Company ELES from the preliminary accounting for the regulatory year 2021 (EUR -37,800). Short-term interest receivables reduced by adjustments to the value of interest receivables amounted to EUR 2,099 (of which default interest for network charges was EUR 1,915 and for services EUR 184).

Receivables due from others totalling EUR 580,670 include insurance compensation receivables (EUR 362,469), input VAT receivables (EUR 13,509), receivables due from State government institutions (EUR 164,053), and other short-term operating receivables due from others (EUR 40,639).

The adjustments to the Company's receivables at the end of 2023 were 20.1% lower than at the beginning of the year. The decrease in adjustment balance primarily stems from write-offs related to completed bankruptcy proceedings and compulsory settlements. Partially, this reduction is also attributed to payments received for regular receivables overdue by more than 90 days and litigated cases. The positive impact of impairments and write-offs on the Company's profit loss in 2023 amounted to EUR 3,179, as the newly formed impairment of receivable values was lower than the amount of reversed impairment.

In 2023, payments totalling EUR 14,186 (EUR 42,374 in 2022) were received for identified unauthorized consumption of electricity. The newly recalculated identified unauthorized consumption in 2023 was EUR 10,290.

The formation of value adjustments of receivables and their write-offs are explained in Section [Significant Accounting Policies \(Receivables\)](#). Operating receivables categorized by payment deadlines are displayed in Section [Credit Risk](#).

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Changes in valuation adjustments to short-term receivables for 2023 (in EUR)	As of January 1, 2023	Write-offs	Reconciliation		As of December 31, 2023
			Recognition	Reversal	
Adjustments to receivables – network charge	274,213	–47,470	0	–3,468	223,275
Adjustments to receivables – DO services	15,097	–3,962	0	–1,012	10,123
Adjustments to receivables – services	9,931	–5,733	31	0	4,229
A Total adjustments – receivables	299,241	–57,165	31	–4,480	237,627
Adjustments to late charge – network charge	5,491	–797	72	0	4,766
Adjustments to late charge – DO services	2,120	–56	608	0	2,672
Adjustments to late charge – services	1,067	–384	836	0	1,519
Adjustments to late charge – other	22	–3	0	0	19
B Total adjustments – late charge	8,700	–1,240	1,516	0	8,976
C Adjustments to misc. short-term receivables	4,762	–1,516	0	–246	3,000
D Adjustments to short-term advance payments made	1,548	0	0	0	1,548
TOTAL (A + B + C)	314,251	–59,921	1,547	–4,726	251,151

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 – DO 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 – DO 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

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2.4.8 Cash

Cash (in EUR)	31 Dec. 2023	31 Dec. 2022
Cash in current accounts	3,952,337	566,426
Total	3,952,337	566,426

2.4.9 Deferred Expenses and Accrued Revenues

Accrued revenue and deferred expenses (in EUR)	31 Dec. 2023	31 Dec. 2022
Short-term deferred expenses	168,483	143,655
Short-term accrued projects	171,796	284,890
Short-term accrued revenue – distribution operator	314,223	0
VAT from advance payments and overpayment of network charge received	2,441	3,083
Total	656,943	431,628

Non-invoiced revenues include the value of the preliminary calculation for 2023 (EUR 314,223) and non-invoiced projects for services rendered to customers (EUR 171,796). In accordance with contrac-

tual provisions, they will be invoiced in 2024.

Deferred costs and accrued revenues are realistic and do not include any hidden reserves.

2.4.10 Equity

In 2023, the value of Share Capital, and capital 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, following 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 business year 2018, which amounted to EUR 886,371 on December 31, 2023, (EUR 2.655 per share).

On December 31, 2023, the reserves resulting from the revaluation at fair value amounted to EUR -83,018 (EUR -202,194 on December 31, 2022). In 2023, they increased by EUR 131,639 (EUR 592 from the revaluation of Zavarovalnica Triglav, d. d. shares, and EUR 131,047 from the transfer of the proportional part of the actuarial loss identified in the formation of retirement severance pay provisions to the transferred profit or loss) and reduced by EUR 12,463 (EUR 2,426 for deferred tax from value adjustments or excesses from the financial investments revaluation and EUR 10,037 for deferred tax from actuarial losses). The nature and purpose of all reserves are described in section [2.3.j Equity](#).

The net profit or loss for the business year in question was a profit of EUR 3,863,300 (a value loss of EUR 4,226,339 on December 31, 2022). The Company offset the carried-forward net loss of EUR 2,047,460 with the current year's profit, formed statutory reserves of EUR 90,792, and other reserves from profit in the amount of EUR 1,150,032. The remainder of the net profit for the business year amounted to EUR 575,016.

On December 31, 2023, the book value of the share was EUR 9.62 (EUR 9.45 on December 31, 2022), and

the net profit or loss per share was EUR 0.16 (EUR -0.18 on December 31, 2022). 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 (23,858,576 shares). Treasury shares are not included in the calculation. The balance and the movements of individual components in equity are shown in the [Statement of Changes in Equity](#) on January 1 and December 31, 2023.

Equity (in EUR)	31 Dec. 2023	31 Dec. 2022
Share capital	150,955,090	150,955,090
Capital reserves	62,260,317	62,260,317
Profit reserves	18,977,306	17,736,482
Legal reserves	5,532,008	5,441,216
Reserves for treasury shares	886,371	886,371
Treasury shares	-886,371	-886,371
Other profit reserves	13,445,298	12,295,266
Reserves resulting from valuation at fair value	-83,018	-202,194
Net profit or loss for the period	575,016	-2,023,698
Remainder of net profit for the period	575,016	0
Net loss for the period	0	-2,023,698
Total	232,684,711	228,725,997

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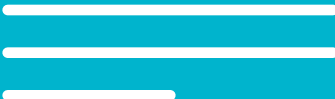
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2.4.11 Provisions and Long-Term Accrued Costs and Deferred Revenues

Provisions and long-term accrued expenses and deferred revenue (in EUR)	31 Dec. 2023	31 Dec. 2022
Long-term provisions for severance pays and long-service awards	6,352,872	6,301,953
Provisions for lawsuits	174,538	141,667
Long-term accrued expenses and deferred revenue:	15,124,011	10,948,160
- for non-repayable state and EU grants	5,555,119	724,069
- for fixed assets acquired free of charge	7,866,517	8,413,724
- for connection fees	1,702,375	1,810,367
Total	21,651,421	17,391,780

Changes in provisions and long-term accrued expenses and deferred revenue (in EUR)	Provisions for long-term benefits	Other provisions	Long-term accrued expenses and deferred revenue	Total
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
As of January 1, 2023	6,301,953	141,667	10,948,160	17,391,780
Utilisation	-544,378	0	0	-544,378
Recognition	595,297	32,871	5,226,400	5,854,568
Reversal	0	0	-1,050,549	-1,050,549
As of December 31, 2023	6,352,872	174,538	15,124,011	21,651,421

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 6,352,872 were established in the amount of estimated future payments discounted on December 31, 2023. On December 31, 2023, actuarial calculations took into account the following assumptions: statistical probabilities of mortality and disability, retirement in ac-

cordance with the law and staff turnover (2.5% aged up to 40 years, 1% aged 41 to 50 years, 0.5% aged from 51 to 60 years and 0.% older than 61 years), discount rate (3.1709%), salary growth in the Republic of Slovenia, in enterprises, and the electrical industry and the employer's applicable contribution rate (16.1% in the case of payments in excess of the amounts specified in the Decree on the Tax Treatment of Refund of Expenses and Other Employment Income).

Obligations for long-term employee benefits (in EUR)	Long-service awards	Severance pay	Allowance payments in the case of death	Total
As of January 1, 2022	1,860,945	5,015,838	171,949	7,048,732
Service costs	126,841	215,089	10,704	352,634
Interest costs	17,593	46,146	1,643	65,382
Benefit payments	-165,562	-214,415	-12,594	-392,571
Actuarial gains/losses	-182,817	-561,661	-27,746	-772,224
As of December 31, 2022	1,657,000	4,500,997	143,956	6,301,953
As of January 1, 2023	1,657,000	4,500,997	143,956	6,301,953
Service costs	136,581	185,455	11,820	333,856
Interest costs	59,909	155,819	5,291	221,019
Benefit payments	-234,601	-302,885	-6,892	-544,378
Actuarial gains/losses	145,919	-107,285	1,788	40,422
As of December 31, 2023	1,764,808	4,432,101	155,963	6,352,872

Long-term benefit liabilities decreased by EUR 544,378 (EUR 392,571 in 2022) due to payments for long-service awards, retirement severance pay,

and solidarity aid based on actual costs incurred, while additional provisions of EUR 595,297 were formed (EUR 418,016 in 2022).

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Sensitivity analysis	Absolute change in the amount of the liabilities (in EUR)							
	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
Long-service award	–59,996	64,367	63,765	–60,026	–121,881	106,627	2,151	–2,338
Severance pay upon retirement	–161,918	175,533	174,842	–162,850	–324,364	224,083	9,101	–9,963
Solidarity aid	–6,310	6,801	6,723	–6,301	–12,729	11,146	–6,137	6,687
Total	–228,224	246,701	245,330	–229,177	–458,974	341,856	5,115	–5,614

Other Provisions

Other provisions in the amount of EUR 174,538 increased by EUR 32,871 compared to the end of 2022 and include provisions formed and debited to operating expenses for lawsuits. In 2018, a compensation lawsuit was filed due to damage caused by route clearing (provision in the amount of EUR 18,000), and in 2020, another lawsuit was filed due to land ownership and consequent payment of compensation for unauthorized use of a transformer substation (provision of EUR 39,667). In addition, individual lawsuits were filed against the Company between 2017 and 2022 for payment of the transformer substation usage charge, which Elektro Celje used for distributing electricity during that period (the total value of claims amounted to EUR 116,871).

