Elektro Primorska
podjetje za distribucijo električne energije, d.d.

Annual Report

of Elektro Primorska, d.d.
Financial Year
2025

20

ANNUAL REPORT OF ELEKTRO Primorska, d.d. FINANCIAL YEAR

25

A

Business Report Of the Company

Uroš Blažica,
President of the Management Board

1. Address of the President of the Management Board

Dear shareholders, colleagues and business partners,

we are pleased to note that the company's operations were successful and stable in 2025. Business results are good, as most of the set goals were achieved or exceeded.

In the period under review, the realized revenues exceeded the planned revenues and also the revenues from the previous year. Significant contribution to exceeding the planned revenues was mainly made by the high realization of own-financed investments and the change in the regulatory framework, with which the Energy Agency, at the initiative of distribution companies and the network operator, changed the criteria for calculating and recognizing eligible costs . Since the revenue growth index was higher than the cost growth index, the operating result for 2025 also exceeded the planned value.

In 2025, we also paid special attention to investing in the development and modernization of energy infrastructure. In the period from January to December 2025, we realized 38.1 million euros in investments, which represents a 9% excess over the planned value. Among the most important projects, we highlight the renovation of the low-voltage network, which is financed from the funds of the Recovery and Resilience Plan, the completion of the renovation of the Vrtojba and Izola substations, and the construction of a cable connection between the Elektro Gorenjska and Elektro Primorska networks, which is routed through the Bohinj tunnel. All investments were intended to increase the availability of the network, but also to increase the stability and reliability of supply. It is also worth noting that we are increasing the funds we allocate to cybersecurity from year to year, as the automation and digitalization of the network also increases the risk of cyber-attacks, which we are successfully managing.

Maintenance work on the electricity network proceeded according to the planned dynamics, and the realized maintenance costs remained at the planned level.

Significant negative deviations from planned results are recorded mainly in the area of service provision on the market, which is a result of the delay in activities in the second track construction project and the increased workload of installation teams in the renovation and upgrade projects of the low-voltage network.

Despite some longer outages due to storms in the summer months, electricity supply was stable in 2025. Network losses were lower than planned, confirming that network modernization and implementation of measures to reduce commercial and technical losses are yielding the expected results.

We are particularly pleased that in 2025 we will continue to see a trend of decreasing occupational accidents, which we attribute to increased investments in occupational safety education and investments in safety and protective equipment.

Results achieved in 2025 provide us with a solid foundation for the further development of the company. In the future, we will also focus on ensuring a reliable and high-quality electricity supply, modernizing the network, and operating efficiently and responsibly.

We would like to take this opportunity to thank all employees for their professional, responsible and dedicated work, business partners for their good cooperation and shareholders for the trust they have shown.

Nova Gorica, April 30, 2026

Uroš Blažica,
President of the Management Board

2. Statement of Management's Responsibility

Management has approved the financial statements for financial year 2025 and the business report for the period from 1 January to 31 December 2025, as well as the accounting policies used and notes thereto contained in the proposed Annual Report.

Management Board is responsible for the preparation of the Annual Report that gives a true and fair presentation of assets and the financial position of the Company and of its financial performance for the year 2025. Financial statements were prepared in accordance with the applicable Slovenian legislation and Slovenian Accounting Standards.

In preparing the financial statements, the Management Board is responsible for selecting and consistently applying appropriate accounting policies, for making reasonable and prudent accounting estimates, and for preparing the financial statements on the going concern basis.

Management Board is responsible for establishing, operating and maintaining an appropriate system of internal controls that enable the preparation of financial statements that are free from material misstatement, whether due to error or fraud. It is also responsible for the proper organization of accounting, the safeguarding of the Company's assets and the prevention and detection of fraud, irregularities and other illegal acts.

Company complies with applicable legislation and tax regulations in its operations. Tax authorities may, within the legally prescribed period, verify the correctness of tax calculations, which may in certain cases result in additional tax liabilities, default interest or penalties. Company's management is not aware of any circumstances that could result in significant liabilities in this regard.

In Nova Gorica, April 30, 2026

Uroš Blažica,
President of the Management Board

3. Report on the work of the Supervisory Baord

COMPOSITION OF THE SUPERVISORY BOARD

In accordance with the Company's Articles of Association, Supervisory Board of the company Elektro Primorska, d.d., has six members. Four members are shareholder representatives, two are employee representatives. Members of the supervisory board, who are representatives of the shareholder, are elected by the general meeting, while the representatives of the workers are elected by the workers' council in accordance with the law and internal acts of the company. Term of office of members of the supervisory board is four years, and members may be reappointed.

In 2025, Supervisory Board operated in the following composition:

- Darko Ličen, Chairman of the Supervisory Board,
- Aleš Markočič, Deputy Chairman of the Supervisory Board,
- Mojca Veljkovič, Supervisory Board Member,
- Tamara Volf Žagar, Supervisory Board Member,
- Jurij Janko, Supervisory Board Member, employee representative,
- Gorazd Verč, Supervisory Board Member, employee representative.

At the 2025 general Meeting of Shareholders , Darko Ličen was reappointed as a member of the Supervisory Board for a new term of office. At its 18th regular session on September 3, 2025, the Supervisory Board decided that Darko Ličen would continue to serve as the Chairman of the Supervisory Board for the new term of office.

Composition of the Supervisory Board was stable and balanced, bringing together members with different professional knowledge, experience and competencies. Diversity of members in terms of professional fields, work experience and personal qualities contributed to the comprehensive consideration of issues and the adoption of well-considered and well-founded decisions. Members of the Supervisory Board effectively complemented each other with their knowledge and experience, which enabled the high-quality implementation of the supervisory function and contributed to the successful and sustainable operation of the company.

OPERATION OF THE SUPERVISORY BOARD

Supervisory Board of Elektro Primorska, d.d., in the 2025 financial year exercised supervision over the company's operations in accordance with the provisions of the Companies Act, the Company's Statute and good corporate governance practices.

It held seven regular meetings and one correspondence meeting in 2025. During this period, it regularly monitored the company's operations, the implementation of strategic goals, the implementation of investments, the development of the distribution network and key projects related to the energy transition.

Management Board reported regularly, timely and comprehensively to the Supervisory Board on operations, financial position and major events, which enabled the Supervisory Board to comprehensively assess the performance of operations and verify the compliance of the Management Board's measures with the company's business policy and strategy.

Special attention was paid to monitoring risk management, the effectiveness of internal controls, compliance and the impact of changes in the regulatory framework. Supervisory Board also monitored the company's liquidity and financial stability, discusses internal audit reports and supervised risk management.

In the 2025 financial year, the Supervisory Board updated its Rules of Procedure and conducted a self-assessment of its operations, further strengthening the professionalism and efficiency of the supervisory function. It also approved the Act on the Determination of Criteria for the Payment of Variable Remuneration to the Management Board for 2025 and decided on the variable remuneration of the President of the Management Board for the 2024 financial year.

Supervisory Board monitored the implementation of measures in the field of information and cyber security and actively cooperated with the Management Board, giving its consent to business decisions where this is prescribed by the company's Statute.

In 2025, the Supervisory Board was informed of the proposal to convene the 31st general Meeting of the Company and the proposed resolutions, with which it fully agreed. In addition, it proposed a candidate for the certified auditor for the period 2025-2027, which was later confirmed by the general Meeting of Shareholders.

Supervisory Board discusses and approved the Business Plan of Elektro Primorska, d.d., for the period 2026-2028, taking into account the company's long-term strategic goals and key guidelines for business development.

OPERATION OF THE SUPERVISORY BOARD COMMITTEES

In the 2025 financial year, the Audit Committee of the Supervisory Board operated in accordance with the provisions of the Companies Act (ZGD-1), the Company's Statute and the Rules of Procedure of the Audit Committee.

During the reporting period, the Audit Committee operated in the following composition:

- Mojca Veljkovič, chairperson of the audit committee,
- Tamara Volf Žagar, internal member of the audit committee,
- mag. Aleksander Igličar, external member of the audit committee.

In the 2025 financial year, the Audit Committee held seven regular meetings. In addition to the members of the audit committee, the meetings were also attended by the President of the Management Board of the company and rapporteurs for the individual areas discussed.

In its work, the committee monitored in particular the financial reporting procedures, the effectiveness of internal control systems, risk management and the compliance of the company's operations. It also regularly monitored the status of the company's litigation matters. It monitored the introduction of sustainability reporting, and due to changes in legislation, it subsequently confirmed the management board's proposal to temporarily suspend activities in this area.

In 2025, the Audit Committee led the selection process for the certified auditor for the period 2025-207 and the selection process for the external internal audit contractor for 2025, submitting appropriate proposals to the Supervisory Board regarding the selection. Certified auditor and the external internal audit contractor were selected based on pre-defined criteria for evaluating bids.

As part of ensuring the quality of its own operations, the audit committee conducted a self-assessment of its work and proposed appropriate measures to improve the areas that were rated worse.

Committee cooperated with the company's external auditor, carefully monitoring their independence and the quality of their work.

In 2025, the audit committee reviewed the company's Annual Report for the 2024 financial year, including the financial statements and the audit report of the external auditor. Based on the review of the documentation and discussion with the Management Board and the external auditor, it assessed that the financial statements were prepared in accordance with applicable accounting standards and that hey fairly and truly reflect the financial position and operations of the Company.

Audit committee regularly reported its findings to the Supervisory Board.

APPROVAL OF THE ANNUAL REPORT AND POSITION ON THE AUDITOR'S REPORT

Supervisory Board of Elektro Primorska, d.d., at its 24th regular session, on May 26, 2026, discusses the company's Annual Report for the 2025 business year, including the financial statements and accompanying explanations, and took note of the audit report of the certified auditor .

Authorized auditing company confirmed in its report that the company's financial statements are true, fair and in compliance with applicable accounting standards and legislation. Supervisory Board assessed that the auditor's findings confirm the reliability and quality of the company's financial reporting.

Based on a review of the annual report, discussions with the management board and the auditor's report, the Supervisory Board determined that the Company's Annual report for 2025 was prepared in accordance with the provisions of the Companies Act and the Company's Statute and faithfully reflects the company's operations in the previous financial year.

Based on all the above findings and the positive opinion of the certified auditor, the Supervisory Board approved the Annual Report of Elektro Primorska, d.d., for 2025 without any comments.

Supervisory Board supports the Management Board's proposal that the established distributable profit for 2025 is paid to shareholders in accordance with the decisions of the General Meeting of Shareholders.

Supervisory Board supports the Management Board's proposal that the established distributable profit for 2025 in the amount of € 1,690,550.82 be paid to shareholders in the form of dividends, and will forward the proposal, together with the Management Board, to the General Meeting of Shareholders for approval.

Supervisory Board estimates that the company operated stably and successfully in 2025, and that the Management Board performed its tasks professionally, conscientiously and in accordance with the interests of the company.

In Nova Gorica, May 26, 2026

Darko Ličen,
Chairman of the Supervisory Board

4. Presentation of the Company

4.1 Company Profile

Name of the Company:	Elektro Primorska, podjetje za distribucijo električne energije, d.d.
Abbreviated name:	Elektro Primorska, d.d.
Registered seat:	Erjavčeva ulica 22, 5000 Nova Gorica
Phone:	05 339 66 00
Fax:	05 339 67 05
VAT ID number:	37102656
Company number:	5229839
Business accounts:	04750 0000510950 OTP banka, d.d. 1010 0005 7525 942 Banka Intesa Sanpaolo, d.d.

Company is entered in the register of Companies at the District Court of Nova Gorica under registration number 1/01335/00.

Share capital of the Company:	110,465,794.61 EUR
Ownership as at Dec 31 2025:	79.68% Republic of Slovenia 17.05% PIDs, funds, commercial entities 3.27% Workers, retired employees, other
Supply area:	SW, W, NW of Slovenia
Size of the supply area:	4,335 km^2
Number of customers:	139,519
Quantity of electricity supplied:	1,445.933 GWh
Website:	http://www.elektro-primorska.si
E-mail:	info@elektro-primorska.si

4.2 Mission, vision and values

At Elektro Primorska, d.d., we believe that a clear vision, mission and values are the foundation of sustainable and successful business. Our vision guides us towards innovative and reliable energy solutions that contribute to community development and an environmentally friendly future. Company's mission is to provide quality services, promote professional development of employees and build long-term partnerships with our customers. Values such as responsibility, professionalism, cooperation and care for the environment are the basis of our daily decisions and the foundation of our relationship with employees, partners and the wider community.

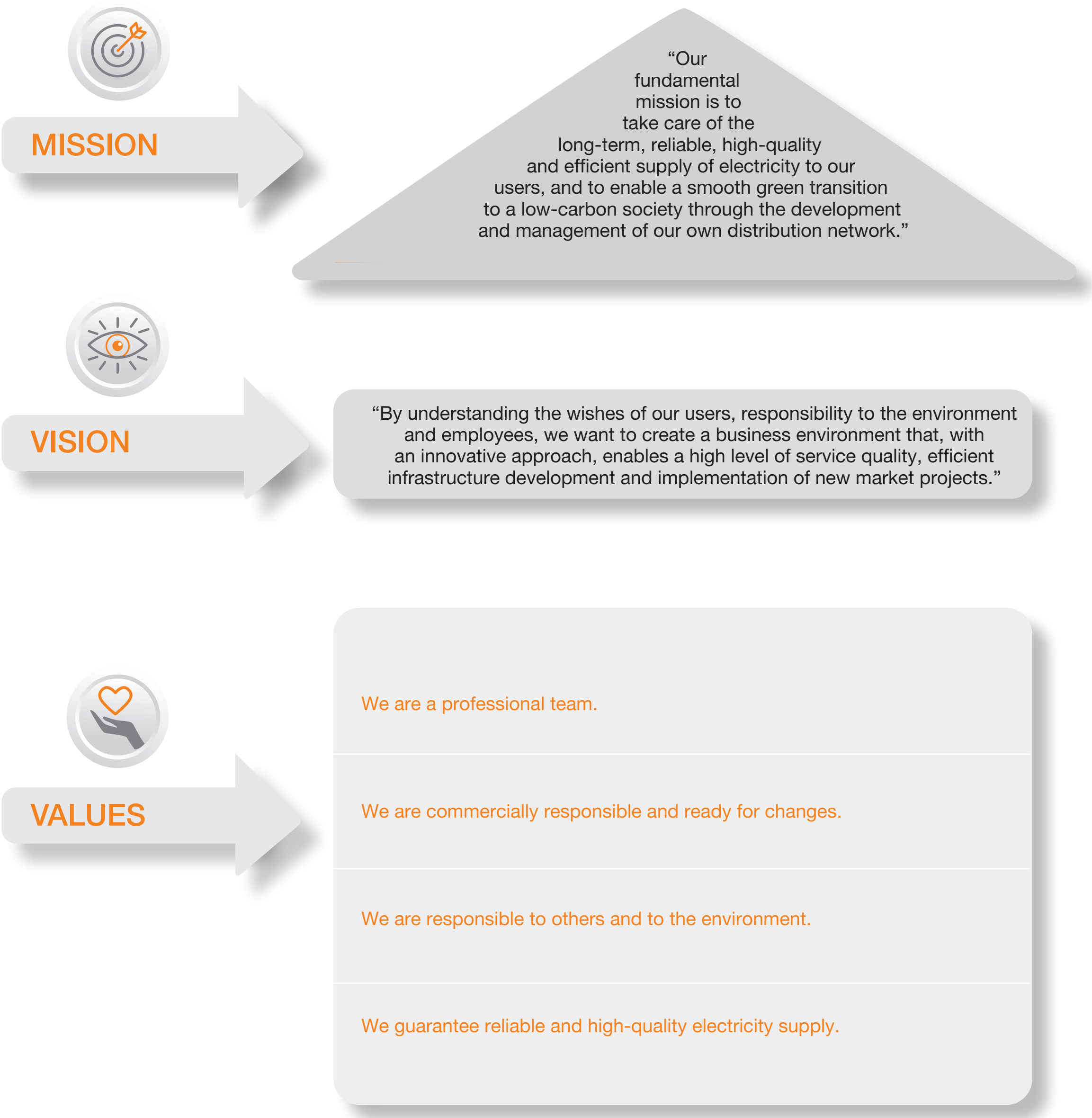


Figure 1: Mission, vision and values

4.3 Organizational structure

In accordance with the Rules on Amendments and Supplements to the Rules on Internal Organisation of Elektro Primorska, d.d., dated August 19, 2020, activities of the Company are carried out in several interconnected organisational units, which ensure the efficient and professional implementation of all tasks.

Company is made up of four sectors: Sector for distribution system management (DEES), Sector for distribution network (SDO), General sector (SS) and Finance and accounting sector (FRS).

Operations of the sectors are complemented by special services of management, including Information and Communication Technologies Service (IKT), Purchase and Procurement Service (SNJN) and Strategic Development and Innovation Service (SSRI).

Company also carries out its activities through four regional distribution units (DE), which cover the areas of Nova Gorica, Koper, Sežana and Tolmin.

Company's Management operates through the Cabinet of the president of the Board, inclusive of the Administration, Integrated Management System, Internal Audit and Risk Management. This organizational structure enables comprehensive supervision, ensures business compliance and supports the company's strategic goals.

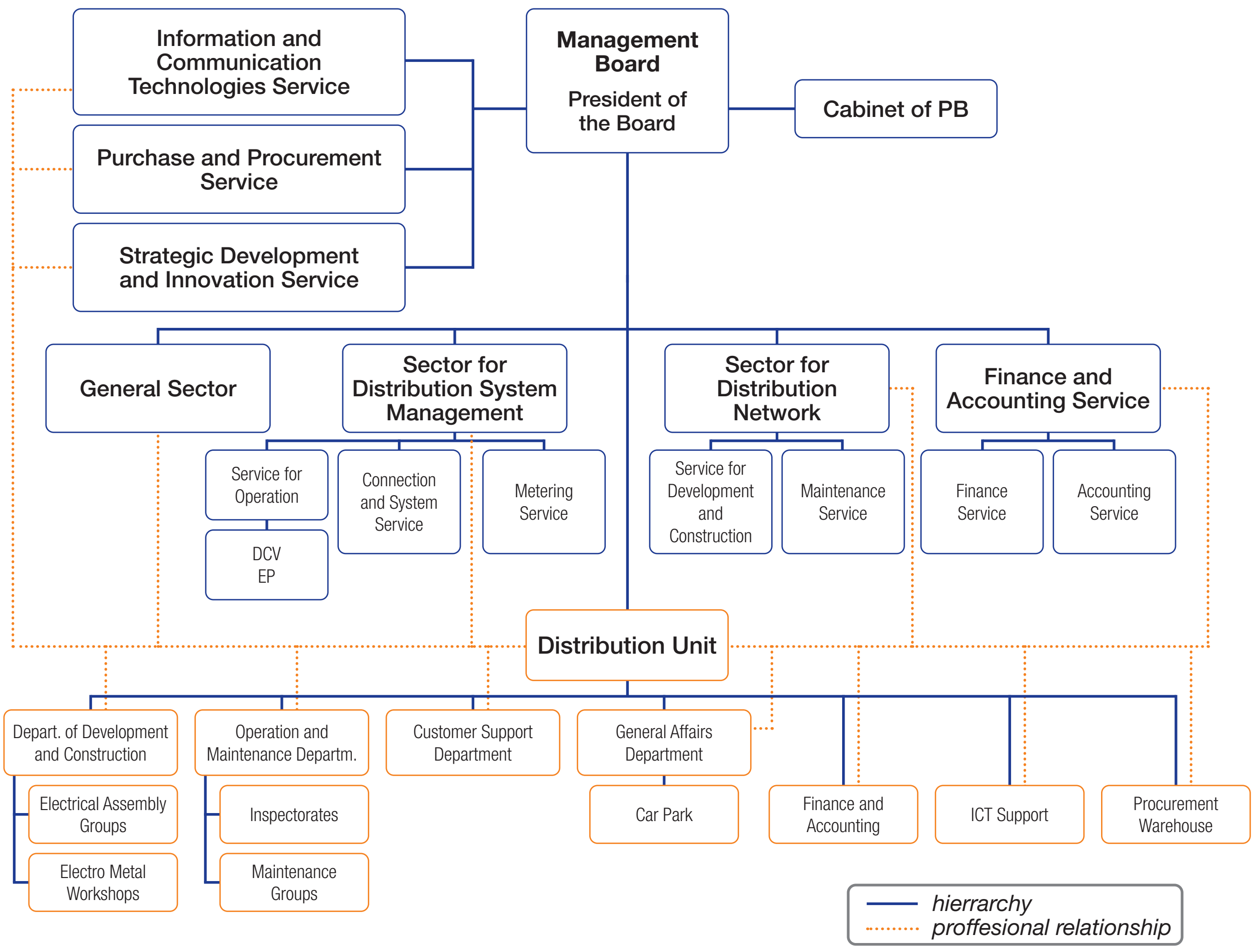


Figure 2: Organisation chart of the Company

4.4 Company activity and area of operation

Company Elektro Primorska, d.d., is part of the electricity system of the Republic of Slovenia and one of the five electricity distribution companies in Slovenia. In 2025, Company's core activities included the management and operation of the distribution system and maintenance, construction and renovation of electricity distribution lines and devices in the area of SW, W and NW parts of Slovenia. It covers 4,335 km^2 and thus represents a good fifth of Slovenia's area. Company has the highest lying power line on Kanin-Plužna and the lowest in Postojna Cave. Role of distribution in the Slovenian electricity system is defined by the Energy Act, together with two strategic documents – the Energy Concept of Slovenia and the National Energy Climate Plan.

In 2025, the Company continued to implement the Contact with the company ELES, d.o.o., concluded in October 2024, on the lease of electricity distribution infrastructure and the provision of services for the activity of a distribution operator, thereby consolidating its role as a key distribution system operator.

Due to the challenges brought about by the transition to a low-carbon society and the digitalization of the energy sector, the company adapted business processes, introduced new business models and strengthened its human resources potential with highly qualified experts in 2025. In addition, it deepened cooperation with research institutions, industrial partners and consortia in order to effectively support the energy transition and ensure a stable and reliable supply of electricity.

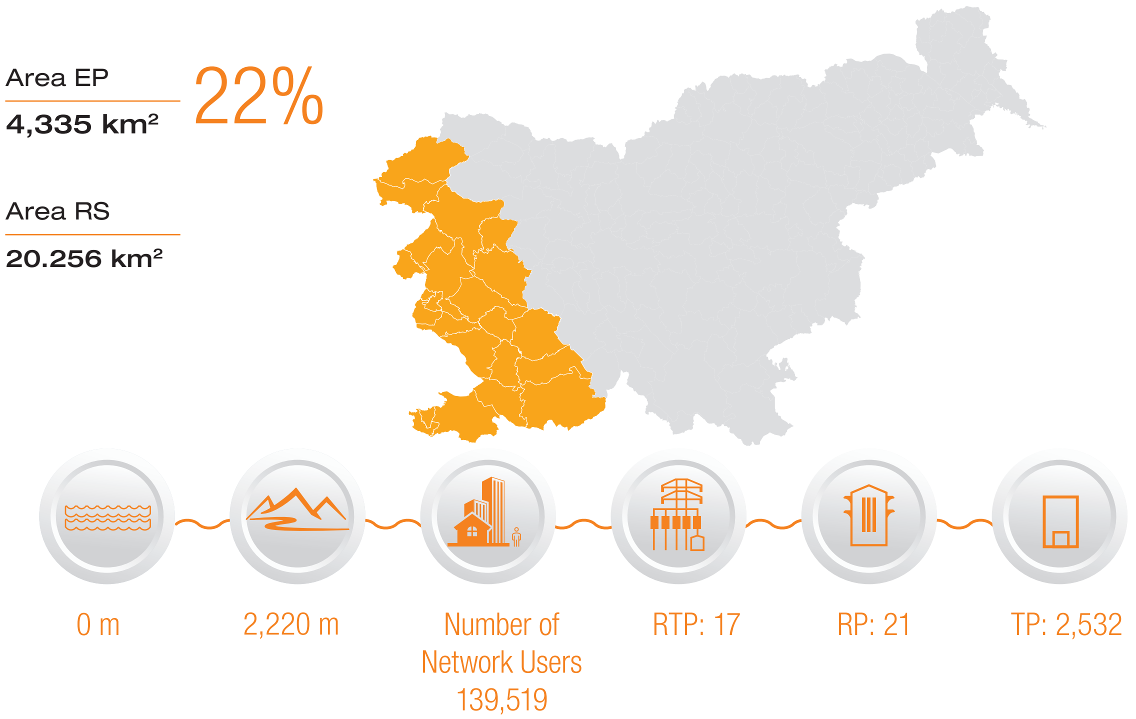


Figure 3: Geographical area of operation of the company

5. Corporate Governance Statement

At Elektro Primorska, d.d., we have adopted a Governance Policy that sets out the framework for management, control and accountability in the company. Governance Policy covers the principles of compliance with legislation and the Corporate Governance Code, ensuring transparency of operations, risk management and a sustainable and ethical approach to business. Purpose of the policy is to establish a system that ensures reliable and efficient management, while protecting the interests of shareholders, employees and other stakeholders.