Long-term Accrued Expenses and Deferred Revenue

Long-term accrued expenses and deferred revenue from non-refundable funds of the European Union increased by EUR 5,226,400 in 2023. Due to draw-down, covering the incurred costs and expenses of European pilot projects, they decreased by EUR 294,495.

The reduction of long-term accruals for calculated depreciation of fixed assets taken over free of charge and the average connection costs totalled EUR 655,199. There were no newly formed. The use of ceded contributions under the Employment Rehabilitation and Disabled Persons Act was EUR 2,360, while the disbursement of State aid for the acquisition of fixed assets amounted to EUR 98,495.

2.4.12 Financial Liabilities

Financial liabilities (in EUR)	31 Dec. 2023	31 Dec. 2022
Long-term financial liabilities to banks	42,430,330	37,479,584
Long-term lease liabilities	0	316,323
Other long-term financial liabilities	191,361	0
Long-term financial liabilities	42,621,691	37,795,907
Short-term financial liabilities to banks	11,649,254	9,338,154
Short-term lease liabilities	314,503	313,856
Short-term payables for dividends paid out	0	375
Other short-term financial liabilities	191,361	0
Short-term financial liabilities	12,155,118	9,652,385
Total	54,776,809	47,448,292

On December 31, 2023, the book value of liabilities was equal to their paid values, and they were not subject to financial risks (Market Risk). On December 31, 2023, the Company had no long-term liabilities to members of the Management Board, Supervisory Board, or internal owners.

Bank Loans

Financial liabilities to banks totalling EUR 54,079,584 are classified by maturity into short-term (21.5%) and long-term (78.5%). Long-term loans were obtained from domestic and foreign banks to finance investments.

To finance investments in the period 2015–2017, the Company signed a loan agreement with the European Investment Bank 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 totalling 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) EUR 15.2 million in 2022 (with a repayment period of 7 years and a one-year moratorium), and EUR 17 million (with a repayment period of 11 years and a one-year moratorium) and EUR 2.5 million (with a repayment period of 10 years and a one-year moratorium) in 2023. The principal due for payment five years after the Balance Sheet date is EUR 9,351,785 (EUR 6,051,708 on December 31, 2022), and the interest value is EUR 661,545 (EUR 136.093 on December 31, 2022).

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In 2023, the Company used EUR 16.7 million in investment loans, with principal payments totalling EUR 9,438,154. The principal is due in 2024 for EUR 11,649,254. To finance the occasional deficit in liquid assets, the Company used a revolving credit amounting to up to EUR 3 million with a maturity date of March 27, 2025, which had not been drawn on December 31, 2023.

The average weighted interest rate on investment loans in 2023 was 2.884%, while in 2022 was 0.792%. 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 [Market Risk](#) and [Liquidity Risk](#).

Loans are secured by bills of exchange and financial commitments that 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 December 31, 2023, the Company met all financial commitments to lending banks.

Lease Liabilities

The Company shows liabilities for the leased assets among the lease liabilities recognised by the right to use the assets.

Other Financial Liabilities

Financial liabilities under the contract, relating to the provision of appropriate operating licences for information support (Claudera, ESRI, and VertiGIS), amounted to EUR 382,722 on December 31, 2023 (of which EUR 191,361 is due in 2024, and the remainder in 2025).

Changes in lease liabilities recognised by the right to use the assets (in EUR)	Amount
As of January 1, 2022	5,135
Rent increase	936,591
Payment of rents	–311,547
As of December 31, 2022	630,179
As of January 1, 2023	630,179
Rent increase	3,033
Payment of rents	–318,709
As of December 31, 2023	314,503

2.4.13 Operating Liabilities

Operating liabilities (in EUR)	31 Dec. 2023	31 Dec. 2022
Long-term operating trade payables	0	577,452
Long-term operating liabilities	0	577,452
Short-term liabilities to companies within the corporate group	42,306	46,371
Short-term trade payables for fixed assets	1,521,476	1,701,685
Short-term trade payables for current assets	2,692,698	1,481,538
Short-term trade payables for current assets abroad	2,083	0
Short-term trade payables for non-invoiced material and services	0	8,115
Short-term operating liabilities from operations for third party account (the Company DO)	3,446,099	3,002,965
Short-term liabilities to employees	4,113,181	2,943,685
Short-term liabilities to state and other institutions	610,921	490,077
Short-term liabilities based on advance payments	306,860	225,909
Other short-term operating liabilities	637,787	481,112
Short-term operating liabilities	13,373,411	10,381,457
Total	13,373,411	10,958,909

Short-term operating liabilities to Group companies (EUR 42,306) include liabilities to Subsidiary Elektro Celje OVI for electricity supplied (EUR 6,891), thermal heating (EUR 35,012), and project documentation production (EUR 403).

The majority of short-term operating liabilities are obligations to the Distribution Operator in the amount of EUR 3,446,099 (for network charges with surcharges charged by the Company to electricity customers in the supply area) and current business liabilities to suppliers in the amount of EUR 4,216,257

(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 2023, as well as liabilities for their contributions (EUR 4,113,181), liabilities to the State and other institutions (EUR 610,921), and predominantly accrued VAT (EUR 338,646) and Corporate Income Tax liabilities (EUR 253,649).

Other short-term operating liabilities (EUR 637,787) primarily include liabilities arising from deposits submitted by

tenderers in response to Public Tenders (EUR 218,694) and liabilities for voluntary supplementary pension insurance (EUR 130.931). Short-term operating liabilities are due for payment within three months from the Balance Sheet date, except for liabilities arising from deposits given by providers, which are due following the contract.

The Company's liabilities are not secured by real collateral. The risks associated with the Company's solvency are outlined in Section [Liquidity Risk](#).

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2.4.14 Deferred Tax Liabilities

Changes in deferred tax liabilities (in EUR)	Financial investments
As of January 1, 2022	15,836
Reversed in the Statement of comprehensive income	–1,294
As of December 31, 2022	14,542
As of January 1, 2023	14,542
Recognised in the Statement of comprehensive income	2,427
As of December 31, 2023	16,969

2.4.15 Short-Term Accrued Expenses and Deferred Revenue

Short-term accrued expenses and deferred revenues (in EUR)	31 Dec. 2023	31 Dec. 2022
Accured costs and expenses	809,617	670,388
Deviations in RF for distribution operator activity	0	1,991,813
Total	809,617	2,662,201

Short-term accruals include labour costs for unused annual leave of employees for 2023 worth EUR 797,321 (EUR 667,911 in 2022), and pre-computed bank interest expenses worth EUR 12,294 (2,477

in 2022). On December 31, 2022, a surplus deficit of the preliminary calculation for 2022 in the amount of EUR 1,991,813 was added and settled in 2023.

2.4.16 Contingent Liabilities and Other Off-Balance Sheet Records

Contingent liabilities and other off-balance sheet records (in EUR)	31 Dec. 2023	31 Dec. 2022
Contingent liabilities	2,334,643	2,317,512
Other off-balance sheet records	13,814	13,814
Total	2,348,457	2,331,326

Contingent liabilities (ongoing litigation procedures) that did not meet the conditions for recognition as Balance Sheet items on December 31, 2023, are included in the Off-Balance Sheet records.

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 Plaintiff 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. Legal proceedings concluded in favour of the Company amounted to EUR 14,649; no new ones were initiated.

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 other off-balance sheet records (in EUR)	31 Dec. 2023	31 Dec. 2022
Potential receivables	233,910	352,071
Bank guarantees received	4,883,717	2,902,645
Tax reliefs for employing disabled persons	99,920	0
Infrastructure owned by the distribution operator	2,562,164	2,704,850
Total	7,779,711	5,959,566

Receivables that do not qualify for recognition on the Balance Sheet as of December 31, 2023, were included in Off-Balance Sheet records. They refer to receivables due from deleted companies' shareholders (EUR 142,107) 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 (EUR 91,803).

The Off-Balance Sheet records also include the bank guarantees received for the good perfor-

mance of contractual obligations, the seriousness of the offer, and the elimination of defects during the warranty period (EUR 4,883,717), tax relief for employing disabled persons (EUR 99,920) and the unsigned value of the electricity infrastructure (EUR 2,562,164), which was transferred to the Distribution Operator based on 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 2023 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 (profit and loss)

The Income Statement is a fundamental financial statement that discloses the Company's revenues and expenses, as well as deferred taxes and net profit or loss for the fiscal year 2023. The form of the Income Statement for external operating reporting is prescribed by Articles 66 of the Companies Act (ZGD-1) and SAS 21. As determined by SAS 21.6, the Company uses Version I, and as such, it reports costs separately by functional groups under SAS 21.20. Operating costs and revaluation-related expenses can be direct, meaning they can be directly related to arising operational impacts, or general.

2.6.1 Sales Revenues

In 2023, the Company generated EUR 52,891,389 in sales revenues in the domestic market but did not generate revenues in international markets. The revenues from regulated activities under the Contract and its corresponding Annexes with Company ELES for 2023 amounted to EUR 49,818,677. This figure also includes, in the final settlement process of the Regulatory Framework, the surplus identified from the final profit and loss of 2022, totalling EUR 14,408.