5.1 Statement of compliance with the Corporate Governance Code

In 2025, Elektro Primorska, d.d. strived to consistently comply with the provisions of the Corporate Governance Code of Companies with State Capital Investment adopted on December 19, 2014 by the Slovenian Sovereign Holding, d.d., in accordance with provisions of the Slovenian Sovereign Holding Act (ZSDH-1), as amended on March 2, 2016, May 17, 2017, November 28, 2019, March 17, 2021, June 2022 and on December 12, 2023.

Corporate Governance Code of Companies with State Capital Investment (KKUDD) is publicly available on the public website of SDH, d.d.:

Kodeks korporativnega upravljanja druzb_december 2023.pdf

We have mostly implemented the KKUDD recommendations, with some deviations from certain individual recommendations, as explained below:

9. Audit and System of Internal Controls

9.3.1 Company does not have an internal audit activity with its own employees. In accordance with the Rules on Internal Audit in Elektro Primorska, d.d., internal audit is carried out by external contractors. Within the framework of the GIZ DEE project, electricity distribution companies, with the help of external contractors, have prepared a business, financial and organizational optimization of the implementation of the public utility service of the electricity distribution operator, which, among other things, envisages the establishment of a competence centre for internal audit. Establishment of the competence centre is planned for 2026, and the start of operations in 2027. Centre will enable more efficient, professional and uniform implementation of internal audit and ensure an appropriate level of independence, quality and coverage of key risks.

9.3.6 Internal quality assessments of internal audit are conducted annually. Since the internal audit activity is carried out with external contractors, we do not conduct external assessments.

11. Business Compliance and Integrity

11.4 Risks in this area are not yet included in the risk register (COT), as specified by the KKUDD, but they have already been identified and will be appropriately included in the risk register at the next risk register update.

5.2 Management Board and Supervisory Board

Company's Management Board consists of one member. President of the management board manages the company's business independently, subject to the authorizations that require the consent of the supervisory board. Supervisory Board , consisting of six members, including representatives of shareholders and employees, is responsible for supervising the company's operations, compliance with legislation and the achievement of strategic goals.

In 2025, the Supervisory Board regularly monitored operations, reviewed internal controls and risk management, and acted in accordance with the Corporate Governance Code.

In relation to the description of the diversity policy (point 7 of the sixth paragraph of Article 70 of the Companies Act-1), we provide the following explanation:

Management Board: In accordance with the Statute, the company is managed by a single-member board, therefore the possibilities for ensuring gender diversity in this body are objectively limited.

Supervisory Board: Members of the Supervisory Board are appointed by the shareholders at the General Meeting in accordance with the law and the Statute. Our company has no direct influence on the final selection of candidates proposed by shareholders, therefore gender balance is currently limited.

We adopted a diversity policy in 2020 and plan to update it in 2026. in doing so, we will continue to actively strive to improve diversity, in particular by encouraging shareholders to consider the principles of gender balance in future appointments to the Supervisory Board.

5.3 Internal control and risk management system

In 2025, we maintained an effective system of internal controls and risk management, which ensures reliable financial reporting and compliance of our operations with the law. Rules on the operation of internal audit in Elektro Primorska, d.d., were updated in accordance with the Global Standards on Internal Auditing; the Management Board adopted it on March 28, 2025, and the Supervisory Board approved it on March 31, 2025. In accordance with the rules, we carried out internal audits with the help of external contractors.

In 2025, we conducted an internal audit of the established internal controls in the reporting process and an internal audit of the structure and operation of internal controls in connection with data for the payment of salary supplements. External internal audit contractor issued us with recommendations . Measures for their implementation are underway.

We did not conduct the planned internal audit of the sustainability area due to changes in legislation. With the amendment to the Companies Act-1N, which entered into force on October 8, 2025, the deadline for sustainability reporting for our company was moved from the 2025 financial year to the 2027 financial year.

5.4 Shareholders and ownership

Elektro Primorska, d.d., has 18,783,898 ordinary shares issued, with the Republic of Slovenia as the sole holder of a qualifying share controlling 79.68% of the share capital. Shareholders do not have any special control rights and are not restricted in exercising their voting rights.

5.5 Remuneration and reward policy

President of the Management Board receives remuneration in accordance with the employment contract and the Remuneration Policy for Management Bodies, which includes a basic salary and a variable part linked to business performance. Remuneration of the Supervisory Board and committees is based on the resolutions of the General Meeting and includes remuneration for performing the function, meeting fees and reimbursement of expenses.

5.6 General Meeting of Shareholders

In 2025, the General Meeting of Shareholders of Elektro Primorska, d.d., was held on July 3. Shareholders reviewed the annual report for the 2024 business year, granted discharge to the Management Board and Supervisory Board, and approved the payment of dividends. They authorized the Supervisory Board to align the Statute with the new classification of activities and reappointed Darko Ličen as a member of the Supervisory Board for anew term of office. BDO Revizija, d.o.o., Ljubljana, was appointed as the auditor of the financial statement for the period 2025-2027.

6. Important Events in 2025

6.1 Temporary reduction of network charges for household customers

In early 205, the National Assembly adopted an intervention law that temporarily reduced the network charge for household electricity consumers, especially in the most expensive time block. Measure was in effect in the period January-February 2025, when households paid a lower network charge, which negatively affected the company's cash flow.

6.2 Financing investments from EU funds

As part of the Recovery and Resilience Plan, we made key investments in 2025 to strengthen the low-voltage network and build new substations, thereby improving the reliability and capacity of the distribution network. At the same time, we made investments to strengthen the medium-voltage network through the RePowerEU call, with investments in both network segments being made at an increased rate compared to previous periods.

Part of the investments were co-financed by the European union grants under the NextGenerationEU programme, which enabled more efficient project implementation and optimisation of financial resources. All planned investments under the Recovery and Resilience Plan were successfully implemented by March 2026, confirming our commitment to modernising the network, ensuring stable supply and supporting the energy transition.

6.3 Changes to the regulatory framework

An important regulatory event in the year was the publication of amendments to the Act on the Methodology for Determining the Regulatory Framework for Electricity Operators in the Official Gazette of the republic of Slovenia, No. 27/2025 of April 23, 2025, adopted by the Energy Agency. Amendments were prepared on the basis of initiatives by distribution companies and the distribution operator and included adjustments to the criteria for calculating and recognizing eligible operating and maintenance costs, inflation adjustments and updates to performance indicators, particularly in the area of investments in smart grids and the promotion of flexibility services. Minor changes to procedural provision were also introduced, with the amended methodology being used for calculating deviations from the regulatory framework for the period from January 1, 2024 onwards.

6.4 Adoption of the company's audited annual report for 2024

Authorized auditor (Ernst & Young revizija, d.o.o.) issued an unqualified opinion on the financial statements of Elektro Primorska d.d. on April 25, 2025. Company's audited annual report for 2024 was adopted by the Supervisory Board at its 17th regular session on May 27, 2025.

6.5 Re-appointment of a member of the Supervisory Board

Darko Ličen's term of office on the company's Supervisory Board expired in 2025. At the Annual General meeting of Shareholders, he was re-appointed as a member of the Supervisory Board, and at the 18th regular meeting on September 3, 2025, the members of the Supervisory Board also confirmed him as Chairman of the Supervisory Board.

7. Data displayed for 2025

Economic criteria	year 2025
ROE (in%)	2.82
ROA (in%)	1.81
RONA (in%)	3.06
EBITDA margin (in%)	37.32
Net financial debt / EBITDA	2.66
CAPEX in net sales revenue (in%)	78.89
Added value per employee (in EUR)	105,246.51
Strategic criteria	
SAIDI (minutes/customer/year)	30.27
SAIFI (number of interruptions/customer/year)	1.05
MAIFI (number of short-term interruptions /customer/year)	5.97
Share of losses in distributed electricity (in% per year)	4.57
OPEX per distributed electricity (EUR/MWh/year)	40.23
Total connected power (in MW)	2,270.15
Investment amount (in million EUR)	38.1
Achieving the 10-year development plan in a single year (in%)	100
Share of investments in the LV network (in%)	28
Average number of days until approval for connection of dispersed RES is issued (No. of days)	38
Average number of days to complete the connection (No. of days)	9
Share of positive applications for issuing dispersed RES connection approvals (in%)	93
Share of positive applications for issuing all approvals (in%)	94
Average number of hours of training per employee	17
Operational criteria	
Distribution of electricity (in MWh)	1,445,932.68
Connected power – households (in MW)	1,224.14
Connected power – business customers (in MW)	1,046.00
Share of LV network cabling (in%)	41.14
Share of MV network cabling (in%)	28.12
Share of underground and overhead insulated MV and LV lines (network robustness) (in%)	74.49
Nominal power of connected solar power plants (in MWp)	190.04
Network length (in km)	7,400
Number of users (customers)	139,519
Sustainability criteria	
Investing in environmental management (in thousand EUR)	163.98
Employee turnover (in%)	3.63
Number of hours of training per employee	17
Sick leave rate (in%)	5.76
Sponsorships and donations (in%)	0.18

Table 1: Economic, strategic, operational and sustainability criteria for 2025

8. Strategy and Development

8.1 Strategic projects

In the company Elektro Primorska, d.d., we adopted a Strategic Plan for the period 2023–2027, which is based on five strategic directions: development of market-oriented activities, development of smart grids and digitization, process optimization and business rationalization, sustainable development and social responsibility and forming partnerships with other EDCs. Our Strategy is a living mechanism what we constantly monitor, evaluate and adjust using a balanced system of indicators, strategic analyses and a structured strategic planning process.

In 2025, we held our second development conference, which brought together top and middle management, strategic project managers and other key stakeholders. Purpose of the conference was to share knowledge, openly communicate about current challenges, co-create solutions as a team, and update the strategy and strategic plan in light of changes in the society and the environment. At the conference, we defined key goals, including: preparing a strategy for reducing our carbon footprint, strengthening employee education and development, and supporting community renewable energy power plant projects.

Strategic Plan of Elektro Primorska, d.d., for the period 2023–2027, when adopted, comprised 27 strategic projects, which were reviewed, evaluated and supplemented as necessary every year. In 2025, three new projects were included in the Strategy, which support safety, professional development and sustainable energy use:

- Health and safety at work: Project includes regular training on safe work, introducing additional measures to prevent injuries, strengthening workplace ergonomics and providing psychosocial support to employees. It includes monitoring accident and sick leave indicators and continuously adapting measures to improve occupational health and safety.
- Increasing the professional competence of employees: Project includes upgrading the professional knowledge of employees, strengthening the competencies for safe and efficient resolution of work tasks and improving internal processes. It also includes activities to ensure compliance with legislation, increase the quality of work and improve the company's operational efficiency in the long term.
- Implementation of energy renovation of facilities: Project includes the implementation of energy renovation of selected facilities to reduce heat losses and energy consumption and consequently reduce operating costs and carbon footprint. Renovations are carried out in accordance with the principles of sustainable development, using energy-efficient materials and modern technological solutions, with the aim of increasing energy efficiency and sustainable infrastructure management.

Our operations remain primarily focused on network users, maintenance and development of the electricity infrastructure. By investing in the distribution network, we try to ensure appropriate voltage conditions, improve operational safety, increase supply reliability and protect the environment in accordance with legislation.

8.2 Network development and innovations

In the company, the development of the distribution network and innovation is managed in two separate processes. Goal of the network development process is to prepare a ten-year development plan, which is updated periodically every two years and is based on development analyses and research. Development plan is the basis for preparing the investment plan, and also includes important results of development and innovation projects, which are thus systematically introduced into the operation of the distribution network.

Innovation process is substantively linked to the introduction of new technologies, concepts and business models into strategic and development documents, as well as the production processes themselves. It is carried out through development and innovation projects that cover currents technological challenges in distribution networks, mainly related to the green transition, digitalization and cybersecurity.

CURRENT DEVELOPMENT PLAN

In 2025, the company prepared a new distribution network development plan for the period 2025 – 2034.

Network development plan is being prepared with the aim of timely identification of necessary investments in the distribution system, which will enable appropriate network development in a dynamically changing environment and meet the growing needs of all users of the distribution system and stakeholders involved in its operation.

Updated distribution system development plan includes challenges that were already identified in the previous plan, including decarbonisation, decentralization of production, and the mass introduction of electrification or the use of electricity as the main energy source in transport and heating.

We are aware that the distribution electricity system is becoming a platform for energy transition, as it enables the implementation of new technologies and the active role of users. One of our key goals is therefore to ensure the transition of existing network into an advance and functional distribution system with optimal costs and a unified approach.

To ensure adequate quality of electricity supply, it is necessary to implement a series of measures that yield the desired results only if they are implemented consistently, coherently and in a coordinated manner. Quality of supply has become increasingly dependent on weather conditions in recent years, so one of key tasks is to increase the resilience of the distribution network to extreme weather events. This includes increased network cabling, replacement of outdated equipment and modern network management.

Introduction of advanced network concepts, and especially the selection of proven solutions, is key to optimal system utilization, ensuring quality of supply and adapting services to users. All stakeholders in the distribution system participate in this, with the aim of unifying solutions and reducing costs while taking into account the latest knowledge and insights.

Fundamental objective of the development plan is to identify the necessary investments in the distribution system over the next ten years that will ensure adequate distribution system capacity and the reliability of its operation.

Distribution system development plan highlights the following key objectives:

- Meet planned and actual electricity consumption and electrical power needs.
- Ensure equal conditions in the electricity market for suppliers and users of the distribution system.
- In the long term, aim to increase the reliability of electricity supply to end consumers, which includes appropriate network planning, for example, undergrounding lines.
- Increase the energy and economic efficiency of the electricity distribution infrastructure.
- Encourage investment in the distribution system using environmentally friendly solutions and state-of-the-art technologies.
- Promote efficient investments as an alternative to high CAPEX investments with low OPEX, with equal social benefits, if technologically feasible.
- Ensure conditions for connecting new users within reasonable deadlines and at reasonable costs.
- By using uniform criteria and network development planning procedures, ensure a unified concept of distribution system development throughout the republic of Slovenia.
- Recognize the central role of consumers, who through their behaviour are moving from passive participants to active participants in the energy market, whereby in the future they will not only consume energy, but also seek opportunities to integrate their own production into a flexible distribution system.
- Adapt the distribution system to new market conditions, especially ensuring the efficient use of energy from renewable sources.
- Adapt the distribution system to technological challenges related to decarbonisation, digitalization and decentralization.
- Support decarbonisation and energy efficiency by integrating innovative services and developing cost-effective charging infrastructure and energy storage.
- Support electricity production and self-sufficiency from renewable sources.
- Monitors the network status in real time and increases power reliability, ensuring the appropriate voltage and frequency within permitted limits, while ensuring that the power on the lines does not exceed thermal limits.
- Improve the reliability of electricity supply in crisis situations.
- Ensure information and cyber security, taking into account identified risks in all areas.

Key elements of the planning process for the development of electricity distribution networks include:

- Determining the initial state of the network.

- Forecast of the development of consumption, production and loads in the future.
- Detection of changes in the behaviour of network users and the anticipated development of new factors such as dispersed production, heat pumps, electric vehicles, peak load shifts, consumption management and other services enabled by new technologies.
- Determination of planning criteria that enable the provision of adequate quality of electricity supply and represent limit values; exceeding these values is prevented by systematic expansion of the network (reinforcement and expansion) and by introducing modern technological approaches and concepts.
- Implementation of network simulations that enable analysis of expected operating states, assessment of power supply continuity and economic analyses.

Basic planning methodology is shown in the figure below.

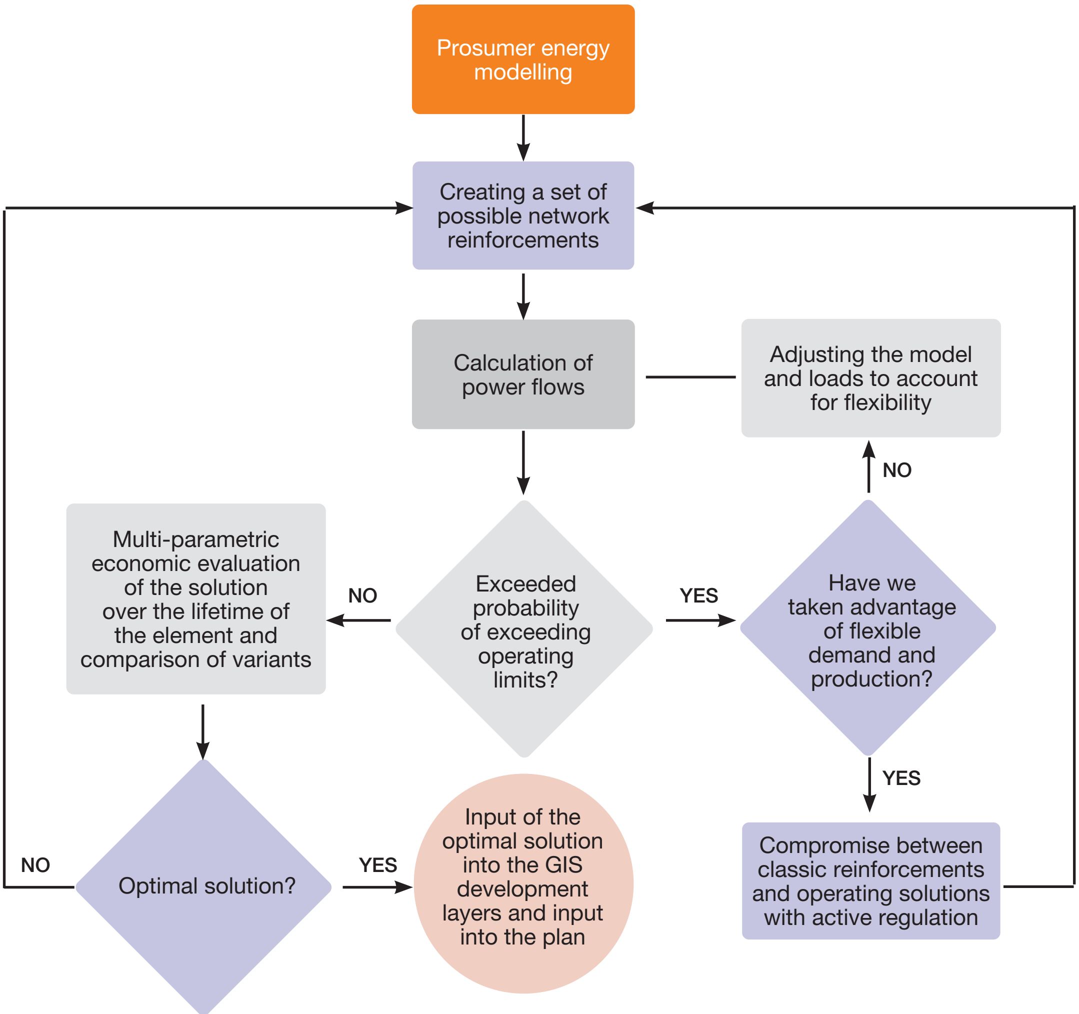


Figure 4: Planning process

FORECAST OF ELECTRICITY CONSUMPTION AND PEAK LOADS

In addition to adopted energy policies (EU and domestic legislation, NEPN), economic trends, current physical and financial realization of the latest development and investment plans, supply quality indicators (SAID, SAIFI), the most important starting point for creating the plan is the long-term energy forecast of electricity consumption and peak loads. Latter is the basis for systemic long-term REDOS studies of the development of power sources and the medium-voltage distribution network, which the company renews in five-year cycles. In addition to systemic studies, medium-term development studies of individual functionally rounded parts of the medium-voltage network are also carried out, such as studies of the development of urban and rural networks, which define the development in a narrow urban area in detail and in a targeted manner.

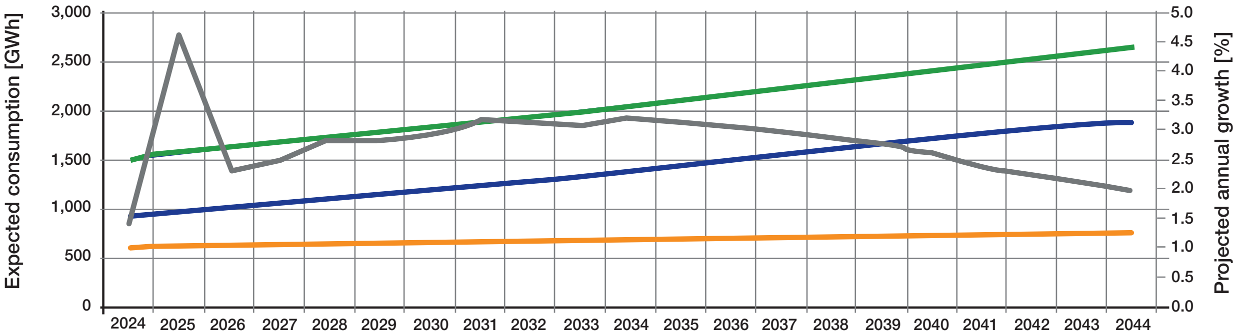


Chart 1: Forecast of electricity consumption and peak loads in the period from 2024 to 2044

TOTAL LV CONSUMPTION + PP+ E-MOBILITY [GWh]

MV CONSUMPTION [GWh]

TOTAL CONSUMPTIONG [Wh]

TOTAL ANNUAL INCREASE IN CONSUMPTION [%]

INVESTMENT PLAN IN MAIN ELECTRICITY DISTRIBUTION INFRASTRUCTURE

Physical scope of investments in network development in the current development plan is shown in the table below. Key project in the next period is the establishment of a 110 kV transformation in the RTP Hrpelje, it is necessary to continue with the reconstruction and renewal of worn-our equipment of 20 kV switchyards of individual RTPs, which will ensure reliable end energy-sufficient power supply to the area and the provision of connections for new consumption. Among the more important investments in the 20 kV distribution stations (RP), we mention the construction of the new Divača substation and the reconstruction of the Razdrto substation. In this period, we plan to build or reconstruct 105.3 km of overhead lines and as many as 708.7 km of underground medium-voltage lines. It is also characteristic of the low-voltage network that the share of investments in underground lines is still significantly on the side of cabling, which is the strategic direction of the company (367.3 km of overhead lines and 951 km of underground low-voltage lines). During this time, we plan to build or reconstruct 1,666 transformer stations (MV/LV) with a total installed transformation capacity of 666.6 MW.

Facilities/Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
MV distribution stations	7	2	2	6	6	3	1	1	2	3	33
-New constructions [pcs/km)	0	0	0	0	1	0	0	0	0	0	1
-Reconstructions [pcs/km)	7	2	2	6	5	3	1	1	2	3	32
MV network	72.7	80.5	92.8	70.9	79.2	83.7	84.0	87.2	86.3	76.7	814.0
-New constructions [pcs/km)	44.3	52.0	64.1	42.5	50.4	54.7	54.7	57.6	56.8	47.1	524.2
-overhead lines [km]	1.4	1.4	1.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	7.7
-underground lines [km]	42.9	50.6	62.7	42.0	49.9	54.2	54.2	57.1	56.3	46.6	516.6
-Reconstructions [km]*	28.4	28.5	28.7	28.4	28.8	29.0	29.3	29.6	29.6	29.5	289.8
-overhead lines [km]**	27.6	27.6	27.7	27.7	27.8	27.9	28.0	28.3	28.2	28.1	279.0
-in underground version [km]	18.0	18.0	18.0	18.0	18.1	18.1	18.2	18.4	18.3	18.3	181.3
-In above-ground version [km]	9.7	9.7	9.7	9.7	9.7	9.8	9.8	9.9	9.9	9.9	97.6
-underground line [km]	0.7	0.8	1.0	0.7	1.0	1.2	1.3	1.3	1.3	1.4	10.8
TR MV/LV TR	64	72	100	76	93	100	100	104	103	88	900
-New constructions [pcs/km)	25	29	40	26	32	36	37	38	37	30	329
- Number of all MV/LV TRs [pcs)	25	29	40	26	32	36	37	38	37	30	329
-Total power of all MV/LV TRs [kVA]	9,896	11,432	16,064	10,456	12,864	14,248	14,608	15,274	14,813	11,946	131,600
-Reconstructions [pcs/km]	39	44	60	50	61	64	64	66	66	58	571
-Number of all replaces TRs [pcs]	131	138	156	121	129	134	134	137	135	122	1,337
-Total power of all replaced TRs [kVA]	52,413	55,311	62,522	48,573	51,597	53,529	53,529	54,785	54,075	48,666	535,000
TR MV/LV TR											
- number [pcs]	156	167	196	148	161	169	170	175	172	152	1,666
- total power [kWa]	62,309	66,743	78,586	59,029	64,461	67,777	68,137	70,058	68,888	60,611	666,600
LV Network [km]	120.1	140,7	201.7	126.4	155.2	171.7	172.4	182.1	176.8	138.7	1,586.0
-New constructions [km]	64.9	75.4	105.8	69.2	83.3	90.2	90.1	94.6	91.7	72.8	837.9
-overhead lines [km]	15.6	17.8	24.6	16.4	19.6	21.3	21.3	22.4	22.0	18.1	199.1
-underground lines [km]	49.3	57.6	81.2	52.8	63.7	68.9	68.8	72.2	69.7	54.7	638.7
-Reconstructions [km]*	55.3	65.3	96.0	57.2	71.9	81.6	82.3	87.5	85.1	66.0	748.2
-overhead lines [km]**	34.7	40.8	60.4	36,8	46.2	52.9	53.4	56.6	55.2	43.4	480.5
-in underground version [km]	22.6	26,5	39.2	23.9	30.0	34.4	34.7	36.8	35.9	28.2	312.3
-in above-ground version [km]	12.1	14.3	21.1	12.9	16.2	18.5	18.7	19.8	19.3	15.2	168.2
-underground lines [km]	20.6	24.5	35.6	20.4	25.7	28.7	28.9	30.9	29.9	22.5	267.7

Table 2: Aggregated table of physical investments by investment group over the next 10-year period

Financial resources for the development of the distribution network are an estimate of investments based on the physical volume of investments. For the next 10-year period, the value of all investments amounts to €402,775,453, which is an average of just over €40 million per year. Annual dynamics of past and planned investments is shown in the CHART.

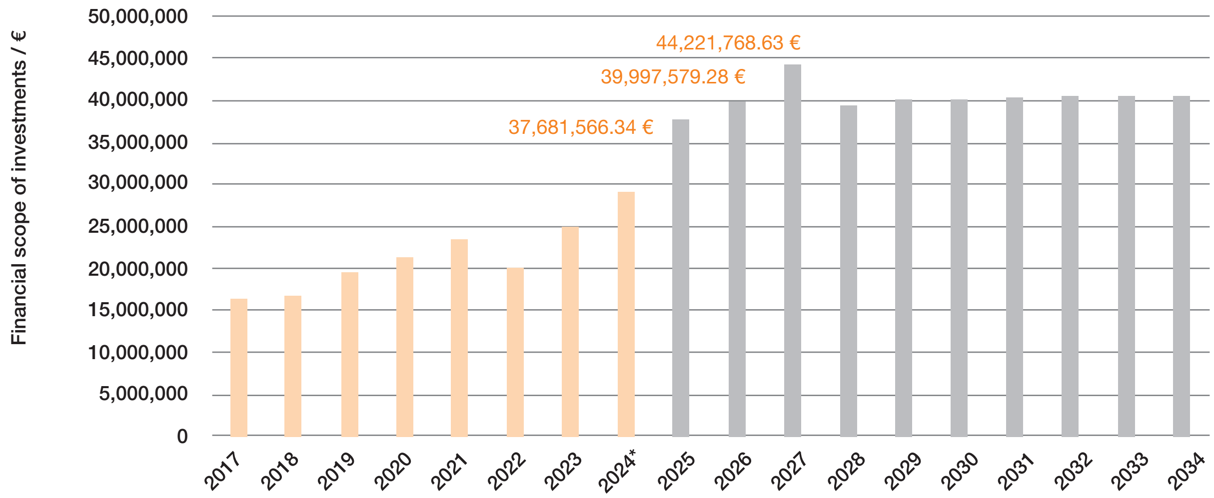


Chart 2: Dynamics of required financial investments (aggregated total investments by year)

From the technical needs assessments, the table below also shows the distribution of investment funds by cause.

Cause/Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Poor quality of supply	2,990,805	2,794,178	3,045,522	2,277,951	2,399,204	2,398,152	2,390,460	2,384,864	2,385,132	2,517,132	25,583,399
Increased loads	8,489,414	10,382,212	15,906,232	13,890,391	12,982,566	12,363,555	13,154,940	13,413,855	12,862,351	11,050,440	124,495,956
EDI status assessment	8,966,931	9,176,256	8,056,768	8,113,364	10,128,582	9,204,998	8,130,621	8,846,949	9,146,198	10,366,598	90,137,265
Dispersed production	4,440,069	5,601,427	7,072,130	3,245,723	4,415,261	5,069,404	5,063,578	5,455,832	5,111,734	3,242,442	48,717,600
Redemption of EDI	198,660	198,660	198,660	198,660	198,660	198,660	198,660	198,660	198,660	198,660	1,986,595
Total	**25,085,878**	**28,152,732**	**34,279,311**	**27,726,088**	**30,124,272**	**29,234,769**	**28,938,259**	**30,300,159**	**29,704,074**	**27,375,271**	**290,920,814**

Table 3: Financial assessment of investment in primary infrastructure by causes for all voltage levels

Table below presents the planned sources of funds – a rough financial structure for financing the development plan. As of and including 2027, the company does not yet have fully secured sources of funds to fully finance all planned investments in the current development plan.

Year	Estimated planned resources = T44 (formula)	Planned sources of financing						Total planned resources
		Own sources of financing				State and EU grants		
		Deprecia-tion	Yield	Other own funds	Credits	EU funds	Unearned funds	
2025	37,681,566	7,925,195	1,593,359	0	17,500,000	5,000,000	5,663,012	**37,681,566**
2026	39,997,579	7,714,715	1,330,225	0	19,000,000	4,100,000	7,852,639	**39,997,579**
2027	44,221,769	6,825,947	1,489,874	0	11,000,000	0	24,905,948	**44,221,769**
2028	39,446,675	7,718,012	1,123,181	0	11,000,000	0	19,605,481	**39,446,675**
2029	40,022,370	8,142,383	940,467	0	10,000,000	0	20,939,520	**40,022,370**
2030	40,150,075	8,005,782	690,476	0	11,000,000	0	20,453,817	**40,150,075**
2031	40,273,773	7,910,273	429,739	0	12,000,000	0	19,933,761	**40,273,773**
2032	40,273,497	8,323,715	175,591	0	12,000,000	0	19,774,191	**40,273,497**
2033	40,297,621	8,091,848	0	0	12,000,000	0	20,205,773	**40,297,621**
2034	40,410,529	9,108,142	0	0	12,000,000	0	19,302,387	**40,410,529**
Total 2025 - 2034	402,775,453	79,766,012	7,772,912	0	127,500,000	9,100,000	178,636,530	**402,775,453**

Table 4: Assessment of planned sources of financing for investments from the development plan

DEVELOPMENT AND INNOVATION PROJECTS

Smart grids complement the existing infrastructure with information technologies and artificial intelligence technologies, which are currently achieving unprecedented development on a global scale and are massively integrating into existing technological solutions. As a result, these technologies are becoming increasingly affordable and manageable, and in terms of network operation and planning, they represent an alternative to classic concepts that are becoming increasingly uncompetitive and time-consuming.

Company actively monitors and applies for European, national and other calls for projects in the field of smart grids and advanced innovative technologies. In addition to the implementation itself in the company, we want to obtain co-financing for development, supporting research and pilot implementations in this way, as the introduction of such solutions is generally expensive and involves a lot of risk. On the basis of integrated analyses, the above technologies and concepts are meaningfully placed in the Company's strategy.

Company also constantly establishes links with strategic partners, consortia, professional and scientific organizations and associations, with which it seeks to share and gain new knowledge, experience and »know how«. Within these connections, it enters into joint strategic projects and in this way enables the company to make contact and can even be part of this advanced elite, which ensures its lasting business excellence.

In 2025, the company continued with the implementation of four EU projects. Projects STREAM and OPENTUNITY are development demonstration projects within the Horizon Europe package and cover the flexibility market with a special emphasis on the role of the distribution company. ALiEnS-SoC project is also a Horizon Europe project covering cybersecurity topics. With the LIFE FOR LIFELINES project, the company aims to contribute to the protection of endangered bird species for which landings on power lines are usually fatal by developing special insulators and power line poles. This year, we successfully completed the EOxGRID project, for which we obtained co-financing from the European Space Agency (ESA). As part of the project, a feasibility study was prepared to develop advanced algorithms supported by artificial intelligence for estimating the production of solar power plants in real time based on current and forecasted satellite and weather data.

As part of our development and innovation activities, the company is constantly creating new project content that serves as an approach to new projects. At the end of 2025, we applied for three more projects within the framework of EU calls for proposals, two in the field of the use of artificial intelligence in the distribution network, one in the field of the integration of advanced new generation transformer stations. We expect to be notified of the success of the application in the first half of 2026.

9. Business Compliance and Management Systems

BUSINESS COMPLIANCE AND INTEGRITY SYSTEM

In accordance with Recommendation 11 of the Code of Corporate Governance of Companies with State Capital Investment and Recommendation 14 of the Recommendations and Expectations of the Slovenian Sovereign Holding, the company Elektro Primorska, d.d., listed among its fundamental principles operations in accordance with corporate integrity and fair business practice.

In light of the above, the president of the management board appointed a person in charge of business compliance and internal integrity, who regularly attends working meetings of the authorized persons for business compliance and integrity in companies with capital investment of the state in which SDH, d.d., has a majority share or dominant influence, and which are organized by SDH, d.d. President of the Management Board adopted the rules on the establishment of an internal reporting channel, which regulates the internal reporting procedure, the handling of reports and the protection of reporters. In 2025, the Company's Code of Ethics was updated and the Compliance Policy was adopted. Employees are regularly informed of all internal company acts in the field of compliance and integrity, including through periodic education and training.

9.1 Management, quality and improvement systems

By continuously developing an integrated management system in accordance with the ISO 9001 and ISO 1400 standards, with responsible managing of the health and safety at work system in accordance with the ISO 45001 standard and by consistently ensuring information security in accordance with the ISO/IEC 27001 standard, we are strengthening a culture of quality and consistently implementing continuous improvements in our operations. We regularly check the effectiveness of our systems through internal and external assessments, which allows us to objectively evaluate performance and identify opportunities for progress in a timely manners.

In 2025, we successfully obtained the ISO/IEC 27001 certificate for the information security management system, thereby fulfilling one of the strategic projects defined in the Strategic Plan for the period 2023–2027.

Figure 5: Quality management systems in Elektro Primorska, d.d.

9.2 Information security

Due to the current situation in the world, information security is an increasingly important factor in the operations of companies. In 2014, we began the first activities to produce appropriate documentation in this area. In recent years, due to the security situation, legislation has also been updated, and therefore the documentation also needs to be supplemented.

A new Information Security Act (ZInfV-1, Official Gazette of the Republic of Slovenia 40/25) was adopted in 2025. Energy sector was recognized as essential infrastructure under the new Act and the Regulation on the Identification of Critical Entities.

In accordance with legal requirements and recommendations of SDH, d.d., we have further strengthened cybersecurity and business continuity, and have also obtained the ISO/IEC 27001:2022 certificate.

We have appointed key responsible persons in the company:

- information security engineer and their deputy,
- person responsible for business continuity and their deputy,
- responsible contact person for critical infrastructure and their deputy.

Together with other distribution companies, we have established a Security Operations Centre (VOC), which monitors all network events 24/7. we conduct annual Business Impact Analysis (BIA) and risk assessments for individual areas related to information systems that support key services. Risks that exceed an acceptable level are transferred to the Comprehensive risk Management system, where appropriate risk mitigation measures are implemented, with particular emphasis on risks related to information security.

Company actively cooperates with key state authorities in the field of cybersecurity, including URSIV, SI-CERT, MORS and AGEN, ensuring coordinated and effective protection of critical infrastructure.

10. Human Resources

10.1 Employees

Committed, motivated and competent employees are the foundation for achieving the strategic goals and long-term vision of the company. With their knowledge, experience and innovative ideas, they significantly contribute to the success of the organization and its competitiveness in the market. Human resources management is therefore focused on systematic development and optimization of processes of acquiring and retaining key personnel, strengthening the knowledge and competencies of employees, efficient planning of succession and creating a stimulating work environment.

Such an environment is based on collaboration, trust and open communication and encourages creativity, self-initiative and a sense of belonging. As a result, employees feel valued and included, which is directly reflected in their commitments, work performance and long-term loyalty to the company.

Last year, we successfully completed the project of digitizing active personnel files of employees and established modern workflows for electronic signing of personnel documents and employment contracts, thereby significantly contributing to greater efficiency and transparency of personnel processes. We also started implementing a training program for foremen in the power industry, which takes place at the company's headquarters and includes 17 employees, with the aim of obtaining the 5th level of education.

Within the framework of the internal Academy, we further expanded the range of training courses and prepared structured curricula for all employees, with an emphasis on continuous professional and personal development. We also paid special attention to strengthening digital competencies - all employees successfully completed training in the field of information security.

At the same time, we prepared the key foundations for the start of a comprehensive overhaul of job classification, the development of a competency model, the creation of a new salary system, and the establishment of a modern performance appraisal system that will be even more transparent and encouraging.

As in every year so far, this year we have also paid special attention to the development of management skills of managers and the continuous education and development of employees, in accordance with the available resources and strategic directions of the company.

10.2 Composition of employees

As of December 31, 2025 the company employed 474 workers, of which 4% were employed on a fixed-term basis. Average number of employees in 2025 was 468, it decreased by two employees compared to the average headcount in 2024.

In 2025, employee turnover in the company amounted to 3.63%, which represents a nearly 59% decrease compared to the previous year. This significant decline indicates greater stability in the staffing structure and the success of efforts to retain employees.

Most common reasons for termination of employment were retirements, which is expected given the age structure of employees. They were followed by resignations by employees and mutual agreement. In addition to the reasons listed, we also recorded three cases of fixed-term contracts expiring and not being extended.

Sick leave in 2025 amounted to 5.76%, which means that the level of absenteeism remained practically unchanged compared to 2024. Only a minimal increase of 0.02 percentage points was recorded, which indicates a stable health status of employees and effective absence management.

Total number of employees as at 31.12.2025	**474**
Average number of employees in year	468
Number of new employees hires in year	26
Number of departures in year	17
Number of permanent employees	453
Number of fixed-term employees	21
Number of employees with disabilities	23

Table 5: Overview of employees in Elektro Primorska, d.d.

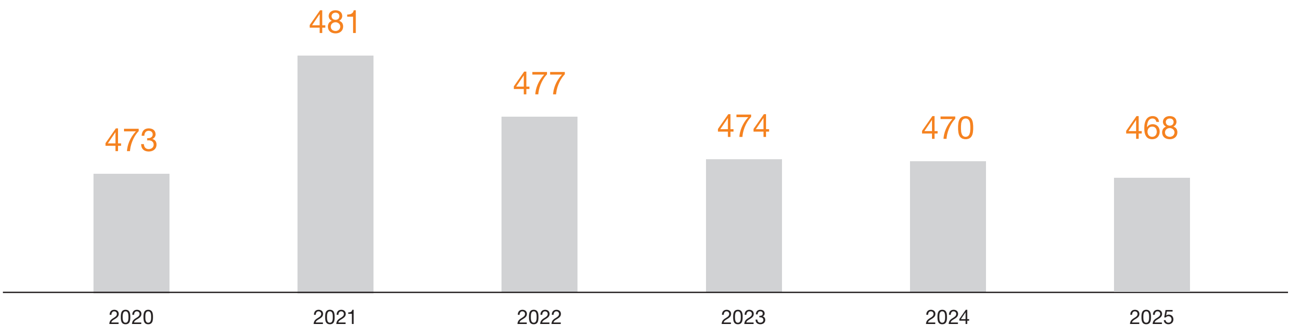


Chart 3: Movements in the average number of employees over the period 2020 - 2025

Activity	Number of employees as at 31.12.2024	Structure (%)	Number of employees as at 31.12.2025	Structure (%)
Main activity (distribution network sector, electricity system management sector, strategic development and innovation service)	367	79.27	369	77.85%
Common services (management, financial and accounting sector, general sector, procurement, information technology)	96	20.73	105	22.15%
Total	**463**	**100**	**474**	**100**

Table 6: Number of employees in Elektro Primorska, d.d., by activity

AGE STRUCTURE OF EMPLOYEES

Average age of employees in the company is 45 years and remained the same compared to the previous year. Largest share of employees is represented by employees in the age group from 41 to 50 years.

	Age group	number of employees
1	up to 20 years	9
2	21-30	46
3	31-40	102
4	41-50	151
5	51-60	142
6	61 and over	24
		474

Table 7: Number of employees in Elektro Primorska, d.d., per individual age group

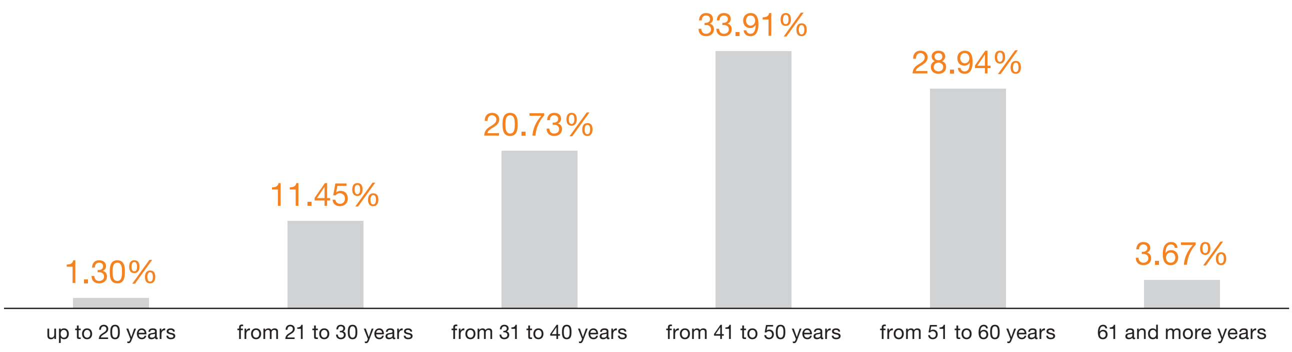


Chart 4: Age structure of employees of Elektro Primorska, d.d..

STRUCTURE OF EMPLOYEES ACCORDING TO GENDER

Gender structure of employees has remained relatively stable over the years and without major deviations. Men still dominate, but their share has increased slightly compared to the previous year, by 0.37 percentage points. This distribution is primarily a reflection of the nature of the activity, as the company operates in an industry dominated by technical professions, which are traditionally chosen by more men.

Women are more prominently represented in support services, where they represent 42% of employees, while in technical services their share is significantly lower and amounts to around 6%.

	Gender	number of employees
1	male	400
2	female	68
		468

Table 8: Number of employees in Elektro Primorska, d.d., by gender

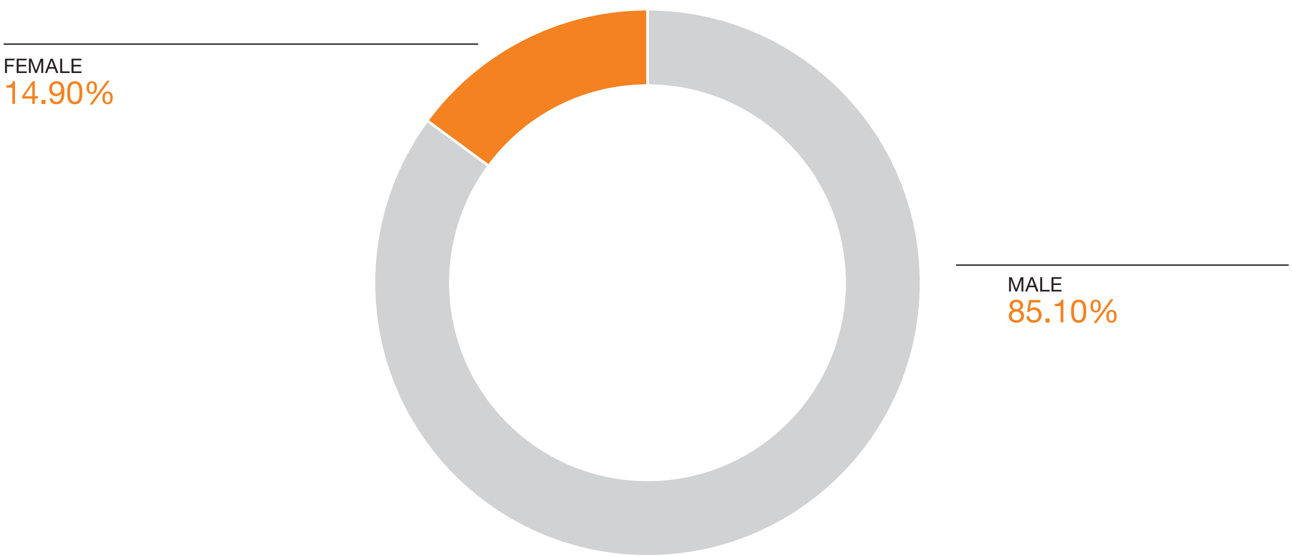


Chart 5: Structure of employees in Elektro Primorska, d.d., according to gender

STRUCTURE OF EMPLOYEES ACCORDING TO THE YEARS OF SERVICE

Share of employees with more than 20 years of service is 57% and it remained the same compared to the previous year. Long-term employees represent a key source of professionalism and continuity of work processes, while also making a significant contribution to the transfer of knowledge to younger generations.