Type of costs and expenses (in EUR)	2023			2022		
	Direct costs	Overhead costs	Total	Direct costs	Overhead costs	Total
Cost of material	16,614,532	337,628	16,952,160	9,507,666	146,574	9,654,240
Cost of services	5,368,922	1,539,811	6,908,733	4,641,891	1,286,047	5,927,938
Labour costs	25,581,880	4,455,787	30,037,667	21,504,317	3,759,139	25,263,456
Depreciation	18,479,531	357,398	18,836,929	16,977,250	2,349,217	19,326,467
Expenses from revaluation	746,587	13,011	759,598	111,069	5,981	117,050
Other expenses	244,730	151,297	396,027	236,697	98,348	335,045
Total	67,036,182	6,854,932	73,891,114	52,978,890	7,645,306	60,624,196

Sales revenue (in EUR)	2023	2022
Revenue from lease of electricity infrastructure for DO	25,563,227	14,143,762
Revenue from provision of services for the distribution operator	24,255,450	23,298,600
Revenue from provision of services to customers	2,467,827	2,671,341
- of which revenue from the sale of services to companies within the corporate group	28,913	12,576
- of which revenue from unbilled provision of services to customers	171,796	284,890
Revenue from lease	604,885	525,667
- of which revenue from lease to companies within the corporate group	22,791	15,767
Total	52,891,389	40,639,370

2.6.2 Capitalised Own Services

The Company generated revenues of EUR 21,670,306 through the construction of its fixed assets (EUR 12,186,760 in 2022). The value of own work was EUR 7,378,123, the cost of materials amounted to EUR 13,071,768, and the cost of motor vehicle transportation was EUR 1,220,415. The Company makes no profit from the construction of fixed assets.

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2.6.3 Other Operating Revenues

Other operating revenue (in EUR)	2023	2022
Revenue from elimination of provisions	0	66,381
Revenue from reversal of long-term accrued expenses and deferred revenue	655,199	655,282
- of which acquisition of fixed assets free of charge	547,207	547,290
- of which average connection fees	107,992	107,992
Revenue associated with operating effects	2,912,660	1,405,441
- of which compensation received from insurance companies and others	1,450,772	56,892
- of which revenue of EU projects and funds	294,495	355,595
- of which incentives for employment and education	53,679	56,864
- of which State aid	459,100	34,745
- of which refunds of sickness allowances	545,895	761,631
- other revenue	108,719	139,714
Operating revenue from revaluation	103,691	190,155
- of which sale of fixed assets	65,759	130,339
- of which sale of dismantled material	25,463	27,665
- of which reversal of adjustments of receivables, reduction and write-off of liabilities	12,469	32,151
Total	3,671,550	2,317,259

The Company received state aid in the amount of EUR 459,100 based on the filed damage assessment to help reduce the effects of the catastrophic damages caused by the unfavourable weather events in August 2023. As a prepayment of funds to the economy for the removal of the effects of the August floods, the Republic of Slovenia made an advance payment to the Company. This payment is regarded as an expected subsequent payment of the remaining funds for the removal of the

effects, which were allocated in accordance with the provisions from Article 44a to 44h of the Natural Disasters Consequences Relief Act. The Company received state help in 2022 for the control and removal of the repercussions of the COVID-19 epidemic (EUR 34,745).

Claims for losses from the insurance company (EUR 51,811 in 2022) were used to settle a portion of the costs of damage caused by unfavourable weather events in 2023 (EUR 1,444,053).

2.6.4 Costs of Materials and Services

Cost of material (in EUR)	2023	2022
Cost of material for investments carried out in-house	13,071,768	5,927,834
Cost of fuel and energy	1,135,119	857,061
Cost of material used in provision of services to customers	1,029,577	1,295,048
Cost of material used in maintenance	829,018	726,298
Cost of material for damage repair	518,874	149,658
Write-offs of small tools	250,294	176,693
Cost of office supplies	39,844	43,306
Cost of materials for distribution operator services	31,054	458,206
Other costs of material	46,612	20,136
Total	16,952,160	9,654,240

Costs of services (in EUR)	2023	2022
Costs of maintenance services	2,434,563	1,922,434
Costs of IT services	1,002,432	971,403
Costs of transactions, bank services and insurance premiums	991,118	1,061,389
Costs of intellectual and personal services	469,136	269,240
Costs of services for damage repair	336,416	81,310
Cost of transport services	323,077	325,115
Costs of meeting fees, work contracts	201,429	186,427
Cost associated with provision of services to customers	163,969	206,660
Costs of water consumption and municipal services	132,811	124,306
Cost of membership fees	122,933	112,930
Rents	68,044	46,203
Study costs	62,507	147,811
Costs of fairs, advertising, representation and sponsorship	55,100	46,961
Other costs of services	545,198	425,749
Total	6,908,733	5,927,938

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2.6.5 Labour Costs

Labour costs (in EUR)	2023	2022
Cost of salaries	21,646,778	18,232,433
Cost of supplementary employee retirement insurance	979,204	854,845
Cost of employer contributions and other levies on salaries	3,525,977	2,985,766
Other labour costs	3,404,144	2,975,323
Provisions for long-service bonuses and severance pays	481,564	215,089
Total	30,037,667	25,263,456

On the Balance Sheet date, the Company added EUR 797,323 in labour costs for unused annual leave with associated benefits (EUR 667,911 on December 31, 2022). Other labour costs in the amount of EUR 3,404,144 (EUR 2,975,323 in 2022) include EUR 1,026,332 for meal allowances at work (EUR 826,924 in 2022), EUR 757,714 for travel to and from work (EUR 660,198 in 2022), EUR 1,429,104 for annual leave allowances (EUR 1,315,859 in 2022), EUR 41,210 for solidarity assistance in the event of an employee's death (EUR 33,896 in 2022) and EUR 149,784 for other benefits (EUR 138,446 in 2022). The average number of employees in 2023 is presented in the Section [Educational Structure of Employees](#).

2.6.6 Value Write-Offs

Value write-offs (in EUR)	2023	2022
Depreciation	18,509,850	19,012,627
Depreciation of rights of use of tangible and intangible fixed assets	327,079	313,840
Operating expenses from revaluation of tangible and intangible fixed assets	746,887	112,888
Operating expenses from revaluation of current assets	12,711	4,162
Total	19,596,527	19,443,517

Depreciation

Depreciation according to groups of assets (in EUR)	Intangible long-term assets	Rights in immovable property	Buildings	Equipment	Right to use property rights	Right to use equipment	Total
Depreciation for 2022	2,476,070	1,223	9,626,182	6,909,151	75,590	238,251	19,326,467
Depreciation for 2023	2,113,653	1,454	9,575,856	6,818,887	88,966	238,113	18,836,929

Revaluation of Operating Expenses

Losses from the elimination of fixed assets in 2023 amounted to EUR 746,887 (EUR 112,888 in 2022). Operating expenses from the revaluation of current

assets (EUR 12,711) are primarily adjustments to the value of material stock inventories in the amount of EUR 12,702 (EUR 4,162 in 2022).

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2.6.7 Other Operating Expenses

Other operating expenses (in EUR)	2023	2022
Compensation for the use of building land	177,783	171,364
Cost of court fees	16,121	22,693
Remunerations to high school and university students during training or internships	24,054	15,396
Scholarships for high school and university students	58,108	19,050
Other operating expenses	119,961	106,542
Total	396,027	335,045

2.6.8 Financial Performance

Financial revenues (EUR 89,159) are mostly derived from interest on deposits of EUR 66,921 (EUR 15 in 2022) and EUR 14,838 (EUR 14,262 in 2022) in receivables for network costs and services. In 2022, the financial revenues from operating receivables included EUR 47,486 in interest from discounting the Distribution Operator's receivables. In 2022, dividends of EUR 10,952 were received from Zavarovalnica Triglav, amounting to EUR 7,400 in 2023. Profit-sharing payments from related company Informatika (EUR 45,718) and subsidiary company EC OVI (EUR 200,000) were also received by the Company in 2022; however, no profit-sharing payments were received from these companies in 2023.

Financial expenses from financial liabilities (EUR 1,193,543) are higher than in the prior year due to higher principal amounts of loans taken and higher EURIBOR reference interest rates (EUR 367,228 in 2022). Interest on bank loans received is the main source of financial expenses from financial liabilities, totaling EUR 1,169,410. According to actuarial calculations, net interest (EUR 221,019) on December 31, 2023, relates to the expected present value of liabilities arising from long-service awards, severance payments, and solidarity benefits (EUR 46,146 EUR in 2022) and was included in financial expenditure arising from operating liabilities (EUR 221,242).