	Years of service	number of employees
1	up to 5 years	34
2	from 6 to 10 years	63
3	from 11 to 20 years	108
4	from 21 to 30 years	124
5	from 31 to 40 years	123
6	over 40 years	22
	Total	**474**

Table 9: Number of employees in Elektro Primorska, d.d., according to the years of service

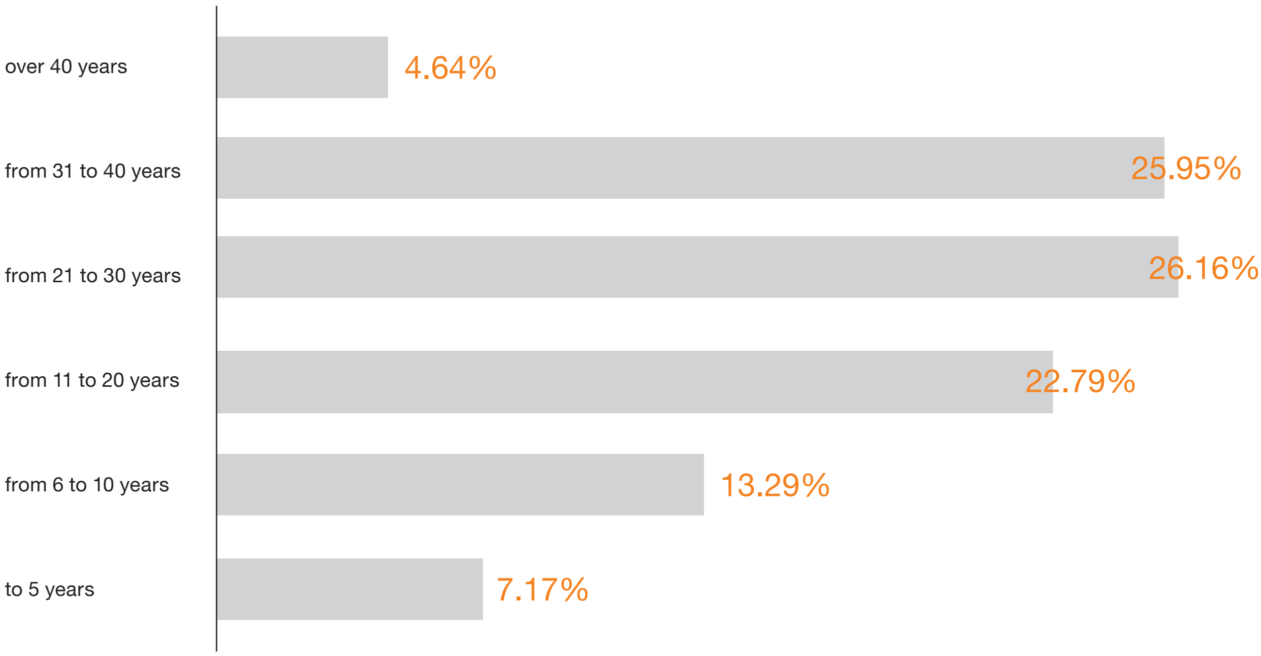


Chart 6: Structure of employees according to the years of service in Elektro Primorska, d.d.

EDUCATIONAL STRUCTURE OF EMPLOYEES

Educational structure of employees in 2025 remains comparable to the structure in year 2024, as no major deviations are detected. Only a slight decrease in the share of employees with level 7 education is noticeable, while the share of employees at levels 6/2 and 6/1 has increased minimally. At all other educational levels, the shares remain practically unchanged compared to the previous year, which indicates a stable educational structure of employees.

Level according to BP	Number of employees as at 31.12.2024	Structure (%)	Number of employees as at 31.12.2025	Structure (%)
8/2	3	0.64	3	0.63
8/1	5	1.06	5	1.05
7.	47	10.00	45	9.49
6/2	55	11.70	59	12.45
6/1	65	13.83	68	14.35
5	172	36.60	176	37.13
4	109	23.19	111	23.42
3	6	1.28	6	1.27
2	1	0.21	1	0.21
1	0	0	0	0.00
TOTAL	**463**	**100**	**474**	**100**

Table 10: Educational structure of employees in Elektro Primorska, d.d.

NEW EMPLOYEE HIRES

Changed conditions on the labour market have recently further exacerbated the challenges in acquiring suitable personnel, which was also clearly evident in 2025. This year, we hired 26 new employees, which represents 5.6% of all employees.

Demographic structure of new employees reflects the need to fill technical positions, where there is already a lower proportion of female candidates. Thus, among new employees, men predominate, representing as much as 92%. Average age of new employees was 32 years, with almost three quarters of employees falling into the age group between 21 and 40 years. Proportion of people over 40 years of age among new employees is 15%.

In terms of educational structure, we hired the most new employees with 5th and 4th level of education in electrical engineering. This is followed by employees with 6/2 level of education in computer science and electrical engineering.

We did not employ foreigners in 2025.

AGE STRUCTURE

	Age group	number of employees
1	up to 20 years	4
2	21-30	8
3	31-40	10
4	41-50	3
5	51-60	1
6	**Total**	**26**

Table 11: Age structure of new employees in 2025

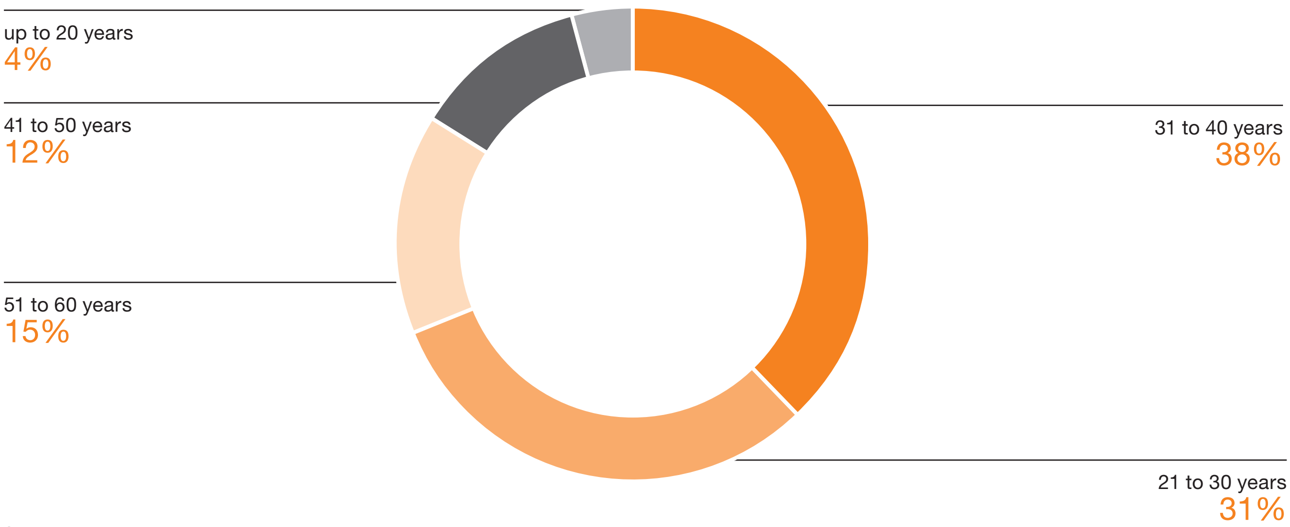


Chart 7: Age structure of new employees in 2025

GENDER STRUCTURE

	Gender	Number of new employees
1	male	24
2	female	2
	Total	**26**

Table 12: Gender structure of new employees in 2025

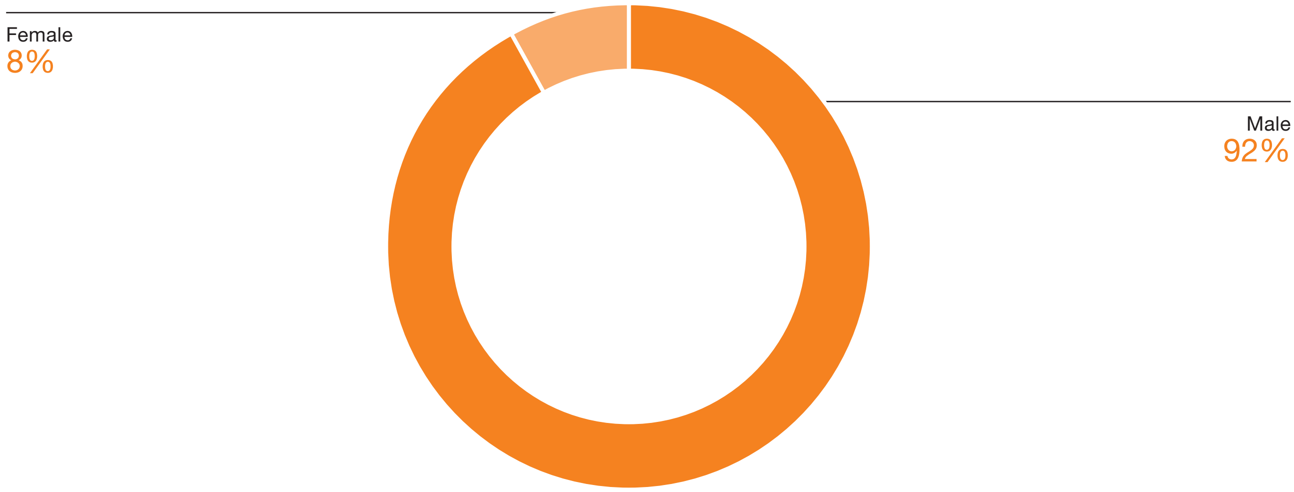


Chart 8: Gender structure of new employees in 2025

Due to the increasing challenges in acquiring suitable personnel, especially in the fields of electrical engineering and computer science, we have once again strengthened our activities in the field of company scholarships in 2025. We awarded nine new company scholarships, four of which were for education at level 5 of the electrical engineering major and five for level 6/2 of the electrical engineering major.

In total, we paid out nineteen company scholarships in 2025, mainly for the field of electrical engineering at various levels of education, as well as individual scholarships for the fields of computer science, informatics, mathematics and electrical power engineering.

Company scholarship program is proving to be an important strategic mechanism for securing future personnel, which is why we plan to continue its implementation and upgrade in 2026.

We are aware that simply acquiring new personnel is not enough. Therefore, we are simultaneously developing comprehensive approaches to retaining key employees and strengthening the employer brand. Our goal is to create a stimulating and attractive working environment that will enable us to attract and retain the best talents in the long term.

10.3 Education of employees

Company systematically invests in the development, education and training of employees, as knowledge and a high level of competence are ate foundation of the long-term success and sustainable development of the organization. In 2025, we continued with a planned and structured approach to education – from planning and implementation to monitoring the effectiveness of individual programs.

All employees were included in educational activities, with each participating in at least one form of training. Average number of hours of education per employee was 17 hours.

We provided employees with a wide range of education and training in key professional areas, such as information security, energy, legislation, compliance and integrity, communication, quality, public procurement, digital competences, accounting and occupational health and safety. At the same time, we also encouraged the acquisition of professional exams and national professional qualifications. We allocated €101.927,90 for employee education and development, which represents €218 per employee.

We are additionally investing in formal education, as the company has 35 training contracts with employees, with content. Through the online portal, they have access to the E-learning application, which includes a library of approximately 250 different content for professional and personal development. These include language and computer courses, as well as content in the areas of time management, communication, stress management, artificial intelligence and well-being in the workplace.

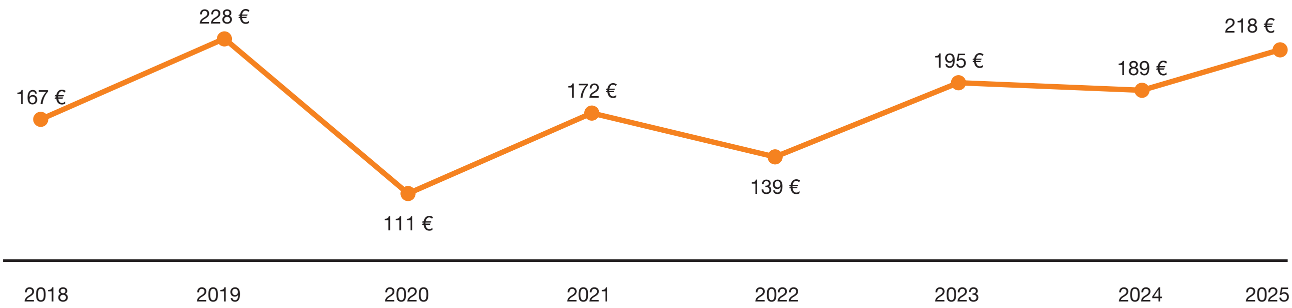


Chart 9: Resources intended for employee trainings (in euros/employee)

10.4 Diversity and equal opportunities

We systematically develop an inclusive and responsible organizational culture in the company, based on respect for diversity and equal opportunities for all employees. We are committed to creating a safe, fair and stimulating work environment, in which the knowledge, competences and contribution of the individual are at the forefront – regardless of gender, age, disability or other personal circumstance. Such an approach strengthens mutual trust, cooperation and long-term success of the organization. We implement the principles of non-discrimination by consistently respecting the legislation and by taking active measures to prevent inappropriate behaviour, including the implementation of the Agreement on the Prevention of Mobbing. An important part of our activities is also systematic development of leadership competencies and the promotion of open and respectful communication.

In the area of employee care and well-being, we are developing measures that support a balance between professional and private life. We offer employees flexible working hours, special leave for parents of first-graders on the first day of school, and the option of using paid leave for medical services of up to four hours. We also provide a wide range of benefits, such as voluntary supplementary pension insurance, accident insurance, and supplementary health insurance with an emphasis on prevention and faster access to specialist services. We also actively promote a healthy lifestyle, including through organized online exercise and support for sports and recreational activities.

We consistently incorporate the principles of equal opportunities and non-discrimination into our recruitment processes. Structure of new employees reflects the situation on the labour market, especially in technical professions, where the proportion of women among candidates is lower. Nevertheless, we strive for greater balance and diversity of our staff and the inclusion of different age groups.

From a governance perspective, the company is led by a single-member board of directors, supported by a four-member team of sector directors, in which women are also represented (25%).

Important part of our social responsibility is also the inclusion of people with disabilities. At the end of 2025, the company employed 23 people with disabilities, four of whom worked part-time. However, the share of employees with disabilities did not reach the legally prescribed quota set by the Decree on the Determination of the Quota for the Employment of People with Disabilities, so this area will remain an important aspect of our human resources planning in the future.

.

10.5 Respect for human rights

Company further strengthened its commitment to social responsibility by signing the Pledge on respect for Human Rights in Business. It thereby committed to implementing the key principles of the National Action Plan of the Republic of Slovenia for Respect for Human Rights in Business. The Pledge is based on the Universal Declaration of Human rights, adopted by the United National General Assembly in 1948, and other important international documents in the field of human rights in the business environment.

In line with its commitments, the company has appointed a human rights officer. It also pays special attention to rights related to work, in particular the rights to freedom of association of workers.

When regulating employment relations, the company consistently complies with applicable employment legislation and the collective agreement. It also maintains an open, fair and respectful social dialogue with the representative trade union, its trustees and with employee representative in the works council. In doing so, it strives for bilateral regulation of key areas and provides the trade union and the works council with timely and appropriate information in accordance with applicable legislation.

10.6 Health and safety at work

In the company Elektro Primorska, d.d., the safety and health of employees are crucial. Due to the nature of work (field work in adverse hydro meteorological conditions: wind, rain, snow, ice…) and due to the work on electricity devices and plants that are in normal operation under voltage, we pay even greater attention to safety and health.

Company has an established Occupational Health and Safety Management System in accordance with the international standard ISO 45001:2018. By complying with legal requirements and occupational safety and health policy, we ensure that our employees are more productive, creative and feel safe in the workplace. All employees are involved in the operation of the OSH system.

Various activities take place within the framework of the annual occupational health and safety (OSH) objectives and programs.

Key activities of OSH are:

- Hazard identification and risk assessment:
  With every change in the field of OSH, we perform audits of the Safety Statement with a Risk Assessment (for all workplaces), where new hazards are identified and risks are evaluated, and the necessary measures taken. Risks are identified through investigations into accidents at work and incidents, interviews with employees and workplace inspections. Through publication on the intranet page, we make sure that the IOT is available to all employees. Last audit No. 12 was conducted in November 2024.

- Elimination of hazardous with less hazardous:
  Throughout the operation, we take care of eliminating the hazardous with the less hazardous, so we regularly test new methods of work that pose less risk. We make sure that safe work equipment and appropriate personal protective equipment are procured. Through regular work, we test more advanced personal protective equipment.

- Identification and investigation of incidents:
  Identifying and investigating incidents is key to improving the system and preventing accidents at work. We have developed procedures and instructions for reporting and investigating the incidents. Both senior and lower-level employees are involved in the investigation.

- Monitoring of OSH indicators
  In the annual report the company monitors indicators on injuries at work, such as;

  - Number of accidents at work
  - Severity of injuries at work
  - Frequency of accidents at work
  - Share of lost working days due to accidents

- Training of employees on safety and health at work
  In 2025, 25 new employees took part in training and knowledge testing in occupational health and safety and fire safety, 21 students received training for safe and healthy work before completing a mandatory internship in Elektro Primorska, d.d. Training was conducted for managers and executives, attended by 24 participants.

In addition:

- 18 workers participated in initial theoretical training and knowledge testing for working with aerial platforms and truck cranes,
- 28 workers participated in initial theoretical and practical training for working at heights and knowledge testing.

Training and knowledge testing were also carried out for 9 external contractors who perform work on low-voltage electrical power devices of the company EP.

There were 10 minor injuries at work.

In the company, 1 near miss was reported in the area of OHS, which we handled.

In the field of safety and health, we employ two professional associates who have the appropriate authorizations to perform professional tasks. Employees regularly attend seminars and workshops in the field of OSH and transfer their knowledge to other employees.

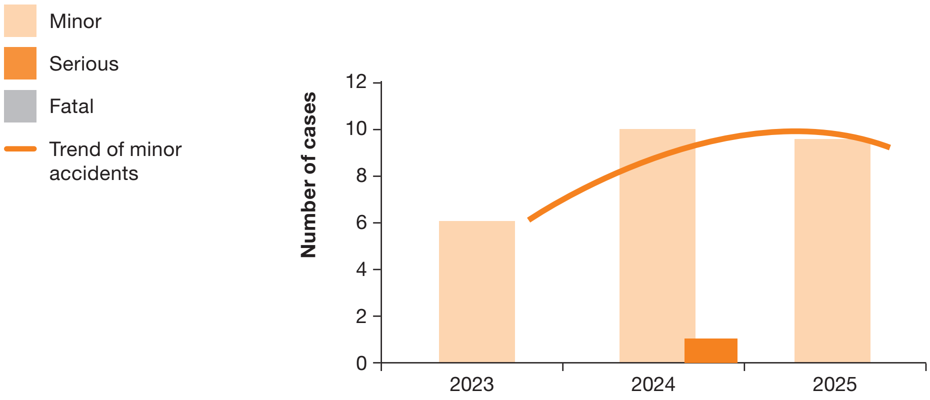


Chart 10: Number of accidents at work in the period 2023–2025

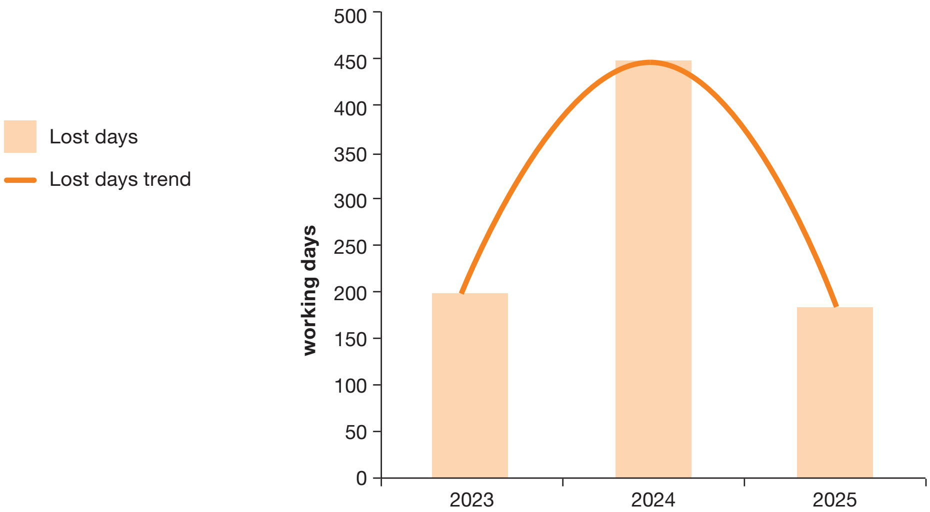


Chart 11: Lost working days due to injuries at work

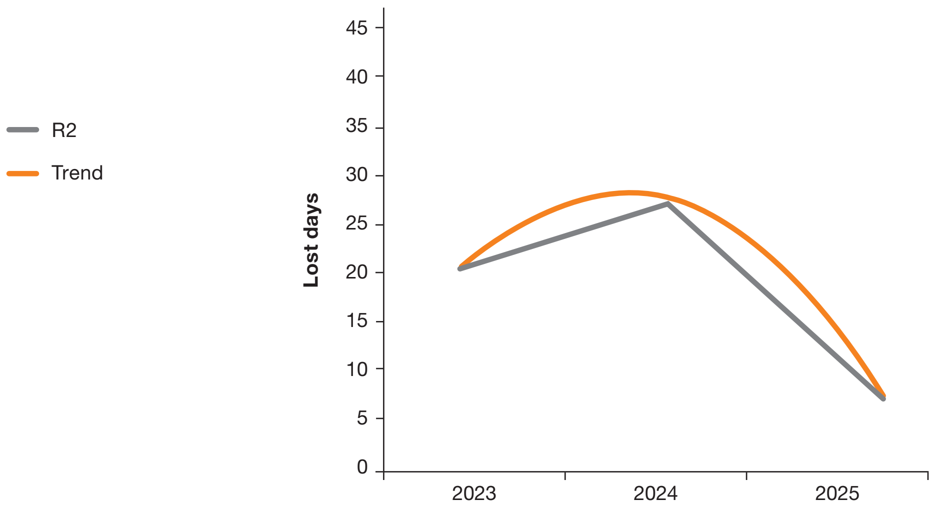


Chart 12: Severity of injuries at work

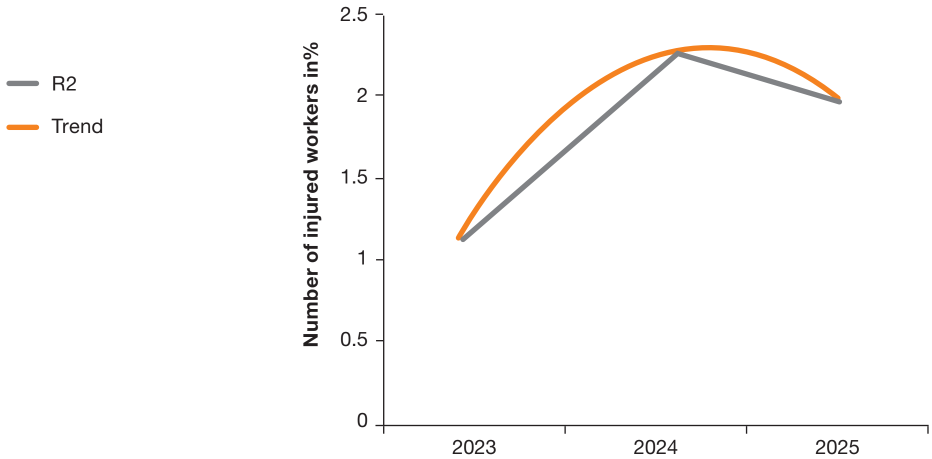


Chart13: Frequency of accidents at work

10.7 Communication with employees

Effective communication is a significant contributor to the success of an organization. We therefore encourage open dialogue between employees and management, as well as between colleagues, as this enables better cooperation, greater cohesion and a clearer understanding of goals.

Internal communication most often takes place at meetings, through personal and telephone conversations, websites, e-mails and intranet pages. Intranet page regularly and transparently informs all employees about news, events and activities in the company. Direct superiors also play a major role in internal communication, as we strive to ensure that the information provided reaches all employees.

As one third of our employees work in the field and have difficulty accessing the intranet portal, we have integrated the main news module with our cloud portal, thus enabling insight into at least important information on mobile devices, with no need for a VPN connection or access to a computer.

In addition to the intranet portal, we also communicate directly with employees mainly by e-mail and through traditional bulletin boards for communication, which are intended primarily for field workers. Printed newsletter of the electricity industry »Naš stik«, published by Elektro Slovenia, and a weekly e-newsletter with current content, are also available to employees.

Important part of internal communication is also represented by various forms of direct meetings, such as regular meetings, collegial meetings and meetings with representatives of the works council and the trade union. By publishing the minutes on the intranet, we provide employees with a transparent insight into the decisions made and events in the company, and additionally involve them in its development.

11. Management of the Power Distribution System

11.1 Network users

Electricity distribution companies are a key link in the development of a cost-effective distribution network in Slovenia, which ensures quality and reliable supply to customers in Slovenia. Development of the electricity distribution network, with the active role of customers, will enable the transition to a low-carbon society with the production of electricity from renewable energy sources.

In the company Elektro Primorska, d.d., we use various channels to communicate with network users. We inform and communicate to users via the website, press releases, radio stations, e-mail, text and push messages, reception offices and the call centre.

We use the website of Elektro Primorska, d.d., Company as a tool for communication with various publics. On the website, we publish all the information that our manager requests from us, and that which we are obliged to publish according to the Access to Public Information Act. Online application is also available to customers to inform them about planned power outages in a household, company or other facility. Upon registration, they receive a notification to their e-mail address or in the form of a text message to their mobile phone. Informing customers about planned shutdowns is essential and necessary, as this is the only way we can safely and in the shortest possible time carry out all the necessary work on power plants. Works are carefully planned, so we inform customers about the interruption of electricity supply at least 48 hours before the interruption. Notices about planned shutdowns are published on the company's website and radio stations.

Mojelektro portal was developed by electricity distribution companies as part of the Single Entry Point for various stakeholders as a common free online portal – a system for secure and uniform access to metering point data, where users can access structural, metering and billing data of all metering points for which they are the official payer, or for which their payer has authorized them in Mojelektro, regardless of the electricity distribution area or supplier. It is intended for end users (consumers and electricity producers) who did not have this option in the past. Users can view metering data on the portal both graphically and in tables. Latter can also be exported in xls format, where its status is also visible for each piece of data. It also allows users to register for flexibility and apply for flexibility tenders and reviews activations and monthly billing of these services, if a certain distribution company tenders for this. It also allows submitting a request for an active customer, a request for a seasonal power billing method, a request to check the possibility of installing a solar power plant, and the registration of a plug-in production source. Mobile application also enables real-time notification of changes in time blocks, etc. metering data is also available to beneficiaries via the REST API service. In 2025, we carried out a partial renovation of the Mojelektro portal, and it will undergo a complete renovation in 2026.

Within the framework of GIZ DEE, we together with ELES, d.o.o., successfully continued the implementation of amendments to the Act of the new tariff system for calculating the network charge. In addition to upgrading the eIS information system, this includes improvements to the validation of metering data on the platform for processing them, as well as upgrading the Single Entry Point.

11.2 Access to the network

Elektro Primorska,d.d., carries out the tasks of the distribution operator on the basis of the contract for lease of distribution infrastructure and provision of services for the company ELES, d.o.o. As part of performing operational tasks, all revenues from network usage are considered revenues of the company ELES, d.o.o. As the owner of the distribution infrastructure and services provider, Elektro Primorska, d.d., issues monthly invoices for lease of infrastructure and services rendered to ELES. Recognized revenues and, consequently, costs related to the purchase of electricity to cover losses in the distribution network are received by ELES, d.o.o.

11.3 Revenues from network usage

New Act on the methodology for calculating network charges for electricity operators (Official Gazette of the RS, No. 146/22, 161/22, 50/23, 71/23, 117/23, 5/24, 30/24, 49/24 and 107/24), entered into force in October 2024. This represents a radical change in the way energy, power and contributions are billed. Adapting to the system was a huge challenge for the information system, which requires its own stabilization time. In 2025, we successfully followed the new billing requirements with a responsible approach and continuous adaptation, thus strengthening confidence in the stability and predictability of the system.

Business plan for 2025 amounted to 1,469,663,770 kWh of invoiced realization and 15,124,853 kW of billing power.

All electricity consumers in the Elektro Primorska d.d. area were invoiced 1,445,932,685 kWh of electricity in 2025, which represents a 1.61% decrease in electricity consumption compared to the plan.

Data for 2024 amounted to: 1,474,978,858 kWh of electricity. Compared to 2024, we recorded a 1.97% decrease in electricity consumption in 2025. Main reasons for the decrease in consumption are the increased number of production sources and self-supply and self-regulation of consumers.

Item	Realization 2025 [EUR]	Realization 2024 [EUR]	Index of realization (2025/ 2024) [%]	Share (2025/ 2024) [%]
Network charge for the transmission system	10,380,546	12,730,562	81.54%	-18.46%
Network charge for the distribution system	31,583,278	41,631,614	75.86%	-24.14%
Network charge for excessive reactive power	545,114	555,361	98.16%	-1.84%
Contribution for the market operator	187,971	191,747	98.03%	-1.97%
Contribution OVE+SPTE	11,144,958	11,455,183	97.29%	-2.71%
Contribution OVE+SPTE (allowance)	233,524	244,029	95.69%	-4.31%
Contribution URE	1,152,055	1,177,824	97.81%	-2.19%
Total	**55,227,446**	**67,986,320**	**92.06%**	**-55.61%**

Table 13: Revenue from network usage

Total revenues based on the charged network charge decreased by 7.94%. For the distribution network, they decreased by 24.14% compared to 2024. Source of data for the analysis is the annual report of the CUO EPOS. Excess billing powers are included in the stated comparison.

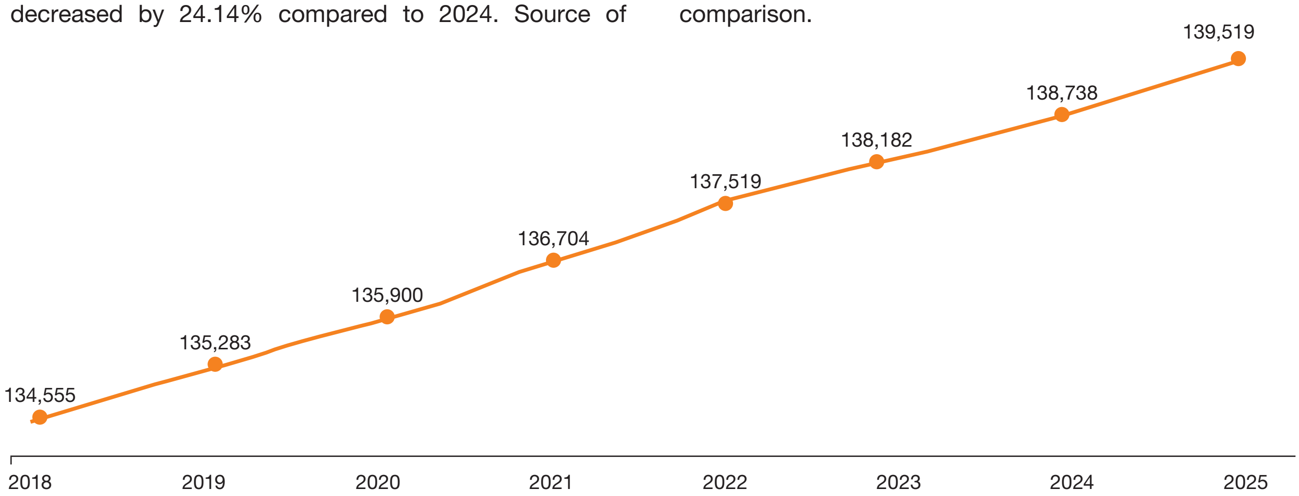


Chart 14: Changes in number of customers in period 2019–2025

11.4 Acquired and transmitted electricity in 2025

In 2025, a total of 1,313,096.792 MWh of electricity was acquired from the transmission network and 259,882.972 MWh from the electricity producers. In total, 1,572,979.764 MWh of electricity was acquired into the distribution network. Comparison of acquired quantities of electricity between 2025 and 2024 shows a 4.34% decrease in the electricity acquisition from the transmission system, and an 17.39% increase in the production of dispersed sources. Index of total acquired volume in the distribution network amounted to 0.9868, which means 1.32% lower quantities compared to 2024. A total 1,445,932.685 MWh of electricity was invoiced to customers in 2025. Index of invoiced electricity compared to quantities invoiced in 2024 amounts to 0. 9803, a decrease of 1.97%. Taking into account the impact of self-supply on the annual netting according to EZ-1, the energy delivered to consumers amounts to 1,504,285.976 MWh. Compared to 2024, the index amounts to 0.9919, or a decrease of 0.81%.

In 2025, we again record a significant decrease in the consumption and, consequently, the acquisition of electricity. Latter can be attributed to consumer adjustment and the impact of increased production.

	Realization 2025	Realization 2024	Plan 2025	Index of realization
Month	**[kWh]**	**[kWh]**	**[kWh]**	**(2025/ 2024)**
January	137,944,370	141,606,476	133,121,718	0.9741
February	126,697,396	124,910,711	124,119,759	1.0143
March	127,728,078	127,090,712	131,891,683	1.005
April	115,356,130	114,536,594	116,307,496	1.0072
May	107,449,919	110,461,400	115,464,983	0.9727
June	112,172,222	112,584,270	119,976,288	0.9963
July	123,975,332	130,784,284	125,894,619	0.9479
August	111,487,308	119,538,418	117,547,960	0.9326
September	111,061,172	117,917,650	117,359,349	0.9419
October	115,502,867	114,794,746	116,843,439	1.0062
November	120,372,882	121,247,611	121,257,408	0.9928
December	136,185,009	139,505,986	129,879,068	0.9762
Total	**1,445,932,685**	**1,474,978,858**	**1,469,663,770**	**0.9803**

Table 14: Monthly realization of distributed electricity

In 2025, transmission of electricity to Italy was not recorded.

11.5 Excess of acquired or distributed reactive power

In accordance with the lease agreement for the distribution infrastructure and implementation of services for the system operator of the electricity distribution network, Elektro Primorska, d.d. issues invoices for excess of accepted reactive power in its own name and for the account of ELES, d.o.o. In 2025, index of excess of acquired reactive power compared to quantities recorded in 2024 in the area of Elektro Primorska, d.d., amounts to 98.16% or a decrease of 1.84%.

11.6 Electricity losses in the distribution network

Losses in the electricity distribution system in 2025 amounted to 68,693.788 kWh, which accounts for 4.57% of total invoiced electricity to all customers. Losses show a significant decrease compared to the average of previous years. In 2025, the impact of the transition of the power supply of the RTP 110/20 kV Izola area from 20kV to 110 kV level is shown. From this perspective, we estimate a reduction in losses of approx. 0.15 to 0.2% compared to the previous power supply situation.

In addition, we estimate that the implementation of measures that are implemented as part of the annual implementation of the company's business plan and are of an organizational and technological nature will also contribute to reducing losses. In 2025, we achieved significant progress in the field of monitoring measurements and managing losses in the distribution network by introducing several key IT solutions. Deployment of the ePoint HES system allows us to capture measurement data significantly better and faster, which consequently shortens the time for detecting measurement anomalies and errors in the system. This has strengthened both the operational efficiency and the reliability of measurement processes. At the end of 2025, we also successfully completed the NMS 1 project, as part of which we equipped all metering points with remote meters and ensured comprehensive network coverage with an advanced metering system. Additionally, we have established the ePoint SCAN system, which enables direct monitoring of losses at individual transformer stations (TP) based on data from control meters in TP and the sum of total consumption at an individual location. With the help of remote data capture, we can now also monitor metering points that are currently deregistered but still show consumption, which allows us to take faster action and reduce unjustified losses. All the implemented solutions together represent an important step toward more advanced network management and more effective control over losses.

Final losses will be known after the completion of the annual balance sheet according to the new requirements.

11.7 Peak of distribution network consumption and operating hours

In 2025, the peak consumption of Elektro Primorska, d.d., distribution system occurred on Monday, February 17 2025 between 19.00 and 19.15 pm and amounted to 293,781 MW. Compared to 2024 (294,121 MW) it decreased by 0.340 MW or 0.1%. Peaks are calculated on the basis of 15-minute average values of measurements and not hourly as in previous years.

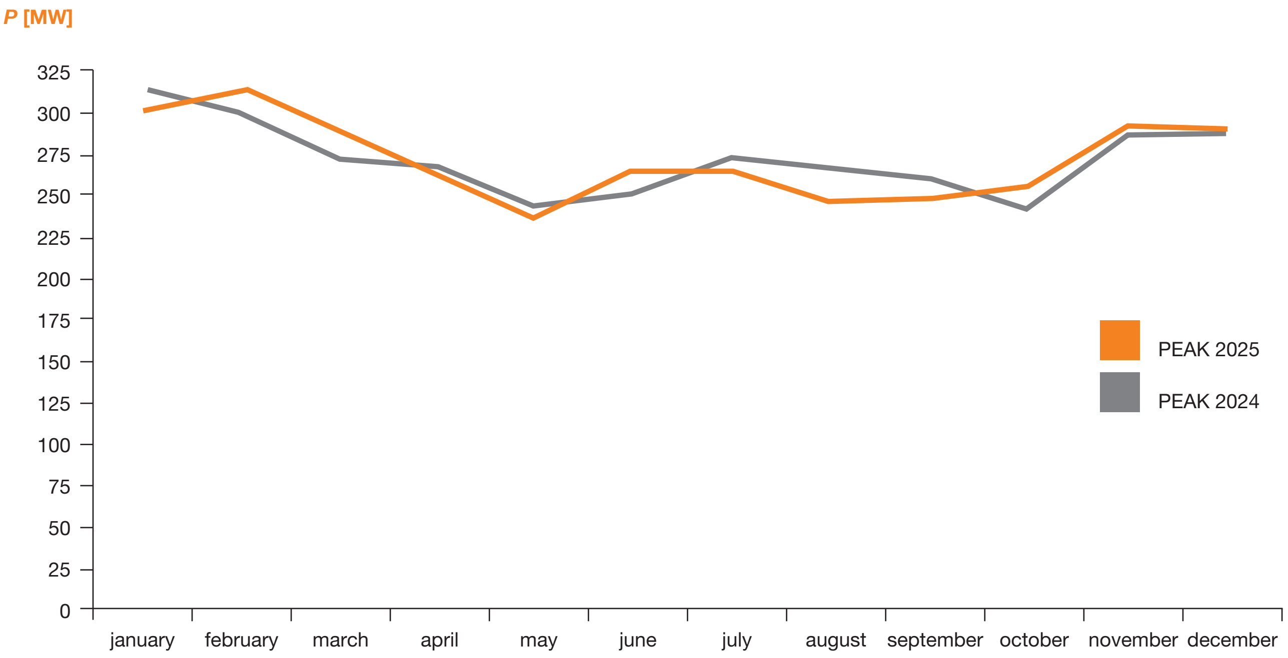


Chart 15: Monthly electricity consumption peaks in 2025

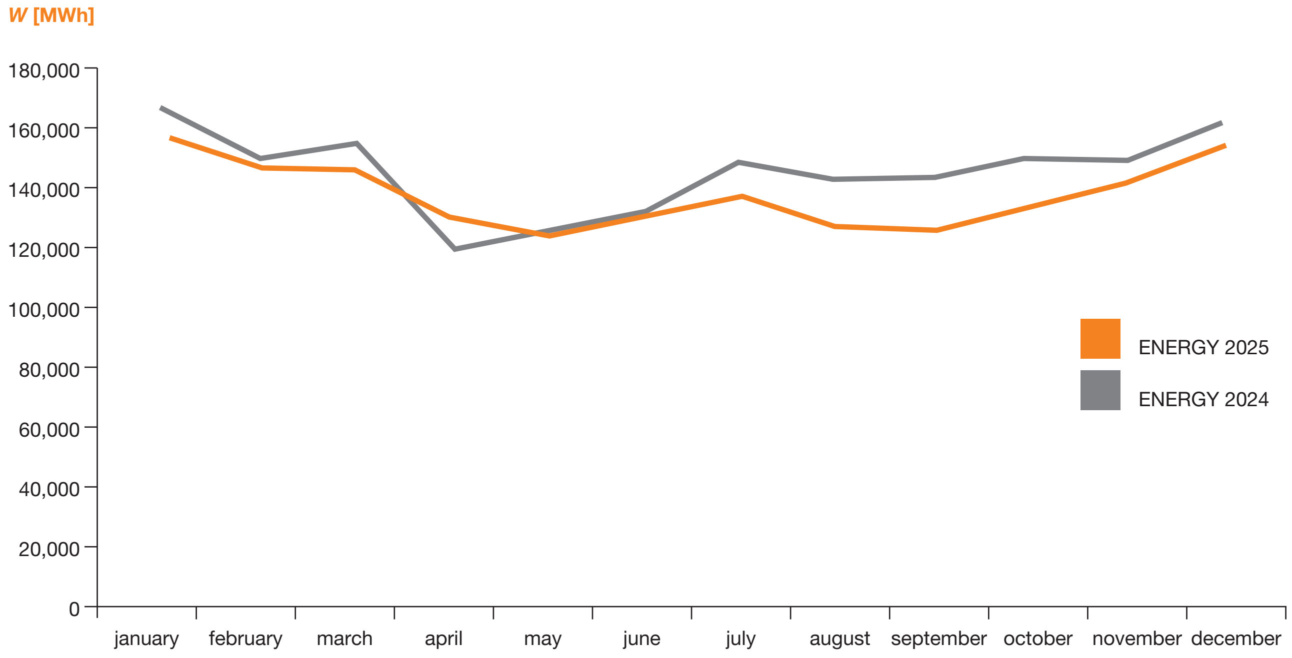


Chart 16: Monthly amount of electricity acquired in 2025 from transmission and qualified producers

11.8 Electricity generated by producers connected to the distribution network

As at December 31 2025, a total of 762 conventional electricity producers were connected to the distribution network of Elektro Primorska, d.d., as well as 6,758 self-supplies, 6 battery energy storages and 92 community self-supply production facilities.

In 2025, we are recording a decline in the intensive growth of self-supply, which indicates the end of the period of connecting self-supply with the EZ-1 billing scheme. Currently, a certain trend of community self-supply is being shown.

Source of energy	Number of power plants ***	Production	Production	Share of production	2025/2024
		2025	2024	2025	
		[kWh]	[kWh]		
HE	92	117,697,788	119,960,681	38.00%	0.981
Solar power stations	630	95,856,229	72,471,607	30.94%	1.323
Wind power stations	4	7,339,274	6,535,483	2.37%	1.123
SPTE	36	6,448,939	8,481,636	2.08%	0.760
Self-supply *	6,758	73,267,660	8,238,364	23.65%	8.893
Battery storage **	6	5,531,424	2,604,067	1.79%	2.1241
Community self-supplies ****	92	3,627,777	1,196,100	1.17%	3.033
Total	**7,618**	**309,769,091**	**219,487,938**	**100%**	**1.411**

Table 15: Electricity production by source of primary energy

Note:
Indicated production takes into account the actual devices. Quantities are not directly comparable to the transmission into the distribution network. In the case of PS2.2. power plants, we indicate the production of P2 measuring points.

- * Self-supply of electricity represents the most numerous connected production sources.
- ** In 2021, the first battery energy storage system was connected in the EP area.
- ** In 2022, the second battery energy storage system was connected in the EP area
- *** Number of all power stations in the area of EP that are connected to the distribution network or internal network of customers.
- **** Added data Community Self-Supplies. In 2023, the first Community SS with a new billing method according to ZSROVE appears.
- ***** In 2025, we have 92 Community SS production facilities (EZ-1+ZSROVE).

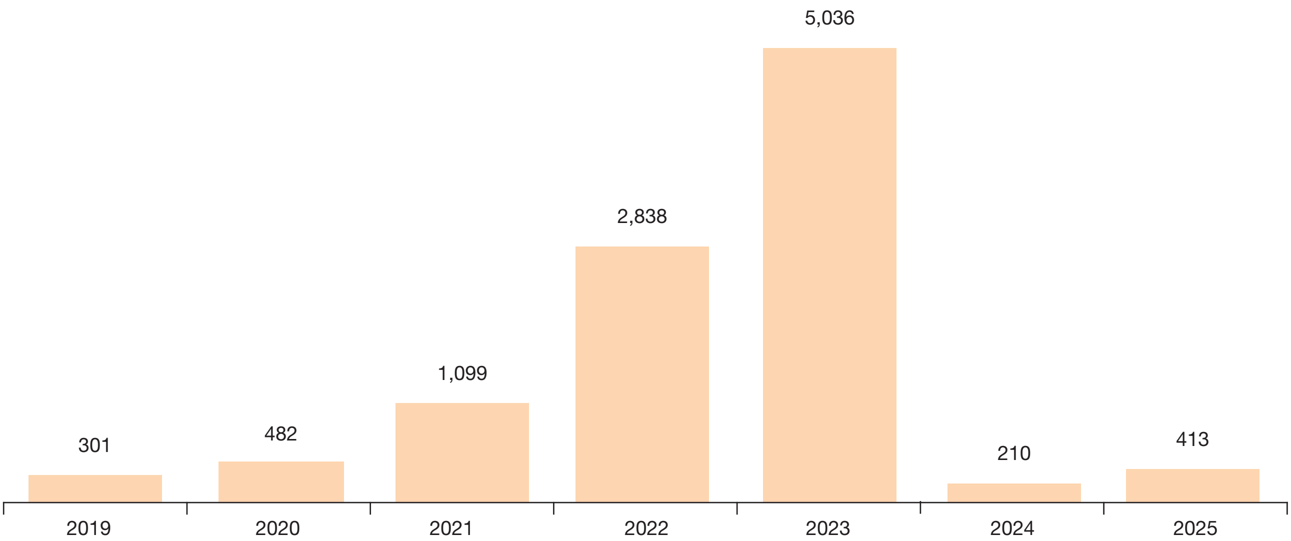


Chart 17: Number of applications for self-supplies received in the period 2019–2025

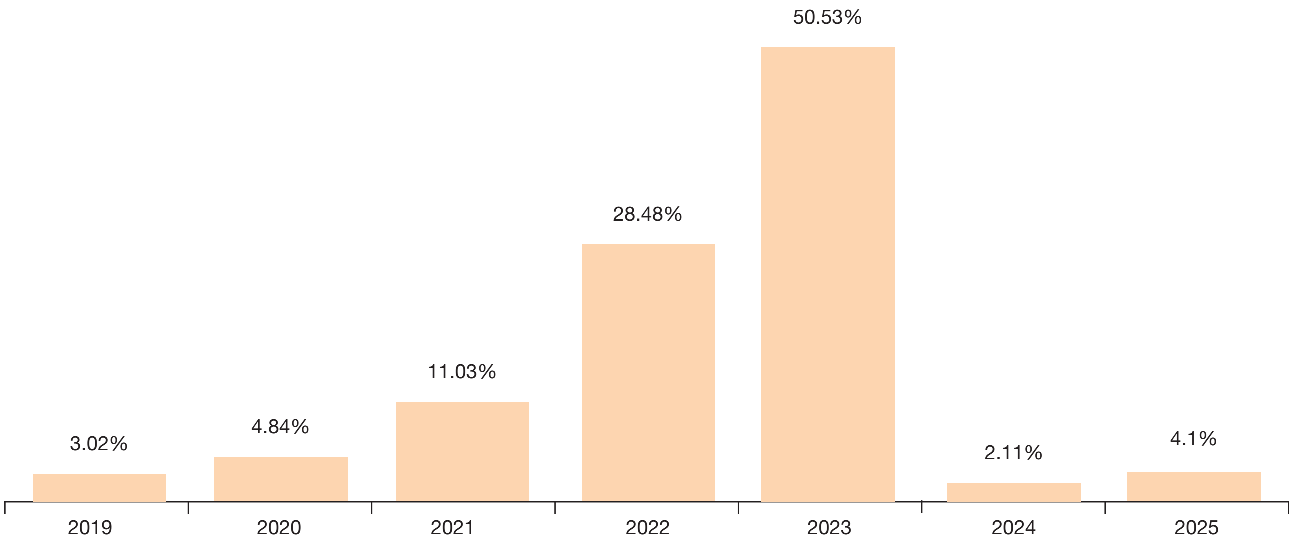


Chart 18: Annual percentage share of all self-supply applications received in relation to applications received during the period 2019–2025

Chart above shows that in the period from 2019 to 2023, the trend in the number of applications for self-supply permits grew exponentially, but in 2024 and 2025 it dropped drastically below 2019. In 2024, we received only 2.1 5 of all applications received in the period in question. In 2025, we are recording a renewed growth in applications for self-supply approvals.