Financial revenue and expenses (in EUR)	2023	2022
Financial revenue from shares	7,400	256,670
Financial revenue from shares in companies within the corporate group	0	200,000
Financial revenue from shares in associated companies	0	45,718
Financial revenue from shares in other companies	7,400	10,952
Financial revenue from loans granted	66,921	114
Financial revenue from deposit interests	66,921	15
Financial revenue from loans granted to others	0	99
Financial revenue from operating receivables	14,838	61,748
Financial revenue from default interest arising from trade receivables	14,838	14,262
- of which for network charge	12,560	11,251
- of which for services	2,278	2,965
- of which for other business receivables	0	46
Financial revenues from interest of RF reconciliations	0	47,486
Financial revenue (total)	89,159	318,532
Financial expenses from financial liabilities	-1,193,543	-373,132
Financial expenses related to loans from banks	-1,169,410	-367,228
Financial expenses from other financial liabilities	-24,133	-5,904
Financial expenses from operating liabilities	-221,242	-46,570
Financial expenses from pure interest on reserves, for severance pays and long-service awards	-221,019	-46,146
Financial expenses from other operating liabilities	-223	-424
Financial expenses (total)	-1,414,785	-419,702
Financial profit or loss	-1,325,626	-101,170

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2.6.9 Other Revenues

Other revenue (in EUR)	2023	2022
Received payments of court expenses and bailiffs	2,147	18,030
Compensations	103,675	0
Other revenues	2,599	740
Total	108,421	18,770

EUR 103,675 in compensation is related to the reimbursement that was obtained from a claim for compensation against Elektro Celje, which was based on the Supreme Court of the Republic of Slovenia's revision judgement. The latter nullified the rulings of the Celje District and Higher Courts and concluded that Elektro Celje had not unjustly cashed the Plaintiff's bank guarantee. Consequently, the Plaintiff was required to return the principal (compensation) along with the associated statutory default interest and reimburse the costs of the litigation.

2.6.10 Other Expenses

Other expenses (in EUR)	2023	2022
Severance payments	41,033	67,152
Donations	15,740	6,950
Annuities, recourse claims	12,469	12,579
Other expenses	1,014	16
Total	70,256	86,697

2.6.11 Profit or Loss

The realised operational result was EUR 4,342,131 (compared to EUR -5,480,807 in 2022). After accounting for financial income and expenses, the net operating profit from normal activities was EUR 3,016,505 (compared to a deficit of EUR 5,581,977 in 2022). The net profit or loss result for 2023 was EUR 3,863,300, after deducting other non-routine income and expenses, profit tax of EUR 253,649, and deferred taxes of EUR 1,062,279 (against a loss of EUR 4,226,339 in 2022).

2.6.12 Statement of Comprehensive Income

The total Comprehensive Income profit for the accounting period is EUR 3,958,714, which is EUR 95,414 higher than the net profit of the accounting period (EUR 3,863,300) due to the change in reserves resulting from valuation at fair value (EUR -1,834) and changes in other components of Comprehensive Income.

2.6.13 Income Tax and Deferred Tax

For the fiscal year 2023, the Company revealed a liability to pay corporate income tax of EUR 253,649, computed using Slovenia's relevant tax rate of 19% in 2023. Since the Company had a deficit at the end of the 2022 fiscal year, it did not declare a corporate income tax liability for that year.

The deferred tax from deductible transitory differences for 2023 totals EUR 1,062,279. The section [Deferred Tax Liabilities](#) provides an overview of deferred tax assets.

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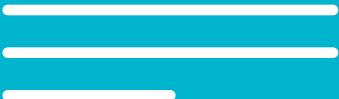
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2.7 Explanatory Notes of Items in the Cash Flows Statement

CASH FLOW (in EUR)	2023	2022
Inflows from operating activities	108,144,024	86,175,461
- receivables pursuant to the Agreement with ELES	58,541,404	46,651,264
- receivables from network charges	33,323,867	30,130,662
- receivables from services to customers, Lease payments, services to customers for the Company ELES	3,833,840	3,676,618
- receivables from average connection costs	3,596,345	4,036,004
- receivables from non-repayable funds from the European Union	5,226,400	379,370
- other receivables from operating activities	3,622,168	1,301,543
Outflows from operating activities	-100,959,265	-85,949,315
- expenses for the purchase of materials and services	-67,686,915	-54,012,281
- salaries with contributions and other duties and taxes	-27,720,361	-24,933,421
- duties and taxes of all kinds	-4,111,165	-5,833,845
- other expenses from operating activities	-1,440,824	-1,169,768
Cash flow from operating activities	7,184,759	226,146
Inflows from investing activities	280,988	757,357
- inflows from the disposal of tangible fixed assets	206,666	500,671
- inflows from dividends and profit participation received from other companies	7,400	256,670
- inflows from interest on deposits and assets positive balance in bank accounts	66,922	16
Outflows from investing activities	-9,983,042	-8,344,721
- expenses for the acquisition of intangible fixed assets	-2,934,548	-2,769,308
- expenses for the acquisition of tangible fixed assets	-7,048,494	-5,575,413
Cash flow from investing activities	-9,702,054	-7,587,364
Inflows from financing activities	30,050,000	37,750,000

CASH FLOW (in EUR)	2023	2022
- long-term investment loans	16,700,000	17,500,000
- long-term revolving credit	13,350,000	20,250,000
Outflows from financing activities	-24,146,794	-31,257,710
- expenses on interest paid on loans and the use of a credit line	-1,358,640	-355,617
- repayment of investment loans	-9,438,154	-8,504,821
- repayments of used long-term revolving credit	-13,350,000	-20,250,000
- dividend pay-outs	0	-2,147,272
Cash flow from financing activities	5,903,206	6,492,290
Net cash flow for the period	3,385,911	-868,928
Opening balance	566,426	1,435,354
Closing balance	3,952,337	566,426

The Operating Cash Flow (EUR 7,184,759) was EUR 6,958,613 higher compared to 2022. This increase was due to higher receipts from the lease of energy infrastructure and services provided under the Agree-

ment with ELES, which amounted to EUR 58,541,404 (EUR 46,651,264 in 2022), as well as received non-repayable funds from the European Union amounting to EUR 5,226,400 (EUR 379,370 in 2022).

2.8 Disclosures of Items in the Statement of Changes in Equity

Determination and proposal for the allocation of balance sheet profit (in EUR)	2023	2022
a Net profit or loss for the financial year	3,863,300	-4,226,339
b Retained net profit/retained net loss (deductible item)	-2,047,460	2,202,641
c Increase in revenue reserves pursuant to decisions by the management and supervisory bodies (legal reserves, reserves for own shares and statutory reserves)	90,792	0
d Increase in revenue reserves pursuant to decisions by the management and supervisory bodies (other revenue reserves)	1,150,032	0
BALANCE SHEET LOSS/PROFIT (a + b - c - d)	575,016	-2,023,698

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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

The Company regularly monitors outstanding receivables, their structure, and the risk of nonpayment, and controls and collects past-due receivables. Receivables due from customers with an estimated increased credit risk are secured by enforcement orders. According to the Balance Sheet as of December 31, 2023, enforcement orders secured EUR 416,780 in receivables (EUR 1,028,617 in receivables on December 31, 2022).

The volume of operating receivables as of the Balance Sheet date of December 31, 2023 (EUR 11,955,80) decreased by 15.4% compared to the end of 2022 (EUR 14,135,499). The Company has EUR 246,040 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 19.6% less than on December

31, 2022. The receivables ageing structure includes short-term operating receivables due from Group companies and customers, as well as interest receivables, but excludes value adjustments and advances.

The Company also keeps an eye on its exposure to credit risk arising from financial investments and the possibility of notable variations in the value of financial instruments. A lower credit rating reduces the liquidity of the financial instrument, making it difficult to sell; in extreme situations, it might even render an investment worthless. Financial assets that have a price announced in an active market and whose fair values can be reliably measured are evaluated at fair value (2,960 Zavarovalnica Triglav d.d. shares valued at EUR 102,712), while the rest are valued at purchase cost. The management of the Company evaluates whether there are objective grounds to impair the financial investment in the equity instrument as of the date of the Balance Sheet. Financial instruments cannot protect against the risk that the value of long-term financial assets would fall below purchase cost (as described in Section [Important Accounting Policies \(Financial assets\)](#)).

Maturity analysis of short-term operating trade receivables (in EUR)	31 Dec. 2023	Share in %	31 Dec. 2022	Share in %
Non-matured receivables	10,109,221	95.4	11,270,567	96.1
Receivables overdue by less than 30 days	233,180	2.2	140,884	1.2
Receivables overdue by 31–60 days	823	0.0	1,560	0.0
Receivables overdue by 61–90 days	262	0.0	1,038	0.0
Receivables overdue by 91–180 days	667	0.0	1,185	0.0
Receivables overdue by 181–365 days	1,522	0.0	2,331	0.0
Receivables overdue by more than 365 days	246,040	2.3	306,187	2.6
Total	10,591,715	100.0	11,723,752	100.0

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 ELES are remunerated under the Network Charge Act until they are in-

cluded in the Regulatory Framework, at which point their remuneration ceases. However, non-remunerated receivables of significant value are shown on the Balance Sheet at a discounted value, using an interest rate equal to the average weighted interest rate of long-term loans on December 31, 2023.

Preliminary and final reconciliation received of the Regulatory Framework	Value as of January 1, 2023	Value as of December 31, 2023	Payment in the regulatory year 2024	Payment in the regulatory year 2025
Preliminary reconciliation of the regulatory year 2021	3,392,061	2,261,374	1,130,687	1,130,687
Preliminary reconciliation of the regulatory year 2023	0	314,223	314,223	0
Preliminary reconciliation of the regulatory year 2022	–1,991,813	0	0	0
Final reconciliation of the regulatory year 2021	–121,667	–81,111	–40,556	–40,555
Contractual interest from the preliminary reconciliation in 2021	37,263	24,842	12,421	12,421
Final reconciliation of the regulatory year 2022	0	–14,408	–14,408	0
Total deviations from the Regulatory Frameworks	1,315,844	2,504,920	1,402,367	1,102,553

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Notwithstanding the provisions of Article 113, Paragraph 6 of the Electricity Supply Act (Official Gazette of the Republic of Slovenia, No. 172/21), the Energy Agency shall not take into account the network charge deficit of 2023 when determining tariff rates after January 1, 2024, pursuant to Article 23 of the Act to Mitigate the Consequences of High Energy Prices (ZUOPVCE). This deficit will be determined by the end of 2024 and will primarily result from maintaining the network charge tariff rates at the 2022 level. Under Article 17 of the aforementioned Act (ZUOPVCE), excess revenues from congestion as defined in Article 9 of Regulation 2022/1854/EU, as well as surplus market revenues and other suitable funds, may be used to cover the deficit of the regulatory year 2023.

The Company mitigates the risks associated with meeting financial obligations to lending banks by establishing an acceptable structure of funding sources and favourable financial indicator values. 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). Credit Insurance and Financial Commitments to banks are explained in Section [Financial Liabilities](#).

Maturity of financial liabilities to banks as of December 31, 2023 (in EUR)	Book value as of December 31, 2023	Maturity after balance sheet date		
		up to 1 year	from 1 year to 5 years	over 5 years
Loans	54,079,584	11,649,254	33,078,545	9,351,785
Loan interests	4,990,914	1,624,872	2,704,497	661,545
Total financial liabilities to banks	59,070,498	13,274,126	35,783,042	10,013,330

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

2.9.3 Equity Risk

To manage equity risk, the Company develops and implements a regular monitoring policy, which includes planning financing sources into the Company's business plans, ongoing monitoring and reporting on financing sources, and determining appropriate measures to prevent or address the causes of equity inadequacy. The ownership financing rate in 2023 was 72% (74.5% in 2022). When monitoring equity management decisions, the Company also considers financial commitments from Credit Agreements, as described in Section [Financial Liabilities](#).

Due primarily to lower Company indebtedness at the end of 2022, the relationship between the Company's net indebtedness and equity on December 31, 2022, was more favourable than on December 31, 2023.

(in EUR)	31 Dec. 2023	31 Dec. 2022
Net financial liabilities	50,824,472	46,881,866
Equity	232,684,711	228,725,997
Net financial liabilities/equity indicator	21.8%	20.5%

2.9.4 Market Risk

Exposure to Interest rate risk represents the (un)favourable trend of the EURIBOR reference interest rates, with the Company having the option of repay-

ing or refinancing long-term debt at any time without incurring additional costs.

Sensitivity analysis and impact on profit or loss	Value of loan (in EUR)	Interest increase due to interest rate change		
		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, 2023 (in EUR)	54,079,584	190,104	380,209	570,313
Interest increase due to interest rate change as of December 31, 2023		+ 2.1%	+ 4.2%	+ 6.3%

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 2023, changes in the EURIBOR interest rate of 0.1%, 0.2%, and 0.3% were taken into account on December 31, 2023. The 1-month EURIBOR was 3.843% on December 31, 2023, the 3-month was 3.925% and the 6-month EURIBOR was 3.885%. Other variables were considered unchanged. The sensitivity to interest rate changes is related to the interest clauses in loan agreements and the proportion of fixed-rate loans (27.8% of loans as of December 31, 2023, 42.5% of loans as of December 31, 2022).

Financial markets estimate that the peak of reference interest rates has been reached and expect a gradual decrease. The EURIBOR (3-month) rate will be 3.4% at the end of 2024, and 2.4% in 2025 and 2026. The Company does not use financial instruments to safeguard itself against fluctuations in EURIBOR interest rates.

The average weighted interest rate of investment loans in 2023 was 2.884% but it was 0.792% in 2022.



2.10 Transactions with Associated Parties

2.10.1 Connections with Group Companies and Associated Companies

(in EUR)	2023			2022		
	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	42,989	36,581	0	6,669	11,708	0
Short-term trade receivables	42,989	36,581	0	6,669	11,708	0
Liabilities	42,306	93,108	775,164	46,371	57,751	1,429,884
Short-term operating liabilities	42,306	93,108	460,661	46,371	57,751	567,721
Short-term financial liabilities	0	0	314,503	0	0	312,191
Long-term operating liabilities	0	0	0	0	0	235,469
Long-term financial liabilities	0	0	0	0	0	314,503
Revenues	51,704	181,986	0	228,343	122,430	45,718
Net sales revenue	51,704	181,986	0	28,343	122,430	0
Financial revenue	0	0	0	200,000	0	45,718
Costs and expenses	186,521	391,179	885,538	241,558	129,382	862,772
Costs of material	172,101	391,179	0	187,178	126,412	0
Costs of services	14,420	0	881,968	54,380	2,970	856,907
Financial expenses	0	0	3,570	0	0	5,865

On December 31, 2023, the Company had receivables and obligations to connected parties as a result of normal business activities. Elektro Celje collab-

orated with the associated companies (Informatika, d. o. o., and ECE) and the subsidiary company (Elektro Celje OVI, d. o. o.) based on sales contracts (lease

of business premises, supply of energy products, provision of services, acquisition of software and licences). In mutual transactions, market prices for services,

goods and materials, insurance, as well as settlement methods specific to normal market conditions, were used.

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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 Company in 2022 was EUR 1,730,968, while no dividends were paid out in 2023.

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 48,737,118 in 2023 (EUR 37,561,769 in 2022), 97.5 % of which came from the Lease of energy infrastructure and services provided to Company ELES. The costs incurred in

business collaboration with associated companies totalled EUR 1,936,395 (EUR 1,967,176 in 2022). On the Balance Sheet date, it also showed receivables due from associated parties in the amount of EUR 8,395,084 (EUR 8,201,599 due from ELES) and operating liabilities in the amount of EUR 3,598,601 (EUR 3,446,517 due to ELES).

2.10.3 Transactions with the Management Board and Supervisory Board

Remuneration of the Chairman of the Management Board

Remuneration of the Chairman of the Management Board in 2023 (in EUR)	Gross remuneration (1)	Gross variable remuneration (2)	Deferred remuneration* (3)	Benefits (4)	Total gross (1 + 2 + 3 + 4)	Total net	Other remunerations
Boris Kupec, MSc	117,355	0	16,335	9,420	143,110	62,518	13,152

* variable remuneration from previous years

Other benefits (daily allowances, reimbursements of meal and travel expenses, annual leave pay, supplementary pension insurance, long-service awards, professional education, and training) 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 costs of insurance

premiums and the use of company vehicles reflect the Management Board's creditworthiness.

On December 31, 2023, 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. In addition, there

were no other liabilities for December 2023 other than the meeting fees and salaries of the Supervisory Board and Audit Committee members.

Reimbursements for professional education and training must not exceed EUR 10,000 per financial year.

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Remuneration of the Company's Supervisory Board and the Supervisory Board Committees

Remuneration of the members of Elektro Celje Supervisory Board and Supervisory Board Audit Committee in 2023 (in EUR)		Compensation for performing the function and additional payments (gross)			Attend- ance fees at meetings of the Su- pervisory Board and its Commit- tees (2)	Total (1 + 2)	Travel expenses	Insurance premiums (benefit)	Total	Professional education
		Basic remu- neration for the perfor- mance of the duties	Additional payment for performing the function	Total (1)						
		(gross)	(gross)	(gross)					(net)	
Miha Kerin, MSc	Chairman of the Supervisory Board Member of the Human Resources Committee Deputy Chairman of the Supervisory Board Chairman of the Audit Committee	15,513	4,496	20,009	4,345	24,354	1,128	768	18,324	0
Boštjan Leskovar, MSc	Chairman of the Supervisory Board Member of the Human Resources Committee	14,625	2,437	17,062	2,585	19,647	163	768	14,199	0
Simona Felser, MSc	Member of the Supervisory Board Deputy Chairman of the Supervisory Board	3,553	0	3,553	1,100	4,653	172	0	3,510	563
Marjan Strnad	Member of the Supervisory Board Chairman of the Audit Committee	3,250	1,138	4,388	1,320	5,708	411	0	4,450	0
Dejan Žohar, MSc	Member of the Supervisory Board	9,750	0	9,750	1,925	11,675	109	768	8,361	325
Klemen Srna	Member of the Supervisory Board Chairman of the Human Resources Committee	3,250	1,138	4,388	1,320	5,708	490	0	4,507	0
Marijan Papež	Member of the Supervisory Board Chairman of the Human resources Committee	9,750	3,656	13,406	2,585	15,991	412	768	11,721	0
Jože Mravlak	Member of the Supervisory Board Member of the Supervisory Board's Audit Committee	13,000	3,250	16,250	4,345	20,595	0	768	14,769	0
Matej Coklin	Member of the Supervisory Board Member of the Human Resources Committee	12,860	3,084	15,944	3,685	19,629	0	768	14,067	0
Darinka Virant	External Member of the Supervisory Board Audit Committee	0	3,250	3,250	1,320	4,570	436	0	3,641	0
TOTAL		85,551	22,449	108,000	24,530	132,530	3,321	4,608	97,549	888

2.10.4 Operations with Employees That Are Not Subject to the Tariff Part of the Collective Agreement

Employees' gross remuneration under contracts not subject to the tariff part of the Collective Agreement amounted to EUR 563,565 in 2023 (EUR 521,595 in 2022).

2.11 Costs of Audit Services

The contractual compensation agreed upon for auditing the Company's Annual Report (authorized audit firm Deloitte revizija d. o. o) for 2023 amounted to EUR 16,500 (adjusted according to the index of consumer prices). The contractual value of other non-audit services provided by the company Deloitte revizija d. o. o. amounted to EUR 500.