In 2025, we issued 371 approvals for self-supply connections and connected 721 self-supply connections, which represents a significant decrease compared to previous years, which is related to the completion of the net-metering scheme.

CONNECTION OF SELF-SUPPLY DEVICE	
No. of connections to the network	721
Connected power for transmission to the network (kW)	10,675.52
No. of received connection applications	325

Table 16: Number of connected self-supply devices in 2025

	ISSUE OF CA – SELF-SUPPLY DEVICE	
1.	Number of CAs issued within 15 days	53
2.	Number of CAs issued within 30 days	64
3.	Number of CAs issued after the statutory deadline	254
4.	Number of requests for replenishment	195
5.	Number of all CAs issued in this month (1+2+3) and at the same time (7+8+9+10)	371
6.	No. of applications received for CA	413
7.	No. of issued CAs with full power (excluding HEE)	69
8.	No. of issued CAs with full power and HEE	196
9.	No. of issued CAs with working power limitation	31
10.	No. of issued CAs with SE+HEE with operating restrictions based on the regulations from Official. Gazette. No. 166/22	75
11.	No. of rejected CA applications due to technical limitations	12

Table 17: Number of connection approvals issued in 2025

Since 2023, the impact of self-supply is no longer negligible, as advances for self-supplies directly affect the real picture of the balance sheet and the movement of monthly losses during the year.

11.9 Quality of electricity supply

VOLTAGE QUALITY

Permanent monitoring of voltage quality in Elektro Primorska, d.d., in 2025 is provided by 74 recording devices in 32 network facilities. Data on the quality of the voltage is obtained from 15 high-voltage bus bars, from one medium-voltage bus bar bordering the neighbouring network, and from 58 medium-voltage bus bars representing the main power points in the EP distribution network. Results of on-going measurements in the area of Elektro Primorska, d.d., in 2025 show a deterioration in the state of compliance of voltage quality with the requirements of the standard on HV level from 98.29% in 2024 to 97.12% in 2025 and at the MV level from 93.79% in 2024 to 91.18% in 2025.

Vast majority of voltage quality deviations in 2025 occurred during the summer storms due to lightning strikes and periods of strong northern wind. In 2025, in 73 measuring points at least one week of non-compliance with voltage quality standard SIST EN 50160 was recorded. An increase in flicker and a deviation of the effective value of the voltage level were detected at 73 measuring points. Deviation on the harmonics level, voltage imbalance, deviations in signal voltages or frequency were not detected in 2025.

CONTINUITY OF SUPPLY

We recorded 828 unplanned interruptions of power in the Elektro Primorska, d.d. area that lasted longer than three minutes on high- and medium- voltage electric power plants in 2025, 6 of those were failures of the 110/MV kV and MV/MV kV power transformers. Data presented in tables 18, 19 and 20 was obtained from the application of the Energy Agency (AE).

For the purposes of the ordinary and investment maintenance of installations, 2,033 disconnections were carried out, which led to the planned blackouts. DCV Elektro Primorska, d.d., issued 2,478 of security work orders. Total number of unplanned and planned interruptions lasting more than three minutes reached 2,861. Number of interruptions and disconnections is higher than the previous year.

Number of interruptions lasting more than 3 minutes	In 2025	In 2024	Index 2025/2024
Number of unplanned interruptions	828	752	1.101
Number of planned interruptions – disconnections	2,033	1,207	1,684
Total number of planned and unplanned interruptions	2,861	1,959	1,460

Table18: Number of interruptions lasting more than 3 minutes

SAIFI (system average interruption frequency index)	In 2025	In 2024	Index 2025/2024
Average number of unplanned interruptions per customer	1,302	1,146	1,136
Average number of planned interruptions – disconnections per customer	1,124	0,674	1,667
Average number of planned and unplanned interruptions per customer	2,426	1,821	1,332

Table 19: SAIFI– system average interruption frequency index

SAIDI (system average interruption duration index)	In 2025	In 2024	Index 25/24
Average time a customer is without electricity in hours due to unplanned interruptions	0.88	0.83	1.06
Average time a customer is without electricity in hours due to planned interruptions - disconnections	2.15	1.77	1.21
Average time a customer is without electricity in hours due to planned and unplanned interruptions	3.04	2.60	1.17

Table 20: SAIDI – system average interruption duration index

Considering the achieved values of the continuity of supply indicators in 2025 from the incentives and penalties for the quality of electricity supply in the area of continuity of supply, Elektro Primorska, d.d., will neither be rewarded nor penalized, since the value of the factor q for 2025 is equal to 0.

When calculating the above value (factor q), reference values from 2024 were used. Namely, in accordance with Article 79 of the Act on the Methodology for Determining the Regulatory Framework for electricity Operators, the energy Agency exempted 2023 from the quality regulation system (due to weather conditions).

COMMERCIAL QUALITY

In accordance with the Legal Act on the rules for monitoring the quality of electricity supply (Annex 2 of the Act), the Company regularly monitors commercial quality indicators and reports this to the Energy Agency. Commercial quality indicators for 2025 are within the expected limit values, the number of complaints about commercial quality has increased.

12. Infrastructure investments and maintenance

12.1 State of electricity infrastructure

In 2025, the electricity system owned by Elektro Primorska, d.d., reached the following level of technical equipment per distribution unit (DE).

	DE GORICA	DE KOPER	DE SEŽANA	DE TOLMIN	ELEKTRO PRIMORSKA
DV: 10 kV–110 kV (m)	645,482	237,413	585,951	515,507	1,984,353
KBV: 10 kV–35 kV (m)	152,576	241,670	213,973	145,712	753,931
NNO (m)	1,609,793	1,113,522	959,409	978,924	4,661,648
RTP + RP (pc)	16	8	7	7	38
TP (pc)	841	536	609	528	2,514

Table 21: Physical volume of electric power devices as at DEC 31 2025

DV - transmission line KBV - cable conduit, NNO - low-voltage network, JR - public lighting
RTP – transformer substation, RP – substation, TP – transformer station

12.2 Electricity infrastructure maintenance services and other DEES services

In 2025, maintenance of electricity infrastructure and other services on the electricity distribution system (DEES) were carried out in accordance with the Contract on lease of electricity distribution infrastructure and provision of services for the system operator of the electricity distribution network between Elektro Primorska, d.d., and ELES, d.o.o. It is implemented in two organizational units: in the sector for distribution network – SDO and in the sector for management of the distribution electricity system – SUDEES.

Annual plan for the provision of services for the company ELES, d.o.o., amounted to €9,981,812 in 2025.

Planned funds for the maintenance of the electricity infrastructure are intended for inspections, measurements and tests, audits, felling, preventive and fault repairs, and other maintenance work on the power plants. Maintenance funds also take into account the costs of insurance premiums for infrastructure and the costs of keeping documentation on electric power devices.

Funds for managing the operation of the electricity network are planned for managing the flow of electricity through the distribution network, safe and reliable operation of the distribution network, implementation of system services, analysis of outages, failures and production of operational statistics, production and validation of internal operating instructions, etc.

Funds for process management are planned for monitoring the control system, editing documentation, parameterizing and maintaining the process management system. Telecommunication support funds are planned for the maintenance of TC devices (control systems, modems, converters, telephone exchange system, base and mobile devices).

Protective devices management funds are planned for regular and extraordinary inspections and settings of protective devices, and their parameterization and repair. Funds for development are planned for the preparation of development studies, REDOS studies, preparation of a 10-year development plan for the electricity distribution system and the annual investment plan, as well as the preparation of guidelines and opinions on spatial acts.

Funds for the implementation of electricity metering are planned for regular and extraordinary replacement and verification of metering and control devices, regular and extraordinary control of metering points, manual and remote reading of metering devices and reading of metering devices when changing suppliers. Access implementation item is planned to regulate users' access to the network. Funds for connecting users to the distribution network are provided for the preparation of project conditions and consents to the project solutions and consents and contracts for connection. Main item among other services for users is the funds for the operation of the call centre.

Planned funds for the provision of services provided by Elektro Primorska, d.d., for ELES, d.o.o., at the request of the system user (i.e. other DO services) are intended for connections and disconnections of users, acquisitions and connections of power connections and measuring points, changes in metering methods, replacement of billing fuses and provision of metering data and other services.

Type of work	Plan (EUR) 2025	Actual (EUR)) 2025	Actual (EUR) 2024	% 2:1	% 2:3
	1	2	3	4	5
Maintenance of electricity infrastructure	4,853,855	5,068,823	4,730,773	1.04	1.07
Implementation and organisation of emergency service	736,438	752,954	736,141	1.02	1.02
Conducting of operation	733,205	792,452	767,922	1.08	1.03
Process management	266,268	264,759	309,763	0.99	0.85
Telecommunication support	351,220	316,261	276,802	0.90	1.14
Management of protective devices	87,041	91,980	90,848	1.06	1.01
Development	196,270	173,554	116,267	0.88	1.49
Monitoring and establishing quality of supply	45,169	45,173	41,977	1.00	1.08
Electricity metering	1,062,697	1,246,264	1,049,732	1.17	1.19
Provision of access services	360,172	395,440	379,906	1.10	1.04
Connecting users to distribution network	1,173,994	1,042,064	1,232,308	0.89	0.85
Other services for users	115,482	73,969	109,440	0.64	0.68
TOTAL SERVICES FOR DO	**9,981,812**	**10,263,693**	**9,841,879**	**1.03**	**1.04**
Elimination of damage to the EE infrastructure	558,284	442,696	463,614	0.79	0.95
Maintenance of other facilities and devices – excluding market	3,458,484	3,505,055	3,504,097	1.01	1.00
TOTAL	**13,998,580**	**14,211,444**	**13,809,590**	**1.02**	**1.03**

Table 22: Actual services for DO in 2025

In 2025, the Company spent €10,263,693 on provision of services for ELES, d.o.o., which accounts for 102.82% of planned funds for the period, up 4.29% compared to 2024.

ACHIEVEMENT OF THE SET GOALS AND COMPARISON WITH 2024

Financial achievement of the plan for the provision of services for ELES, d.o.o., is practically the same as planned. Actual inspections of devices accounted for 99.6%, metering for 103.5% and devices for 82.9% of the plan.

Largest deviation from planned values is observed in the implementation of electricity metering, where costs increased due to the increase in the prices of testing sample metering devices and a larger volume of replacements due to the removal of three older meter populations from the network.

12.3 Investments

Basis for the preparation of the annual investment plan are the Development Plan for the Electricity Distribution System for a period of 10 years and the Investment Plan for a period of 3 years. Development plan is based on the guidelines of the National energy climate plan – the NEPN and data from the REDOS study, which re-forecasts the consumption and production of electricity on the distribution network every five years and defines network development.

Investment Plan, approved by the Energy Agency of the Republic of Slovenia, includes investments from the development plan according to priorities in accordance with the company's financial capabilities.

When preparing investments plans, joint investments with municipalities and other infrastructure companies are included. Thus, in 2025, meetings were held with all municipalities in order to define joint investments and time coordination of implementation. Aim of this coordination is joint, simultaneous construction of communal and energy infrastructure, with the least possible financial resources, taking into account the acceptability of infrastructure siting.

During the design and construction of facilities, technical solutions are planned and implemented that ensure, as much as possible, the safety and reliability of the operation of the electricity distribution system, quality electricity supply and environmental protection.

Implementation of the investment plan in 2025 was carried out in accordance with the 2025 plan in the amount of €35,000,000.

Total €38,140,333 was invested in facilities, equipment purchases and project documentation, accounting for 108.97% of the planned funds (€32,357,076 was spent in 2024).

Investment groups	Realised funds	Share per investment group
Facilities	24,942,734 EUR	65.40% of total funds
Equipment	11,094,090 EUR	29.09% of total funds
Documentation	2,103,508 EUR	5.52% of total funds
Total	**38,140,333 EUR**	

Table 23: Investments by major investment groups

Compared to the 2025-2034 development plan, we invested more funds in 2025 than planned.

Type of plan	Value of plan	Realization of plan 2025	Realization of plan
Development plan for the period 2025-2034	37,681,566 EUR	38,140,333 EUR	101.16%
Investment plan for 2025	35,000,000 EUR	38,140,333 EUR	108.97%

Table 24: Review of the realization of the plan in comparison with the development plan

In 2025, our investment activity focused primarily on investments in distribution transformer stations, in laying low and medium-voltage underground cables, and installation of advanced measuring devices. According to individual groups, the results are as follows:

Facilities up to 20 KV

By carrying out the planned investments, we eliminated bad voltage conditions in individual areas, reconstructed decrepit transmission lines and built new transmission lines, which increased the loopiness of the medium voltage network. Major investments in 20kV overhead lines: DV branch Trebuša (1.1 km), DV branch Kanalski Vrh (1.8 km).

Medium-voltage underground lines (KBV) were installed in urbanised areas with the objective of more loops in the network in the areas where weather phenomena occur that impact the quality of electricity supply (ice, wind), and on routes where frequent defects occur due to wear and tear of the existing cable conduits. Major investments in 20kV cable lines are: SN Trebuša - Tilnik (6.5 km), SN Mostičje - Bobri (1.2 km), SN Kobarid - Bovec (14.98 km), SN Postojna - Razdrto (5.8 km).

By investing in low-voltage networks (NNO), we modernised the existing low voltage conduits, eliminated poor voltage conditions and made connections to new customers. Significant investments in the low-voltage network include: NNO Kuteževo (1.2 km), NNO Drežnica (0.75 km), NNO Japnišče (1.1 km), NNO Čelje (1 km), NNO Vrtine (1.17 km), NNO Podbrdo center (0.9 km), NNO Šempeter Pump (0.78 km).

Investments in transformer stations (TP) were aimed at modernising technically obsolescent transformer stations, eliminating poor voltage conditions and providing connections to new customers.

Work continued on a major long-term project of integrating control measurements into transformer stations. Significant investments in transformer stations include: TP Final, TP MMVP 3, TP Lokavška 2, TP Most na Soči, TP Olika, TP Šepulje.

	2025	2024	2023	2022
MV- overhead lines	10.09 km	9.34 km	13.90 km	12.03 km
MV- underground lines	46.91 km	39.52 km	60.99 km	22.60 km
Low-voltage network	106.46 km	63.88 km	58.01 km	45.26 km
Transformer stations	64 pcs	50.68 pcs	63.21 pcs	73.33 pcs

Table 25: Physical indicators of constructed and renovated devices

Transformer substations (RTP) HV/MV

Following investments in RTP 110/20kV were carried out in 2025:

- RTP 110/20 kV Sežana – we replaced the AKU-1 batteries of the self-consumption system.
- RTP 110/20 kV Gorica –we upgraded secondary systems and replaced rectifiers/ inverters of the self-consumption system.
- RTP 110/20 kV Izola – we completed the replacement of a part of the 20 kV switchyard and carried out final work in the 110 kV switchyard.
- RTP 110/20 kV Lucija – we replaced rectifiers/ inverters of the self-consumption system.
- RTP 110/20 kV Koper – we replaced the AKU-1 batteries of the self-consumption system.
- RTP 110/20 kV Vrtojba – continued with the renovation of the 20 kV switchyard, which includes the rehabilitation of the 20 kV switchyard building and the installation of new primary and secondary 20 kV equipment.

Distribution transformer stations RTP MV/MV and RP MV distribution stations

In 2025, we implemented the following investments in RTP MV/MV and RP MV distribution stations:

- RTP 35/20 kV Hrpelje – we replaced the AKU-1 batteries of the self-consumption system
- RP 20 kV Bovec –continued with the renovation of the 20 kV switchyard, which included the installation of new primary and secondary 20 kV equipment. Renovation provided a larger number of 20 kV cells, which enable the separation of the urban and rural network and consequently improved the quality of power supply.
- RP 20 kV Cerkno – we replaced the AKU-2 batteries of the self-consumption system.
- RP 20 kV TP Ciciban - carried out the replacement of the rectifier of the self-consumption system.
- RP 20 kV Črni Vrh –carried out the replacement of the AKU-1 battery cells, self-consumption system.
- RP 20 kV Gonjače – we carried out structural rehabilitation of the building.
- RP 20 kV Idrija – we replaced the AKU batteries of the self-consumption system.
- RP 20 kV Rožna Dolina – we replaced the AKU batteries of the self-consumption system.
- RP 20 kV Trebuša – we replaced the AKU-1 batteries of the self-consumption system.

Power facilities

Investments in power facilities were carried out in order to ensure reliable supply of electricity. A total of €24,655,850 was invested in the power facilities (facilities up to 20kV, RP and RTP), accounting for 119.50% of the plan (in 2024: €22,986,171). Share for power facilities in the total realization is 64.64%.

Business and operational facilities

In 2025, we installed charging stations for electric vehicles next to our office buildings. In commercial and industrial buildings, we replaced the existing heating source with a heat pump and replaced UPS devices. In addition, we carried out minor investment works.

Invested funds in the category of office buildings amount to €50,041, and in commercial buildings to €236,844.

TOTAL FACILITIES

A total of €24,942,734 was invested in power facilities and buildings, accounting for 116.26% of the plan (2024: €23,301,474). As much as 65.40% of funds was invested in facilities.

Remote control

Following major investments were implemented:

- in RTP 110/20 kV Pivka and RTP 110/20 kV Koper we replaced the station computer,
- we installed new remote-controlled threshold dividers (DVPLMs) and replaced worn-out batteries on existing DVPLMs. By installing three new DVPLMs in 2025, we are following stricter legal requirements for reliable electricity supply. Goal of the investment is to reduce unsupplied electricity, to reduce the number of short-term and long-term interruptions in the area in front of the installed switch that occur as a result of defects, shorten the time required to eliminate defects or interruptions, shorten or eliminate power-free pauses resulting from the need to change the network configuration, relieve the burden on operating personnel, lower transport costs as part of investments,
- we upgraded and renovated one transformer station using remote monitoring and control,
- we have been installing fault indicators in the network in order to more quickly localize and eliminate faults,
- we upgraded the process systems software (OMS) and carried out activities to implement the new ADMS system.

Telecommunications

Following major investments were implemented:

- upgrade of the digital VHF system,
- installation of drives with optical conductors,
- purchase of 84 GSM devices as part of the regular replacement.

Metering devices

We continued with the installation of meters compliant with the Advanced Metering System (AMS) from 2015. We installed 11,843 new system meters. Situation is as follows:

- number of installed meters not in accordance with the plan AMS1.0 103 pcs
- number of all installed meters in accordance with the plan AMS1.0 137,147 pcs
- share of installed meters in accordance with the plan AMS1.0 100%
- number of installed meters integrated in AMS 137,147 pcs
- share of installed meters integrated in AS 100%
- all relevant measuring points 137,250 pcs

AMS does not include remote measurement points that fall into the industrial consumption category.

Total number of mps is 139,519.

From the above it follows that almost all metering points are equipped with smart meters, of which only the older generation does not meet the requirements related to the implementation of the new billing act.

In addition, we purchased:

- 530 industrial meters,
- 100 concentrators.

Tools

We purchased the necessary tools and equipment to carry out electrical installation works, replacing technically obsolete tools.

Transport

Nabavili smo tri nova osebna vozila, tri tovorna in eno terensko vozilo, ki so nadomestila dotrajana.

Office supplies

Office equipment was purchased to replace the obsolete equipment.

Informatics

In the area of business informatics, we allocated funds to the purchase of servers, computers, printers, and information energy equipment. Part of the funds was invested in the purchase of licenses (MobileInformer, Autocad, Maximo MAS, Microsoft), the establishment of a technical data warehouse (DataWareHouse), the maintenance and upgrade of information systems (GIS, Maximo MAS, D365, AX365, VOC) and the maintenance of network and server equipment.

EQUIPMENT

Total of €11,094,090 was invested in equipment, accounting for 99.53% of all planned funds (2024: €7,076,456). Of total invested, 29,09% relates to equipment.

DOCUMENTATION

Total of €2,103,508 was invested in the project documentation accounting for 5.52% of total funds planned (2024: €1,766,525).

No.	Facility, equipment	Plan 2025 [EUR]	Actual 2025[EUR]	Actual 2024 [EUR]	%	%
		1	2	3	2:1	2:3
	HV power lines	0	0	0	0.00%	0.00%
1.1	HV overhead lines	0	0	0	0.00%	0.00%
1.2	HV underground lines	0	0	0	0.00%	0.00%
	MV power lines	5,589,975	6,505,224	7,598,181	116.37%	85.62%
1.3	MV overhead lines	722,250	789,737	833,041	109.34%	94.80%
1.4	MV underground lines	4,867,725	5,715,486	6,765,140	117.42%	84.48%
	LV power lines	7,723,592	10,491,631	7,253,189	135.84%	144.65%
1.5	LV overhead lines	3,540,350	4,163,920	2,673,087	117.61%	155.77%
1.6	LV underground lines	4,183,242	6,317,271	4,580,102	151.01%	137.93%
1.7	Other LV	0	10,440	0	0.00%	0.00%
	SUBSTATIONS	7,318,900	7,658,996	8,134,801	104.65%	94.15%
1.8	RTP VN/SN	1,906,800	1,202,149	3,207,790	63.05%	37.48%
1.9	RTP SN/SN	0	11,094	0	0.00%	
1.10	RP SN	316,000	710,936	417,212	224.98%	170.40%
1.11	TP	3,657,900	4,149,725	2,609,535	113.45%	159.02%
1.12	TRANSFORMERS	1,438,200	1,585,092	1,900,264	110.21%	83.41%
	TOTAL FACILITIES UP TO 20 kV	18,725,667	23,453,701	19,778,381	125.25%	118.58%
	TOTAL POWER FACILITIES	20,632,467	24,655,850	22,986,171	119.50%	107.26%
1.13	Protective devices	85,000	91,968	112,842	108.20%	81.50%
1.14	Remote control	2,700,000	2,591,099	136,032	95.97%	1904.77%
1.15	Telecommunications	180,000	222,241	254,365	123.47%	87.37%
1.16	Metering devices	2,317,200	3,747,779	2,665,449	161.74%	140.61%
1.17	Process IT	400,000	90,986	499,164	22.75%	18.23%
1.18	Ancillary devices	0	0	0	0.00%	0.00%
1.20	Smart grids	153,000	197,325	398,700	128.97%	49.49%
	TOTAL SECONDARY EQUIPMENT	5,835,200	6,941,398	4,066,552	118.96%	170.69%
	TOTAL POWER FACILITIES AND EQUIPMENT	26,467,667	31,597,248	27,052,722	119.38%	116.80%
2.1	Business facilities	507,000	50,041	217,929	9.87%	22.96%
2.2	Operational facilities	314,000	236,844	97,374	75.43%	243.23%
	TOTAL NON-POWER FACILITIES	821,000	286,884	315,303	34.94%	90.99%
2.3	Mechanisation	100,000	59,981	78,258	59.98%	76.64%
2.4	Tools	265,000	346,002	302,475	130.57%	114.39%
2.5	Transport	991,000	718,749	708,273	72.53%	101.48%
2.6	Office supplies	35,000	13,833	50,707	39.52%	27.28%
2.7	Business data processing	3,820,000	2,992,995	2,046,371	78.35%	146.26%
2.8	Holiday facilities	100,000	21,132	36,442	21.13%	57.99%
	TOTAL NON-POWER EQUIPMENT	6,132,000	4,152,692	3,222,526	67.72%	128.86%
3.1	Project documentation	2,400,333	2,103,508	1,766,525	87.63%	119.08%
	TOTAL DOCUMENTATION	2,400,333	2,103,508	1,766,525	87.63%	119.08%
	TOTAL FACILITIES	21,453,467	24,942,734	23,301,474	116.26%	107.04%
	TOTAL EQUIPMENT	11,146,200	11,094,090	7,289,077	99.53%	152.20%
	TOTAL	**35.000.000**	**38.140.333**	**32.357.076**	**108.97%**	**117.87%**

Table 26: Overview of the actual investments made in 2025

ACHIEVEMENT OF THE SET GOALS AND COMPARISON WITH 2024

In 2025, Elektro Primorska, d.d., implemented its investments in accordance with the adopted plan, and invested a total €35,000,000. Investment realisation is higher than the plan by 8.97%. Compared to 2024, the realisation of the planned investments increased by 17.87%.