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3 Disclosures According to the Electricity Supply Act

Elektro Celje d. d., draws up the Company’s Financial Statements 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 under the Agreement with the company ELES as well as market activities.

3.1 Balance Sheet by Activity

The Company records events that change the condition of assets and liabilities to asset sources as they occur during activities, using the valuation principle for individual assets and liabilities to asset sources. The Balance Sheet by Activity – Business Segments – is a double-entry balance sheet that contains the items identified in SAS 20.4.

Following 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 (Distribution Operator's activities), and short-term and long-term receivables for network charges and receivables due from the Distribution 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 following criteria are used to classify Assets and Liabilities of assets sources of shared functions by activity:

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).

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.

Share of total direct revenues 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.

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.

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.

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Account or group of accounts	Criterion
007, part 06, 08, 25, 262, 263, 2650, 2663, 277, 282, 285, 2851 to 2859, 320, 321, 966, 975, 989, part 95	Share of hours worked in the accounting period for individual activities
003, 008, 010, 015, 020, 021, 027, 035, 040, 041, 045, 047, 048, 050, 051, 055, 058, 130, 131, 968	Share of the current value of fixed assets
120, 121, 129, 1321, 133, 150, 151, 155, 159, 160, 161, 164, 165, 169, 190, 191, 192, 195, 260, 290, 291, 295	Share of total direct revenues in the accounting period
30, 31, 1320	Share of material consumption in the accounting period by individual activities
2201, 230, 221, 224, 2651 – 6 and 2660 – 2	Share of material and service costs by individual activities
09, 11, 18, 90 – 95, 963, 965, 988	Calculation

Balance Sheet by Activity

ITEM (in EUR)	As of December 31, 2023			As of December 31, 2022		
	Distribution operator activity	Market activities	Total	Distribution operator activity	Market activities	Total
A. Long-term assets (I. + II. + III. + IV. + V. + VI.)	296,924,183	6,248,332	303,172,515	285,660,229	6,026,141	291,686,370
I. Intangible assets and long-term accrued revenue and deferred expenses (1 to 6)	4,628,333	50,105	4,678,438	4,684,560	43,697	4,728,257
1. Long-term property rights	4,523,842	45,519	4,569,361	4,117,143	18,999	4,136,142
4. Intangible assets in acquisition	104,155	4,464	108,619	498,599	2,703	501,302
6. Other long-term accrued revenue and deferred expenses	336	122	458	68,818	21,995	90,813
II. Tangible fixed assets (1 to 4)	287,323,113	1,329,360	288,652,473	275,921,452	1,143,163	277,064,615
1. Land and buildings (a + b)	209,443,019	706,279	210,149,298	205,855,284	640,915	206,496,199
a) Land	6,377,492	46,088	6,423,580	6,333,220	45,524	6,378,744
b) Buildings	203,065,527	660,191	203,725,718	199,522,064	595,391	200,117,455
2. Production equipment and machinery	61,394,519	552,366	61,946,885	62,668,666	464,580	63,133,246
3. Other plant and equipment	19,499	36,891	56,390	19,215	35,532	54,747
4. Tangible fixed assets in acquisition (a + b)	16,466,076	33,824	16,499,900	7,378,287	2,136	7,380,423
a) Tangible fixed assets under construction and production	16,466,076	33,824	16,499,900	7,378,287	2,136	7,380,423
IV. Long-term financial investments (1 to 2)	235,856	4,689,727	4,925,583	243,570	4,681,421	4,924,991
1. Long-term financial investments excluding loans (a + b + c + d)	235,856	4,689,727	4,925,583	243,570	4,681,421	4,924,991
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	151,887	2,750,602	2,902,489	156,855	2,745,634	2,902,489
c) Other shares and shareholdings	83,969	133,173	217,142	86,715	129,835	216,550

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ITEM (in EUR)	As of December 31, 2023			As of December 31, 2022		
	Distribution operator activity	Market activities	Total	Distribution operator activity	Market activities	Total
V. Long-term business receivables (1 to 3)	1,064,758	471	1,065,229	2,168,438	1,519	2,169,957
2. Long-term trade receivables from customers	1,064,758	0	1,064,758	2,168,438	0	2,168,438
3. Long-term operating receivables due from others	0	471	471	0	1,519	1,519
VI. Deferred tax assets	3,672,123	178,669	3,850,792	2,642,209	156,341	2,798,550
B. Short-term assets (I. + II. + III. + IV. + V.)	9,288,386	10,195,094	19,483,480	4,719,912	10,363,811	15,083,723
I. Assets held for sale	66,304	0	66,304	148,354	0	148,354
II. Inventories (1 to 4)	645,345	3,929,443	4,574,788	513,513	1,889,888	2,403,401
1. Material	645,345	3,929,443	4,574,788	513,513	1,889,888	2,403,401
IV. Short-term operating receivables (1 to 3)	10,477,881	412,170	10,890,051	11,474,275	491,267	11,965,542
1. Short-term operating receivables from companies within the corporate group	20,981	22,008	42,989	5,650	1,019	6,669
2. Short-term trade receivables from customers	9,923,472	342,920	10,266,392	11,036,426	354,363	11,390,789
3. Short-term operating receivables due from others	533,428	47,242	580,670	432,199	135,885	568,084
V. Cash	−1,901,144	5,853,481	3,952,337	−7,416,230	7,982,656	566,426
C. Short-term accrued revenue and deferred expenses	433,034	223,909	656,943	106,608	325,020	431,628
TOTAL ASSETS (A + B + C)	306,645,603	16,667,335	323,312,938	290,486,749	16,714,972	307,201,721

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ITEM (in EUR)	As of December 31, 2023			As of December 31, 2022		
	Distribution operator activity	Market activities	Total	Distribution operator activity	Market activities	Total
A. Equity	220,740,076	11,944,635	232,684,711	215,990,676	12,735,321	228,725,997
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	14,849,468	4,127,838	18,977,306	13,655,614	4,080,868	17,736,482
1. Legal reserves	4,909,993	622,015	5,532,008	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	9,939,475	3,505,823	13,445,298	8,832,976	3,462,290	12,295,266
IV. Reserves resulting from valuation at fair value	−117,517	34,499	−83,018	−211,224	9,030	−202,194
VI. Retained net profit or loss	0	0	0	0	815,417	815,417
1. Retained net profit from previous years	0	0	0	0	815,417	815,417
VII. Net profit or loss for the period	553,249	21,767	575,016	−2,908,590	69,475	−2,839,115
1. Undistributed net profit for the period	553,249	21,767	575,016	0	69,475	69,475
2. Net loss of the period	0	0	0	−2,908,590	0	−2,908,590
B. Provisions and long-term accrued expenses and deferred revenue (1 to 3)	19,867,163	1,784,258	21,651,421	15,757,169	1,634,611	17,391,780
1. Reserves for pensions and similar liabilities	4,570,689	1,782,183	6,352,872	4,671,638	1,630,315	6,301,953
2. Other reserves	174,538	0	174,538	141,667	0	141,667
3. Long-term accrued expenses and deferred revenue	15,121,936	2,075	15,124,011	10,943,864	4,296	10,948,160
C. Long-term liabilities (I.+ II.+ III.)	42,607,111	31,549	42,638,660	38,221,091	166,810	38,387,901
I. Long-term financial liabilities (1 to 4)	42,594,659	27,032	42,621,691	37,719,521	76,386	37,795,907
2. Long-term financial liabilities to banks	42,430,330	0	42,430,330	37,479,584	0	37,479,584
4. Other long-term financial liabilities	164,329	27,032	191,361	239,937	76,386	316,323
II. Long-term operating liabilities (1 to 5)	0	0	0	490,550	86,902	577,452
2. Long-term trade payables	0	0	0	490,550	86,902	577,452
III. Deferred tax liabilities	12,452	4,517	16,969	11,020	3,522	14,542

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ITEM (in EUR)	As of December 31, 2023			As of December 31, 2022		
	Distribution operator activity	Market activities	Total	Distribution operator activity	Market activities	Total
D. Short-term liabilities (I. + II. + III.)	22,823,257	2,705,272	25,528,529	18,003,200	2,030,642	20,033,842
II. Short-term financial liabilities (1 to 4)	12,044,144	110,974	12,155,118	9,576,348	76,037	9,652,385
2. Short-term financial liabilities to banks	11,649,254	0	11,649,254	9,338,154	0	9,338,154
4. Other short-term financial liabilities	394,890	110,974	505,864	238,194	76,037	314,231
III. Short-term operating liabilities (1 to 8)	10,779,113	2,594,298	13,373,411	8,426,852	1,954,605	10,381,457
1. Short-term operating liabilities to companies within the corporate group	37,712	4,594	42,306	43,239	3,132	46,371
2. Short-term operating trade payables	3,309,585	906,672	4,216,257	2,379,310	812,028	3,191,338
4. Short-term operating liabilities from operations for third-party account	3,446,099	0	3,446,099	3,002,965	0	3,002,965
5. Short-term liabilities to employees	3,089,265	1,023,916	4,113,181	2,286,241	657,444	2,943,685
6. Short-term liabilities to state and other institutions	430,406	180,515	610,921	352,504	137,573	490,077
7. Short-term operating liabilities based on advances	1,880	304,980	306,860	389	225,520	225,909
8. Other short-term operating liabilities	464,166	173,621	637,787	362,204	118,908	481,112
E. Short-term accrued expenses and deferred revenue	607,996	201,621	809,617	2,514,613	147,588	2,662,201
TOTAL LIABILITIES (A to E)	306,645,603	16,667,335	323,312,938	290,486,749	16,714,972	307,201,721

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3.2 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 electricity power distribution infrastructure and rendering services for the Distribution Operator 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 revenues, 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:

- **Activity revenues** (the criterion is calculated based on revenues 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 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 Informatika, d. d.).