In 2025, we invested mainly in ensuring a reliable electricity supply. We achieved this by increasing the capacity of low-voltage lines and upgrading transformer stations. In addition, part of the investment funds was allocated to the strengthening of the MV network and reconstructions of RTPs.

INDICATORS OF SUSTAINABLE OPERATION

To ensure »green« operations, Elektro Primorska, d.d., joins reporting on sustainable operations. Criterion for assessing sustainable operations is the contribution to mitigating climate change, as defined by Commission Delegated Regulation (EU) 2021/2139 of June 4 2021.

Assessment of sustainable operations is best demonstrated by the indicator of sustainable operations, which reflects the ratio between the realized investments in »green investments« and the total realized investments in Elektro Primorska, d.d., for the current year.

Realization of investments	38,140,333 EUR
»Green investment«	31,569,888 EUR
Share of »green investments«	82.77% of all funds

Table 27: Indicator of sustainable development

13. Services for External Customers

Elektro Primorska, d.d, acquired contracts for the market i.e. for external customers by bidding at public tenders and also by direct negotiations with potential investors. Services were performed mostly on the facilities and installations of medium- and low- voltage networks and public lighting. Market business covers the entire scope of work for which Elektro Primorska, d.d., is specialised, namely the design and preparation of project documentation, construction or reconstruction of cable conduits, transformer stations, production of connectors for new facilities, renovation of public lighting with the reconstruction of switching points and other minor services.

TYPE OF WORK	PLAN 2025	REAL. 2025	REAL. 2024	REAL. 2025/ PLAN 2025	REAL. 2025/ REAL. 2024
OTHER SERVICES	420,962,00	410,716,20	489,155,13	97.5%	83.9%
MARKET SERVICES	3,000,000,00	2,402,282,08	2,559,809,49	80.1%	93.8%
TOTAL	**3,420,962,00**	**2,812,998,28**	**3,048,964,62**	**82.23%**	**92.2%**

Table 28: Realization of services for external customers in 2025

Let us list a few more major services for the market that we performed in 2025:

- Laying the MV cable at the 2.TIR
- Implementation of TP Hospital - Šempeter
- Implementation of reconstruction of MV block at TP Lipa 3
- Implementation of transformer station TP Bauhaus - Koper
- Replacement of public lighting in the municipality of Tolmin
- Replacement of equipment TP road base Dars
- Construction of a new TP station Radohovska pot

These services also include operation of holiday facilities.

Planned implementation of the 2025 Plan was not achieved due to delays in the laying of cable ducts as part of the construction of the second track Divača- Koper.

14. Information Support

IC services cover the IT system, Intranet and Internet portal, server infrastructure inclusive of all the services, databases, network computing infrastructure for the needs of facility management and business computing, and installation of new workstations and user support. In addition, it also takes care of the operation of the digital radio system for the needs of the operation of the energy system and optical connection to energy and business facilities.

In recent years, there has been a great deal of emphasis on information security, the introduction of security tools and user education. In doing so, we set up a joint security operations centre (VOC) in cooperation with other distribution companies, which operates 24/7.

Core activity of the ICT Service is the operation of equipment and services, user support and upgrades of services and equipment.

In the ICT Department, one of the employees also performs the task of contact person for critical infrastructure.

Legislation in the areas of essential services, business continuity and critical infrastructure requires appropriate documentation, which was adapted as part of the project to implement the ISO/IEC 27001:2022 standard, where we implemented an information security management system (SVIV). In 2025, as part of the inspection, we submitted a report to the URSIV on the measures implemented and recommendations imposed on us by the supervision.

Basis of our activities is the IT/OT strategy, which is coordinated with the company's strategy and envisages several IT projects from the following major areas:

- Improvements to existing information systems
- Network development and management systems
- Data management systems
- Support systems

Our contractual partner company Informatika d. o.o., is responsible for the operation of the key information systems Microsoft D365, IBM MAS and the development of new modules for processes relating to the connection and calculation of network charges.

Following major activities were carried out in 2025:

- We implemented updates to the business information system D365 FO and D365 BC and provided user support.
- Maintenance management information system MAXIMO was successfully upgraded to the MAS system. We participated in other upgrades and provided user support. Introduction of online support for users in the field makes the work easier.
- We use a geographic information system (GIS), for which we provided support and continuously upgraded it with new functionalities. We have installed a module for managing optical fibres and all logical connection into which the structure of the optical network was entered.
- We use a management reporting system (CDWH data warehouse), which we have supplemented with new modules and overviews
- We have started migrating the internal reporting system for the business part to a more modern version
- We upgraded the computer network and included new facilities, primarily for the needs of managing energy facilities.
- Security Operations Centre operates within Informatika, d.o.o., in a 24/7 mode and is connected to the local network and server event monitoring (SIEM). In the event of alarms, we immediately check for potential cyber threats and inspect the equipment accordingly. We coordinate activities related to potential threats at monthly meetings.
- We actively participated and are still participating in the ALiEnS-SOC project, which aims to develop innovative cybersecurity solutions based on artificial intelligence and intended for the Slovenian energy sector. Project serves as the basis for a new Security Operations Centre (E-VOC) intended for the energy sector
- We have upgraded the tool for monitoring and analysing traffic in the computer network, which intercepts attempts at cyber intrusions and non-standard interventions in the network, intercepting potential threats primarily from unscrupulous users.
- We regularly cooperated with the Information Security Office, which provides information on cybersecurity, and the national cybersecurity response centre SI-CERT
- We maintained all wired, radio and optical communication infrastructure, including the digital FM network, and participated in the upgrade of optical connections.

- Mainly in the field of communications and server equipment, we participated in the SCADA system upgrade project or ADMS implementation, where last year we contributed technical requirements to the tender for IT infrastructure
- We carried out a tender for the establishment of a new integration platform, which also includes a technical data warehouse. As part of the software renovation for the measurement centre, we established a new system platform based on OpenShift technology
- We purchase new workstations to replace outdated ones and maintained existing ones
- Due to obsolescence, we replaced some time registration and crossing records devices. We are participating in the installation of new crossing records devices at renovated RTPs.
- We upgraded server equipment for the needs of IT/OT strategy projects and other services.
- We have adapted the documentation for the critical infrastructure process.
- We have adapted the documentation for the business continuity process.
- We have adapted the documentation for the essential services process.
- We have adapted the documentation for the ISO/IEC 27001 standard.
- We prepared reports requested by the regulatory authorities (ministries, AGEN RS, URSIV...)
- We participated in GIZ working and project groups, where we coordinated activities between distribution companies.
- We have begun piloting the introduction of artificial intelligence in the company, as this will be a key tool in supporting business processes in the future.

15. Sustainable Developmen and the Environment

We manage environmental policy within a framework of a responsible environment attitude and in accordance with the ISO 14001 standard. Our activity and facilities affect the environment and its planned use, so with the established environmental management system we manage important environmental aspects related to the activity of electricity distribution, maintenance and construction of facilities, operation of electrical metal workshops and vehicle fleet. In doing so, we take into account the state of the environment and meet the relevant needs and expectations of stakeholders. With the adopted environmental programs and in accordance with the company's financial capabilities, we are achieving indicative and executive environmental goals.

15.1 Energy efficiency

We are constantly reducing energy consumption by monitoring the consumption of energy for lighting, heating and cooling of office buildings, transport of motor vehicles and transmission of electricity through the distribution network, and by implementing environmental programs.

Indicator	2020	2021	2022	2023	2024	2025
Indirect CO_2 emissions of consumed electricity [kg]	745,174	1,184,058	515,426	642,932	600,833	*
Electricity losses in the distribution network [kWh]	80,654,444	74,274,160	78,978,303	76,840,364	77,360,807	68,693,788
CO_2 emissions from the consumption of energy products (NG, LPG, ELFO) for heating [kg]	132,900	111,500	120,100	96,083	90,755	74,866
CO_2 emissions due to fuel consumption for company vehicles and other machinery [kg]	779,200	777,400	730,000	793,246	794,550	817,725
Amount of gases for maintenance of electricity infrastructure and cooling devices (chlorofluorocarbons, HCFCs, HFCs) [kg]	4.0	17.8	0.0	0.0	0.0	2.8
Environmental incidents (chemical, oil and fuel spills)	0	0	0	0	0	0
Received identified environmental violations from the inspector	1	0	0	0	0	0

* Values of emission factors for electricity are not yet known. They will be determined in the first half of the year when final, verified data on electricity production by source are available.

Chart 19: Energy efficiency and carbon footprint indicators (scope 1, 2 and 3)

15.2 Biodiversity

Elektro Primorska, d.d., distributes electricity in the supply area of western Slovenia. Our infrastructure crosses the area of Natura 2000, Triglav National Park, regional and landscape parks. By periodically monitoring environmental legislation, we ensure adequate infrastructure management in these protected areas. We work with other organizations on projects to improve biodiversity.

“LIFE FOR LIFELINES” PROJECT

Based on the results of the “Za Kras” Project, in 2022-2023, we applied, together with the DOPPS BirdLife Slovenia and the Veterinary Faculty, for the project Providing a safe corridor for the reproduction and migration of birds between the Alps and the Adriatic. Project worth €3,510,812 will run for five years. Project will examine the technical solutions of overhead line stands and pole transformer stations, which will be adapted to birds and thus protect them from contact with the line, and for us reduce the number of interruptions. In addition, as part of the project, insulating caps will be installed on the poles on risky corridors of overhead lines and areas with corridors where the installation of wind power plants is not possible will be determined. In 2025, we prepared documentation for the implementation of a public procurement contract for the purchase of insulation material and protective caps.

15.3 Waste

Generation of waste (non-hazardous and hazardous) related to the activity of electricity distribution, maintenance and construction of facilities, operation of electrical metal workshops and vehicle fleet, represents an important environmental aspect of the company. At Elektro Primorska, d.d., we place great emphasis on responsible waste managements, that is prevention of generation and separation of waste at source. We have arranged ecological points where we collect waste in properly marked (classification number and type of waste) containers. Persons responsible for waste disposal ensure efficient delivery of waste to authorized waste collectors. Within the environmental management system, we have prepared a waste management plan according to the type, quantity/trends and sources of waste generation and instructions for waste management.

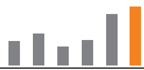
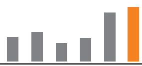
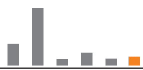
Indicator	2020	2021	2022	2023	2024	2025	
Amount of generated waste [T]	5,240	6,595	4,333	5,283	10,211	11,326	
Amount of construction waste generated [T]	5,240	6,222	4,191	5,148	9,858	10,890	
Amount of hazardous waste generated [T]	74.0	203.2	17.5	41.4	20.6	35.9	

Chart 20: Amounts of generated waste

Company Elektro Primorska, d.d., in its business includes and cooperates with various stakeholders with whom we share or seek common interests, identify impacts in order to successfully carry out our operations and achieve the set goals. Conducting dialogue and responding to their views is important for the company in terms of continuous improvements, also coming from the external environment, among stakeholders. In Elektro Primorska, we identified the main stakeholder groups and their subgroups, presented their interests and forms of communication or dialogue.

15.4 Stakeholder cooperation

LOCAL COMMUNITY

Due to the nature of our work and numerous spatial interventions, cooperation with and within the local community is intended to maintain and improve relations for the benefit of our company as well as the local community.

Through transparent communication we try to reduce the negative and increase the positive consequences of our presence for each local community. We are always open to suggestions and work with local stakeholders and local political authorities to develop multi-annual development plans. Understandable communication with residents and local media is also important. We report on the plans at local community meetings and cooperate with municipalities in local infrastructure construction projects.

In 2025, we worked with local communities and other infrastructure managers on the following projects:

- Construction of the electricity network Kvedrova (simultaneous construction with Municipality of Koper)
- Construction of the electricity network JAGODJE 2 (simultaneous construction with Telekom and Municipality of Izola)

- Construction of the electricity network Kocjančičeva (simultaneous construction with Municipality of Koper)
- Construction of the electricity network Sveti Peter (simultaneous construction with Municipality of Piran)
- Construction of the electricity network Sabinijeva (simultaneous construction with Municipality of Koper)
- Construction of the electricity network Morova (simultaneous construction with Municipality of Izola)
- Construction of the electricity network Nikolaj 5, Kocjančičeva ulica (simultaneous construction with Telekom and Municipality of Ankaran)
- Construction of MV and LV cable ducting Vodenca (simultaneous construction with Municipality of Bovec),
- Construction of LV cable ducting Kaninska vas (simultaneous construction with Municipality of Bovec),
- Construction of MV and LV cable ducting in the area of Kanin hotel (simultaneous construction with Municipality of Bovec and DOLB Bovec),
- Construction of MV and LV cable ducting Brajda (simultaneous construction with Municipality of Tolmin),
- Construction of LV cable ducting Grahovo (simultaneous construction with DRSI),
- Construction of MV and LV cable ducting in Dijaška ulica in Tolmin (simultaneous construction with Municipality of Tolmin),
- Construction of LV cable ducting Kneža and Tolmin (simultaneous construction with Komunala Tolmin),
- Construction of MV and LV cable ducting and TP Dijaška in Tolmin (simultaneous construction with Komunala Tolmin),
- Construction of MV and LV cable ducting on the Spodnja Idrija – Oblakov Vrh state road (simultaneous construction with DRSI),
- Construction of LV cable ducting in Partizanska ulica in Idrija (simultaneous construction with Municipality of Idrija),
- Construction of LV cable ducting in Ulica 1. maja in Idrija (simultaneous construction with Municipality of Idrija),
- Construction of cable ducting in Planina (simultaneous construction with Municipality of Postojna),
- Construction of cable ducting in Trnje(simultaneous construction with Municipality of Pivka),
- Construction of cable ducting in Dutovlje (simultaneous construction with Municipality of Sežana),
- Construction of cable ducting in the area of Ograd in Sežana (simultaneous construction with Municipality of Sežana).

COOPERATION WITH SCHOOLS AND FACULTIES

Company actively cooperates with secondary and higher education institutions and enables young people to undergo practical training in a real working environment. In this way, we significantly contribute to connecting the education system with the economy and to the development of future professional personnel.

Practical training represents significant added value for both parties. It enables students to gain direct insight into work processes, gain concrete experience and develop professional and work competencies. At the same time, it enables the company to recognize the potential, knowledge and interests of young people at an early stage, thus creating a quality base of future employees. Such an approach also significantly contributes to the long-term management of risks associated with the lack of appropriately qualified personnel on the labour market.

In 2025, we allocated €52,384.99 for the purposes of practical training. Practical training was completed by a total of 50 students, most of whom are educated in secondary school, higher and university programs in electrical engineering.

SPONSORSHIPS AND DONATIONS

In the company Elektro Primorska, d.d., we believe that the company's business success is based on economic rationality, balanced development and responsible integration into the natural and social environment.

Social responsibility is also our competitive advantage, as we build a reputation and ensure sustainable development of the company with a responsible and positive attitude towards all stakeholders.

In 2025, the President of the Management Board adopted new Rules on the Allocation of Sponsorship and Donor Funds, which clearly define the criteria for allocating funds and ensure a transparent support process.

We support numerous humanitarian, cultural, educational, sports and other projects in the environment in which we operate through sponsorships and donations. We often join humanitarian campaigns, and we also develop charitable activities ourselves. We also provide support to various entities and associations in need with our services, materials and rental of our means of transport.

In 2025, we allocated €99,496 for sponsorships and donations, of which €19,206 in donations and €80,290 in sponsorships. In accordance with the Access to Public Information Act (ZDIJZ), the list of confirmed sponsorships and donations is available on the company's website, along with the complete Rules on the allocation of sponsorship and donation funds.

MEDIA RELATIONS

Company Elektro Primorska, d.d., takes care of regular and proactive communication with the media. On our website https://elektro-primorska.si/ we publish all key information and events. We answer all questions to the media in a timely manner, and we are always available for additional explanations. Our guide in relations with the media is transparent and up-to-date communication, which is primarily based on the company's operations, new services and sponsorship collaborations, network innovations and completed important electricity facilities. We regularly participate in the creation of the Slovenian electrical economy magazine »Naš stik«, where we publish current news and contributions.

According to the data of our outsourcer who is preparing collection of media publications about the company, in 2025 we recorded a total of 4,535 media releases, which is much less than in the previous year, of which : 0% of television publications, 6% of publications of the press agency, 70% of internet publications, 23% of printed publications and only 1% of radio publications. 410 media publications contained the key word Elektro Primorska, d.d., president of the board Uroš Blažica was mentioned in 88 media publications, while other publications are related to keywords by which we monitor the media appearance of the company and the area of interest and activities of distribution companies. They were mostly neutral.

Media type	Number of publications
Internet	3,171
Print	1,021
Press agency	293
Radio	31
Podcast	18
TV	1
Total	**4,535**

Table 29: Number of publications by media type

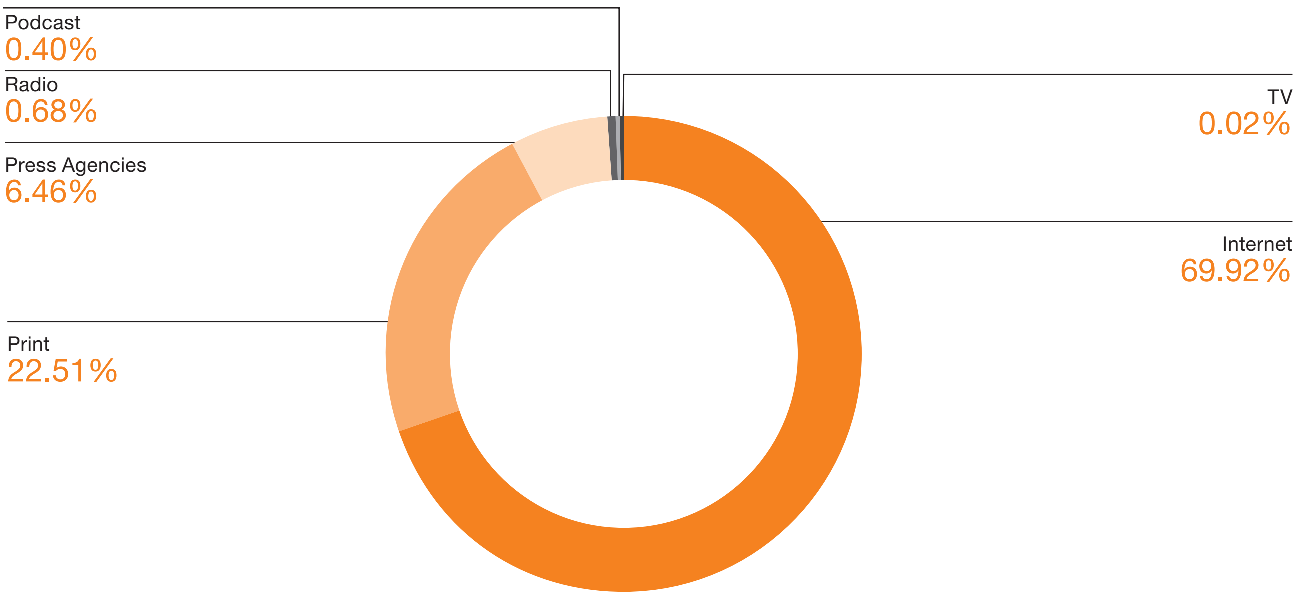


Chart 21: Share of publications by media type

16. Risk Management

Elektro Primorska, d.d., Company regularly assessed risk exposure throughout the year and managed it. By consistently adhering to high risk management standards, we have made a significant contribution to the achievement of the Company's set goals. This proves that the Company's risk management system is adequate and indispensable in the process of strategic planning and in making current business decisions.

In its operations, the Company is exposed to various risk factors. Identifying the risks, their monitoring and management is becoming increasingly important for the Company. Goal of comprehensive risk management is to reduce risks to an acceptable level, optimize business processes and guide management and administration towards the right decisions.

To this end, the Company has adopted a comprehensive risk management methodology. In simple terms, the risk management process is divided into four phases: risk identification, risk evaluation, action and control.

Figure 6: Risk management

Risk identification and assessment focuses on key risks, which we classify into four categories: financial, operational, strategic and legislative. We identify risks based on uncertainty and potential negative financial impacts. Each risk is then evaluated in a qualitative risk matrix in terms of frequency of occurrence and expected damage.

				DAMAGE ASSESSMENT			
				LOW	MEDIUM	HIGH	VERY HIGH
			ASSESSMENT	1	2	3	4
Very high level of risk 8-16	FREQUENCY OF APPEARANCE	OFTEN	4	**4**	**8**	**12**	**16**
High level of risk 8-9		LESS OFTEN	3	**3**	**6**	**9**	**12**
Medium level of risk 4-6		RARELY	2	**2**	**4**	**6**	**8**
Low level of risk 0-3		EXTREMELY RARE	1	**1**	**2**	**3**	**4**

Figure 7: Risk evaluation in qualitative matrix

In the company, the risks are regulated in more detail in the previously mentioned risk methodology and supported by information using the Silver Bullet Risk (SRB) application. Company has all identified risks entered in the risk register, which is regularly monitored and supplemented at least once a month. Application additionally provides a quantitative risk assessment through the Value at Risk (VaR) method, which calculates the worst possible negative impact of risk realization.

RISK STATE AT THE BEGINNING OF 2025

In addition to the standard monthly risk monitoring by the trustees, additional coordination and risk identification took place in 2025 in the form of joint meetings and extended colleges.

At the beginning of the 2025 financial year, 36 risks were recorded in Elektro Primorska, d.d. From the perspective of qualitative risk assessment, no risks with a Very High level of risk were identified. We started the year with four risks with a High level of risk and six risks with a Medium level of risks. Remaining 26 risks represented a Low level of risk.

In the quantitative assessment of risks in the company, fourteen significant risks, with at least 1% of the total contribution to the risk profile, represented the largest share (98%) of the total contribution to the risk profile. Among them, three risks had a contribution to the risk profile of more than 20%, one risk had a contribution of around 5% and ten risks had a contribution between 1-5%. Remaining twenty-two risks had a contribution to the risk profile of less than 1%, or a total of around 2%.

ACTIVITIES IN THE FIELD OF RISK IN 2025

During the entire observed period, three events were identified that affected the risks in the company, namely one new risk and two changes to the existing risks were identified.