- **Transport costs** (the criterion is calculated on the value of transport by activity in the accounting period).

The share of the current value of each fixed asset for both activities is the criterion used to classify the depreciation of fixed assets used within the shared functions and intended for the performance of both activities. It is also used to allocate associated revaluation operating expenses and revenues related to losses and profits upon disposal or sale of these fixed assets (formerly the common functions criterion). The calculated effect of a change in criteria application in 2023 was EUR -15,779 for regulated activity and EUR 15,779 for market activity.

Account or group of accounts	Criterion
part 760, 765, 766, 768, 7691-6, 774, 775, 777, 78, 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, 7690, 7200	Share of the current value of individual fixed assets for both activities



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Income Statement Broken Down by Activity

ITEM (in EUR)	2023			2022		
	Distribution operator activity	Market activities	Total	Distribution operator activity	Market activities	Total
1. Net sales revenue	50,299,572	2,591,817	52,891,389	37,844,853	2,794,517	40,639,370
a. On the domestic market	50,299,572	2,591,817	52,891,389	37,844,853	2,794,517	40,639,370
3. Capitalised own products and services	0	21,670,306	21,670,306	0	12,186,760	12,186,760
4. Other operating revenue (including revaluatory operating revenue)	3,474,771	196,779	3,671,550	2,060,534	256,725	2,317,259
5. Costs of goods, materials and services (a + b)	8,142,005	15,718,888	23,860,893	7,032,530	8,549,648	15,582,178
a. Cost of sold goods and costs of used material	2,377,808	14,574,352	16,952,160	2,083,952	7,570,288	9,654,240
b. Costs of services	5,764,197	1,144,536	6,908,733	4,948,578	979,360	5,927,938
6. Labour costs (a + b + c + d)	21,588,345	8,449,322	30,037,667	18,701,616	6,561,840	25,263,456
a. Cost of salaries	15,587,108	6,059,670	21,646,778	13,515,640	4,716,793	18,232,433
b. Pension insurance costs	2,113,196	802,555	2,915,751	1,868,099	627,175	2,495,274
c. Other social security costs	1,144,106	445,324	1,589,430	997,373	347,964	1,345,337
d. Other labour costs	2,743,935	1,141,773	3,885,708	2,320,504	869,908	3,190,412
7. Write-offs (a + b + c)	19,381,701	214,826	19,596,527	19,255,612	187,905	19,443,517
a. Depreciation	18,655,576	181,353	18,836,929	19,159,833	166,634	19,326,467
b. Operating expenses from revaluation of intangible and tangible fixed assets	716,648	30,239	746,887	92,547	20,341	112,888
c. Operating expenses from revaluation of current assets	9,477	3,234	12,711	3,232	930	4,162
8. Other operating expenses	341,045	54,982	396,027	302,444	32,601	335,045
9. Financial revenue from shares (a + b)	0	7,400	7,400	34,645	222,025	256,670
a. Financial revenue from shares in companies within the corporate group	0	0	0	0	200,000	200,000
b. Financial revenue from shares in associates	0	0	0	34,645	11,073	45,718
c. Financial revenue from shares in other companies	0	7,400	7,400	0	10,952	10,952
10. Financial revenue from loans granted (a + b)	49,896	17,025	66,921	111	3	114
b. Financial revenue from loans to others	49,896	17,025	66,921	111	3	114
11. Financial revenue from operating receivables	14,314	524	14,838	60,989	759	61,748
b. Financial revenue from operating receivables due from third parties	14,314	524	14,838	60,989	759	61,748

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ITEM (in EUR)	2023			2022		
	Distribution operator activity	Market activities	Total	Distribution operator activity	Market activities	Total
13. Financial expenses from financial liabilities (a + b)	1,192,632	911	1,193,543	371,818	1,314	373,132
b. Financial expenses related to loans from banks	1,169,410	0	1,169,410	367,228	0	367,228
d. Financial expenses from other financial liabilities	23,222	911	24,133	4,590	1,314	5,904
14. Financial expenses from operating liabilities	165,886	55,356	221,242	36,719	9,851	46,570
c. Financial expenses from other operating liabilities	165,886	55,356	221,242	36,719	9,851	46,570
15. Other revenues	107,199	1,222	108,421	13,086	5,684	18,770
16. Other expenses	66,442	3,814	70,256	78,241	8,456	86,697
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)	3,067,696	–13,026	3,054,670	–5,764,762	114,858	–5,649,904
18. Income tax	310,268	–56,619	253,649	0	0	0
19. Deferred taxes	1,037,135	25,144	1,062,279	1,468,948	–45,383	1,423,565
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)	3,794,563	68,737	3,863,300	–4,295,814	69,475	–4,226,339

Sales revenue by activity (in EUR)	2023			2022		
	Distribution operator activity	Market activities	Total	Distribution operator activity	Market activities	Total
From lease and maintenance of infrastructure and provision of services for DO	49,818,677	0	49,818,677	37,442,362	0	37,442,362
Sale of services	480,895	2,591,817	3,072,712	402,491	2,794,517	3,197,008
Total	50,299,572	2,591,817	52,891,389	37,844,853	2,794,517	40,639,370

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REPORT OF THE SUPERVISORY BOARD



Report of the Supervisory Board

Introduction

The Supervisory Board carried out its work in accordance with the powers and competencies provided by current regulations, the Company's Statute, the Rules of Procedure for the Work of the Supervisory Board, and other recommendations of good practices, primarily the Corporate Governance Code of companies with state capital assets, and in line with the Slovenian Sovereign Holding Recommendations and Expectations, other recommendations of good corporate governance practices, business strategy, and the Company's long-term interests.

The composition of the Supervisory Board and its committees changed in 2023, when three new members were elected to the Supervisory Board by the Shareholders' Assembly at the meeting on August 31, 2023.

The Supervisory Board's work was professionally supported by the Audit and Human Resources Committees. Three members 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 successful work 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 Section [Corporate Governance](#).

The operating costs of the Supervisory Board and both Committees 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 Section [Operations with the Supervisory Board](#). A contract for cooperation was signed with an independent member 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

The Supervisory Board held nine regular meetings and two extraordinary sessions in 2023 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 Committees has been digitalized, as the materials for the meetings are prepared in an electronic version and are safely deposited in the application.

The Supervisory Board's operation and decision-making are based on responsible control of the Company's management and operations, monitoring the attainment of Elektro Celje's objectives, and ensuring compliance with legislation. The Supervisory Board was responsible for overseeing the implementation of suitable decisions and reviewing financial reports on a regular basis.

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 2023, 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. With the Man-

agement Board and the support of its expert Committees, the Supervisory Board made every effort to adequately manage risks and search for opportunities to improve operations. Following the Articles of Association, the Supervisory Board gave the necessary approval to the Management Board's operations and public procurement above certain values.

The Supervisory Board devoted special attention at its meetings to the following Company tasks and individual areas of operation:

- Operations supervision:
- 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 performance indicators.
 - It monitored the realisation of investments, with an emphasis on important investment projects, and gave its approval for the GreenSwitch project.
 - 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.

- It carefully monitored the field of safety culture.
- It was acquainted with the progress of the ERP upgrade and transition to production.
- It approved Elektro Celje's Business Plan for 2024, including beginning points for 2025 and 2026, and the Electricity Distribution Network Development Plan from 2023 to 2032.
- It agreed to the Internal Audit Activity Plan for 2024 and monitored the activities and findings of the internal audit activity.

Corporate Governance and Shareholders' Assembly:

- It approved Elektro Celje's Annual Report for 2022 and a report on the Annual Report verification.
- The Management Board proposed to the Company's General Meeting that the decision to discharge the Company Management Board and Supervisory Board from liability for 2022 be adopted, and that the Balance Sheet loss in 2022 in the amount of EUR –2,023,698 remain uncovered.
- It informed Elektro Celje's Shareholders Assembly of the remuneration received by members of management and control bodies for task management in 2022.
- It was acquainted with the activities associated with the process of selling the business share of ECE, d. o. o.

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Supervisory Board Committees

AUDIT COMMITTEE

The Supervisory Board's Audit Committee held six regular meetings. Before 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 financial reporting, internal control, risk management, and corporate integrity systems 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 2024. 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 Deloitte d. o. o., the Slovenian Directors' Association guidelines for external audit quality monitoring, and its quality evaluation of the financial statement audit provider, which also included the opinions of individual employees at the Company Elektro Celje who worked directly with the external Auditor. Concerning the audit of the financial statements, the Audit Committee conducted interviews with the external Auditor, reviewed the unaudited and audited Elektro Celje's Annual Report,

and formed an opinion for the Supervisory Board.

The Audit Committee conducted a self-evaluation of the work in 2023 and defined goals or activities for the following period.

HUMAN RESOURCES COMMITTEE

The Human Resources Committee had three regular meetings in 2023. The Chairman of the Human Resources Committee regularly reports to the Supervisory Board meetings. The HR Committee provided professional assistance to the Supervisory Board in evaluating or rewarding the performance of the Management Board through its work. The Human Resources Committee reviewed the Human Resources Report of Elektro Celje d. d. and examined the results of the organizational climate measurements. It also created a proposal for the management body's remuneration policy at Elektro Celje d. d., as well as a proposal for a new Supervisory Board Act establishing criteria for the payment of variable remuneration to Elektro Celje d. d.'s management.

The Human Resources Committee addressed the policy for the succession of the Chairman of the Management Board and provided expert assistance to the Supervisory Board in reappointing the Chairman of the Management Board for a new term.

Supervisory Board Composition and Self-Assessment

The Supervisory Board composition allows for effective debate and acceptance of high-quality decisions. Members of the Supervisory Board possess adequate professional skills and work experience. They professionally adopt choices based on prepared documents and extensive written and oral information received from the Company's management. They also prepare for the topics under consideration in great detail and provide constructive proposals. They endeavour to settle any differences of opinion and make a unanimous decision. Members act professionally, taking into account the Company's interests, and assure their personal and professional development. Employees' 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. They further improve their knowledge by participating in various professional seminars and educational meetings.

The Supervisory Board assesses that its composition in 2023 was adequate in terms of size, the 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 to 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. The members are distinguished by personal integrity and business ethics. All members also signed declarations of independence and the absence of conflicts of interest, which are published on the Company's website.

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Supervision of Company and Group Operations After the End of the Business Year

Following the end of the business year 2023, the Supervisory Board focused on reviewing the Company's Annual Re-

port for 2023, monitoring the final phase of auditing the Financial Statements for 2023, and calculating penalties for cov-

ering electricity losses in the Elektro Celje distribution system for 2023.

Audit and Approval of the Annual Report

The Supervisory Board reviewed the audited Annual Report of Elektro Celje d. d. for 2023 at its 4th regular meeting on May 16, 2024. The Supervisory Board notes that the Company largely met its objectives in 2023 despite the exceptional operating conditions.

The Annual Report of Elektro Celje d. d. was audited by the audit firm Deloitte revizija d. o. o., which issued a positive opinion on Elektro Celje's Annual Report for 2023. The Supervisory Board determined that the Annual Report of Elektro Celje d. d. for 2023 was prepared under 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, 2023, as well as its income and cash flows for 2023.

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 2023, and the Statement on Non-Financial Operations, and determined that they reflected the current state of the Company's management in 2023.

At its regular meeting on May 27, 2024, the Supervisory Board reviewed the Management Board's proposal for using the Balance Sheet profit as of December 31, 2023. The decision regarding this will be made by Elektro Celje d.d.'s General Meeting. It also agreed with the proposal of the Management Board that the Company's Shareholders Assembly adopt the following decision on the use of Balance Sheet profit:

"The Balance Sheet profit, amounting to EUR 575,016.05, remains unallocated

because, in the case of the payment of the Balance Sheet profit from 2023, the Company would have to return the received state aid from the budget of the Republic of Slovenia to eliminate the consequences of damage to the economy due to floods in August 2023."

The Supervisory Board had no comments and approved the Annual Report of Elektro Celje d. d. for 2023 after verifying the final audited Annual Report and Financial Statements with Explanatory Notes, reviewing the Management Board's proposal for the use of Balance Sheet profit, and reviewing the report of the authorised Auditor.

Celje, May 27th, 2024

Chairman of the Supervisory Board
Miha Kerin, MSc



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List of abbreviations used

ADMS	Advanced Distribution Management System
ADS	Anomaly Detection System
ADT	Annual Development Talks
AMP	Annual Management Plan
BIA	Business Impact Analysis
CAPEX	Capital expenditures
CEM	Customer Energy Manager
COVID-19	Coronavirus Disease 2019
D. D.	Public Limited Company
D. O. O.	Limited Liability Company
DD	Detailed Design
DGD	Documentation for Obtaining a Building Permit
DNZO	Documentation for Obtaining a Building Permit for Unpretentious Objects
DS	Distribution Substation
DTS	Distribution Transformer Substation
DU	Distribution Unit
DVLM	Remote Controlled Separation Point
EA	Energy Agency
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ECB	European Central Bank
EDC	Electricity Distribution Company

EE	Electrical Energy
ELES	Elektro – Slovenija, d. o. o. (Combined Transmission and Distribution System Operator)
EPS	Electric Power System of the Republic of Slovenia
EU3, EU4	Electric Utilities (Disclosures for Energy Companies)
G4-DMA	Disclosures on Management Approach - Management Approaches
GDP	Gross Domestic Product
GHG	Greenhouse Gases
GIS	Geographic Information System
GIZ	Economic Interest Association of Electricity Distribution
GRI	Global Reporting Initiative - International Guidelines for Sustainable Reporting
HV	High Voltage
ISO	International Organization for Standardization
km	Kilometre
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt hour
LV	Low Voltage
MAIFI	Momentary Average Interruption Frequency Index
MV	Medium Voltage

MWh	Megawatt hour
MX	Asset Management Information System
NEPN	National Energy and Climate Plan
OHS	Occupational Health and Safety
OPEX	Operating Expenses
OPL	Overhead power line
RF	Regulatory Framework
ROA	Return on Assets
ROE	Return on Equity
SA	Slovenian Accreditation
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SAS	Slovenian Accounting Standards
SiOK	Slovenian Organisational Climate and Employee Satisfaction
SODO	Electrical Energy Distribution System Operator
SSH	Slovenski državni holding, d.d. (Slovenian Sovereign Holding)
SWOT Analysis	Strengths, Weaknesses, Opportunities, and Threats Analysis
TS	Transformer Substation
UC	Underground Cables
ZGD	Companies Act

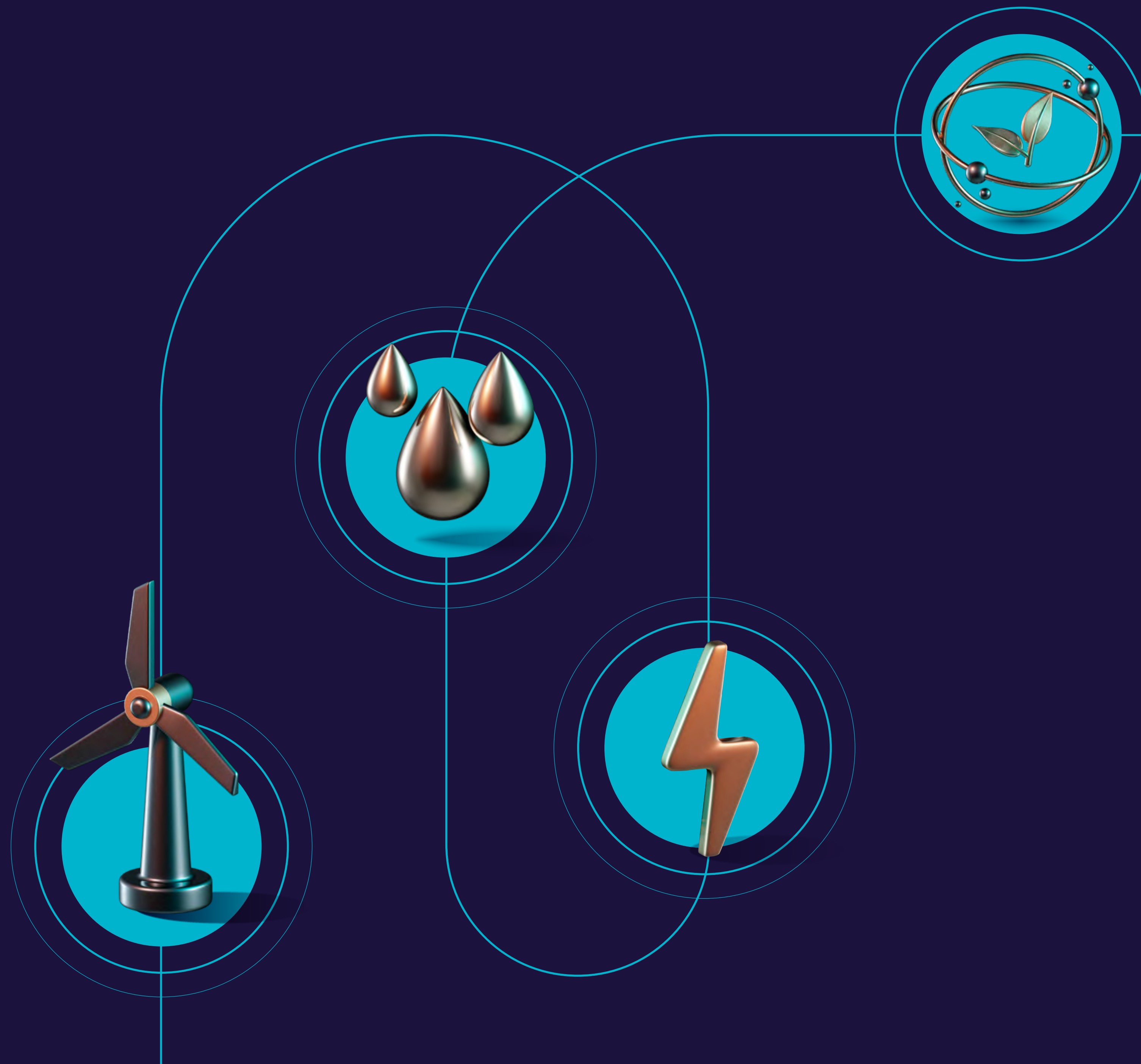
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Elektro
Celje

Annual Report
of Elektro Celje for **2023**