First events that affected the risks was detected in the first half of the second quarter. Since a large number of dispersed sources (solar power plants and battery storage systems) have been connected to the electricity grid in the recent period, which has completely changed the conditions in the grid, the possibility of reverse voltages as a result of the connected dispersed sources has increased the possibility of injuries at work due to electric shock. Based on this, the risk related to occupational safety was assessed as having an increased probability of occurrence. Nevertheless, the risk is assessed as a low level risk in both respects and does not have a significant impact on the risk profile.

In the first half of June, Elektro Primorska, d.d. obtained the ISO 27001 standard, which resulted in a change in information security risk management and consequently, a change in the risk register. In accordance with the new methodology for managing information security risks, only risks that are assessed as High or Very High risk in the new methodology are entered into the risk register. This left one combined information security risk in the register, which includes all high and very high risks identified according to the information security risk management methodology. Risk represents a high level of risk and has a significant impact on the risk profile, as it represents one of the three key risks of the company. As part of this change, three risks related to information security were also removed from the risk register, which are otherwise identified and recorded in the information security risk register, but are not identified as risks with High or Very high level of risk.

In the second quarter, in qualitative terms, the number of high-level risks remained unchanged. Number of medium-level risks decreased by two and the number of low-level risks decreased by one. In quantitative terms, the risk profile increased by 7.7% in the second quarter.

Company joined the RePower project in 2025 with the aim of obtaining co-financing for investments in the electricity network. As a result, a risk related to participation in this project was identified in the fourth quarter. Risk was assessed as medium in both qualitative and quantitative terms and represents a significant risk for the company.

In the fourth quarter, the number of high and low-level risks remained unchanged in qualitative terms. Number of medium-level risks increased by one risk. In quantitative terms, the risk profile increased by 0.5% in the fourth quarter.

Total contribution to the risk profile varied considerably throughout the year and ended the year at 108% of the value from the beginning of the year.

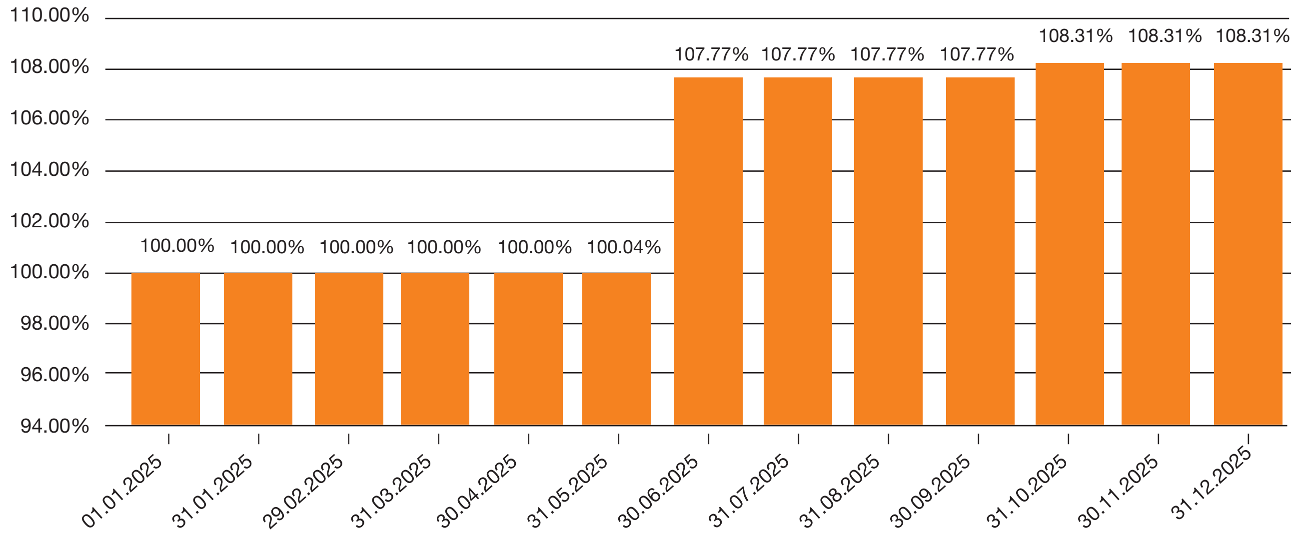


Chart 22: Total contribution to the risk profile

STATE OF RISKS AT THE END OF 2025

As at December 31, 2024, there was 34 active identified risks in the company, which are classified to four categories. Five risks belong to the category of financial, strategic and regulatory risks (each category representing 15% of all risks) and 19 risks to the category of operational risks (55% of all risks).

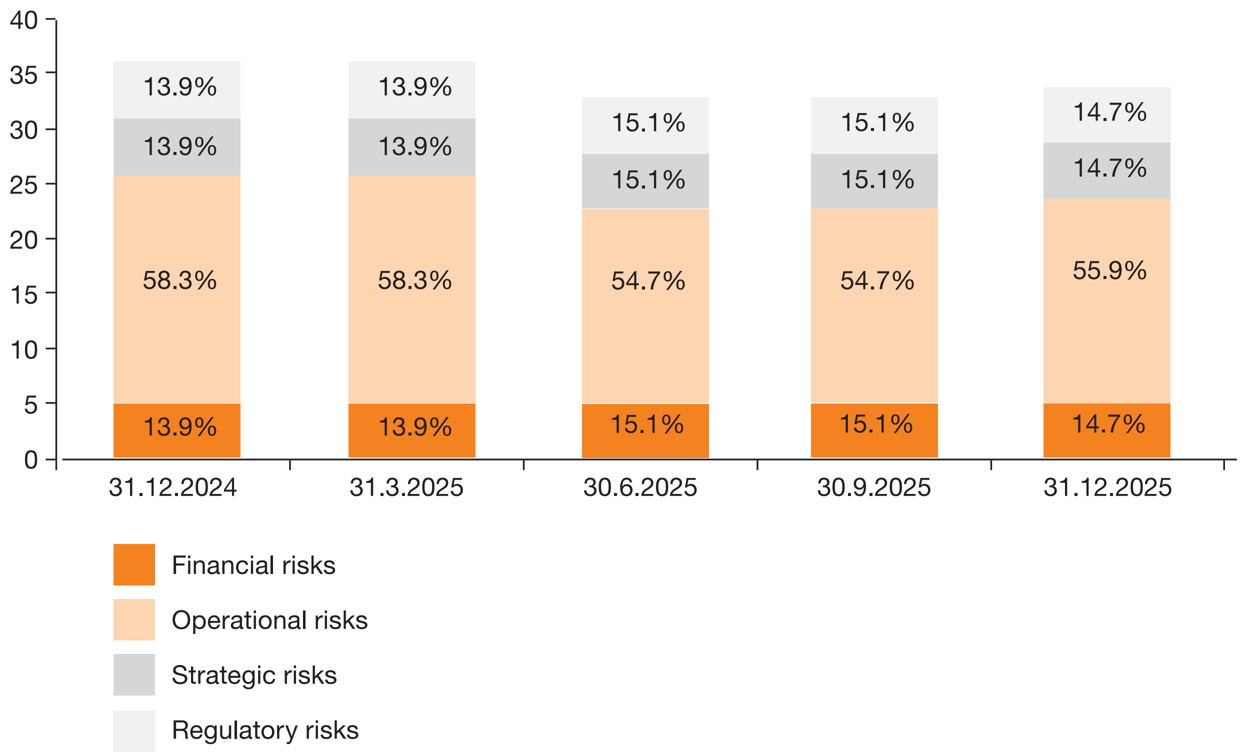


Chart 23: Share of risks by individual category

Taking into account all changes that were made in the risk register in 2025, according to the qualitative assessment scale or the position of the risks in the risk matrix at the end of the year, no risk was identified as a risk with a very high level of risk. Four risks were identified with a high level of risk, namely the risk related to cybersecurity, the risk related to unregulated easements for existing EE facilities, the risk related to the NOO project and the risk related to changes in the rate of return determined by the state/regulator. Five risks were identified with a medium level of risk, namely the risk related to installed metering devices, the risk related to the RePower project, the risk related to the EU GDPR regulation, the risk related to small shareholder lawsuits and the risk related to the system's ability to operate depending on maintenance. Remaining 25 risks represented a low level of risk.

RISK LEVEL	NUMBER OF RISKS				
	1.1.2025	31.3.2025	30.6.2025	30.9.2025	13.12.2025
Very high level of risk 8-16	**0**	**0**	**0**	**0**	**0**
High level of risk 8-9	**4**	**4**	**4**	**4**	**4**
Medium level of risk 4-6	**6**	**6**	**4**	**4**	**5**
Low level of risk 0-3	**26**	**26**	**25**	**25**	**25**

Table 30: Number of risks by individual category

In the quantitative assessment of risks in the Company, the largest share (98%) of the total contribution to the risk profile is thirteen significant risks, with at least 1% of the total contribution to the risk profile. Among them are three risks with a contribution to the risk profile greater than 20%, one risk with a contribution of around 4% and ten risks with a contribution between 1-4%. From the Chart Contribution to the risk profile, it can be seen that the biggest impact on the total contribution to the risk profile is the risk of cybersecurity (41%), followed by the risk related to the NOO project (21%) and the risk of unregulated easements (20%).

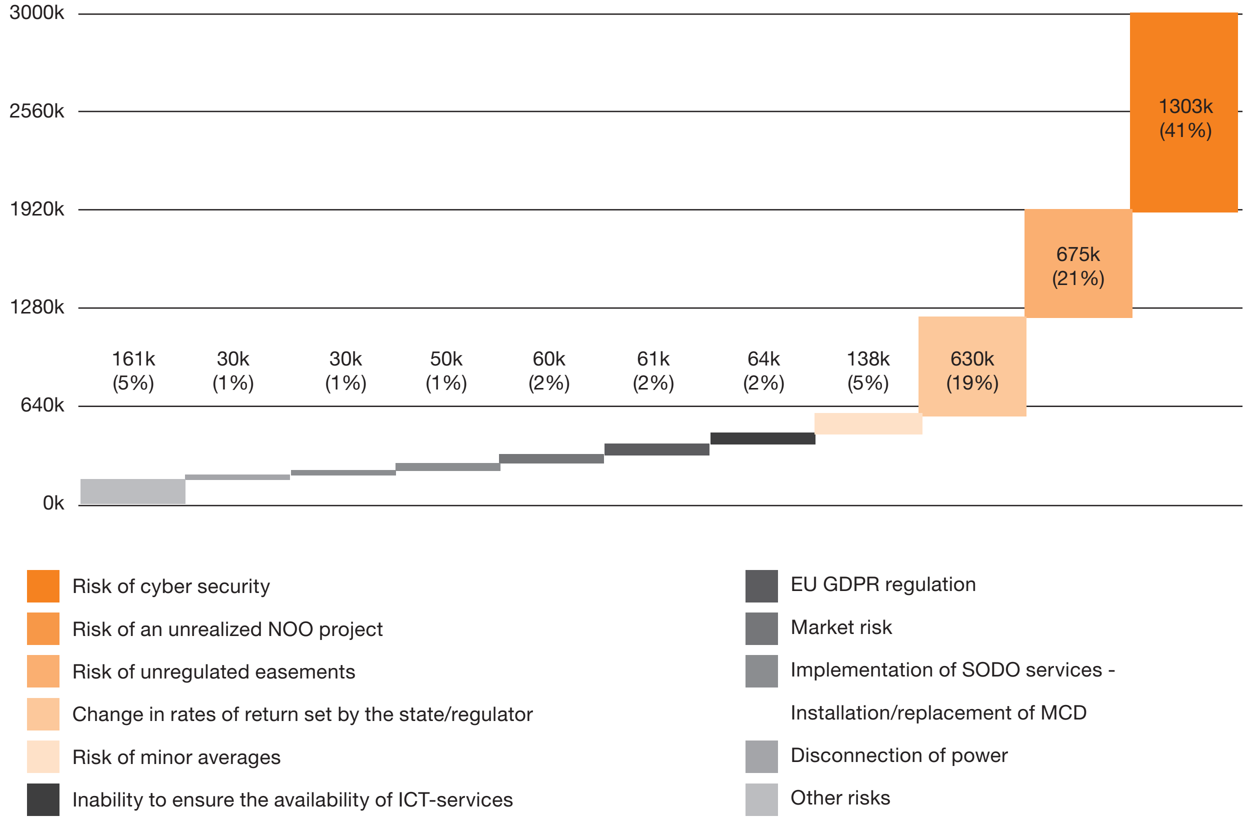


Chart 24: Contribution to the risk profile

In addition to these three major risks, another key risk was identified , namely the risk of the WACC calculation by the regulator, with which the company's revenues may decrease with the new accounting period and government measures, as part of which, among other things the return on assets of distribution companies was also reduced (4%). Another ten significant risks: risk of minor accidents, EU GDPR regulation risk, market risk, installation/replacement of MKN, power outages risk, RePower project risk, replacement of key ICT personnel, implementation of new network charge calculation, system operation in the field of maintenance and the deteriorated general economic situation risks, which represent the contribution to the risk profile between 1-4%. Remaining twenty risks represent a smaller contribution to the risk profile than 1%, or a total of around 1%.

CONTRIBUTION OF RISKS	CONTRIBUTION TO THE OVERALL RISK PROFILE (€)				
	1.1.2025	31.3.2025	30.6.2025	30.9.2025	13.12.2025
Contribution > 200,000 €	3 Contributions (76.26%)	3 Contributions (76.26%)	3 Contributions (82.26%)	3 Contributions (82.26%)	3 Contributions (81.49%)
200,000 € > Contribution > 20,000 €	11 Contributions (21,55%)	11 Contributions (21.55%)	10 Contributions (16.26%)	10 Contributions (16.26%)	10 Contributions (17.05%)
20,000 € > Contribution	22 Contributions (2,18%)	22 tContributions (2.18%)	20 Contributions (1.48%)	20 Contributions (1.48%)	20 Contributions (1.46%)

Table 31: Showing the contribution of key risks to the total contribution

RISK MANAGEMENT MEASURES

To manage 34 existing risks, 153 measures were introduced in the company by the end of 2025, of which 143 or 93% were implemented and reduce the likelihood of risk occurrence or risk consequences. At the end of the year, ten measures remained unimplemented.

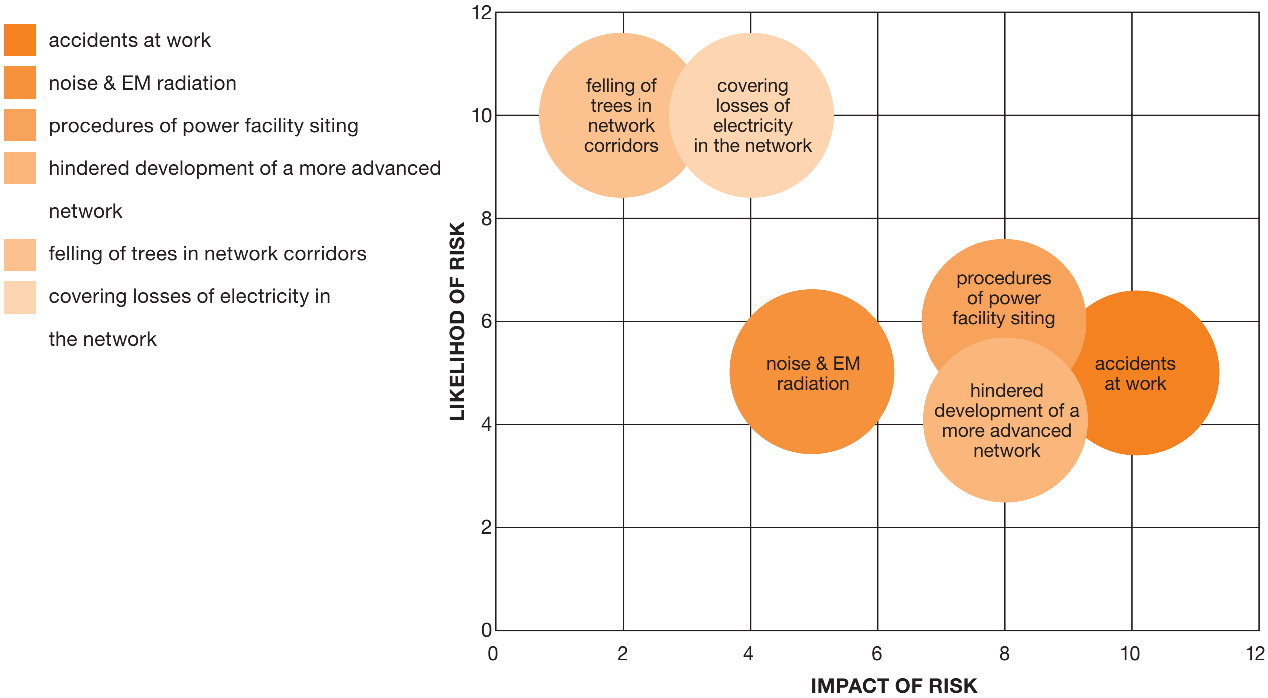


Figure 8: Risk matrix

In terms of preparations for the upcoming regulation, which gives greater importance to the early identification and management of risks with scenarios and the search for potential opportunities, the Working Group for Sustainable Development, at its second workshop, also identified risks stemming from physical climate-related risks and transition risks, which are defined by the TCFD standard (Task force on climate-related financial disclosures) and drafts of new ESRS standards (E1). Aim of the workshop was to identify new risks for better risk management related to sustainable goals and the green transition of the company.

Key system elements of the company	IDENTIFIED PHYSICAL RISKS ASSOCIATED WITH CLIMATE CHANGE		
	Wet snow	Ice	Strong wind (bora)
Overhead infrastructure	High	High	High
Underground infrastructure	Low	Low	Low
Employees – field work	Medium	High	Medium

High
Medium
Low

Table 32: Identified physical risks associated with climate change

Identified transition risks

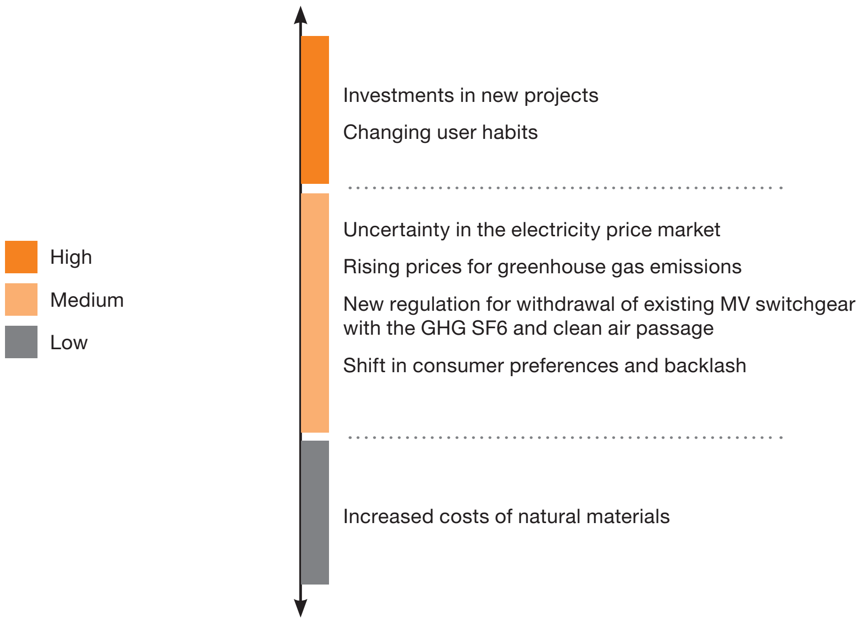


Figure 9: Identified transition risks

17. Events after the Balance Sheet Date

After the balance sheet date (December 31, 2025) and until the date of acceptance of the annual report (April 30, 2026), the company received a preliminary calculation for the regulatory year 2025 from the distribution operator and a final calculation for the regulatory year 2024.

Preliminary calculation for the year 2025 was carried out on the basis of the company's unaudited financial statements. It follows from the 2025 preliminary calculation that the inter-annually charged advance value of services and electricity infrastructure rental was a total of €2,425,553 lower than the value established on the basis of the preliminary calculation of the regulatory year. At the same time, considering the value of the annual advance payments, the rent in the amount of €1,302,488 was overcharged and the billing of services undercharged for €3,728,042.

On this basis, in 2025, the company increased revenues from services under the contract with the distribution operator in the amount €3,728,042 and decreased revenues from rental of energy infrastructure in the amount of €1,302,488.

Final calculation for the year 2024 was carried out on the basis of the company's audited financial statements. Final settlement for 2024 shows that the inter-annual advance payment value charged in 2024, including the preliminary settlement for the regulatory year 2024, the value charged for services and the lease of electricity infrastructure, was a total of €1,008,130 lower than the value determined on the basis of the final settlement for the regulatory year. In this case, based on the value of the paid interim advances and the value from preliminary calculation, the rent was overcharged in the amount of €63,899 and the services were undercharged in the amount of €1,072,029.

On this basis, in 2025, the company reduced revenues from rental of energy infrastructure by €63,899 and increased revenues from services under a contract with a distribution operator by € 1,072,029.

18. Analysis of teh Company's Performance

Company Elektro Primorska, d.d., closed the financial year 2025 with a net operating profit of €5,060,811, which is more than planned and more than achieved in the previous year (by €603,786).

Compared to 2024, we can highlight primarily the positive impact on revenues from realized net sales revenues as a result of the preliminary settlement of the regulatory year 2025 and the Agency’s final settlement for the regulatory year 2024 and higher realization of own-account investments. On the cost side, the negative impact was mainly due to increased depreciation and labour costs, higher borrowing costs, and as a result of higher own-account investments, an increase in material costs in this business segment.

In 2025, the company's revenues amounted to €67,380,418, which is €7,902,881 or 13.3% more than in 2024. Largest increase was in the segment of net sales revenues, namely €4,120,582, mainly as a result of higher revenues from rents and services rendered for the distribution operator following the decision for the preliminary settlement for 2025 and the impact of the final settlement for 2024 (in the amount of €3,433,683 in total). In 2025, the company also created higher capitalized own products by €3,714,832 compared to 2024, with revenues from other operating revenues also being higher. Largest group of revenues is represented by operating revenues, namely in the amount of €67,353,490, which represents 99.96% of the company's total revenues.

Company's expenses in 2025 amounted to €60,870,276 and are €6,294,213 higher than in 2024. Largest group of expenses is represented by operating expenses, in the amount of €59,199,043. Among operating expenses, the highest are labour costs, which represent 40.59% of all operating expenses of the company and amounted to €24,027,125, which is €1,572,336 higher than last year's labour costs.

Value of assets of the company Elektro Primorska, d.d., increased in 2025 and amounted to €289,793,153 as of December 31, 2025. Largest increase was on the side of tangible fixed assets, namely by €20,443,779, so that they amounted to €264,052,603 at the end of the year. Biggest increase came from investments that the company realized in 2025 for €38,140,333. Among short-term assets, the largest value represent the short-term trade receivables, which as of December 31 2025 amounted to €7,230,057 and are by €4,367,160 lower than last year.

Capital of the company as of December 31, 2025 amounts to €180,880,676 and has increased by €2,752,669 compared to the previous year, mainly as a result of the realized profit for the year. Share of capital in the company's funds at the end of 2025 amounts to 62.4% and is 3.96 percentage points lower compared to the previous year. Company's long-term liabilities amounted to €59,841,337 at the end of the year and are €11,922,589 higher than last year, mainly due to higher long-term financial liabilities to banks. Company’s short-term liabilities in the amount of €18,739,903 are €2,233,112 lower than last year. Biggest decreases are on the side of short-term operating liabilities to suppliers, in the amount of €2,759,746.

19. Indicators

Indicators that show the Company's credit rating are divided into the following groups of fundamental accounting ratios:

1. financing state ratios (investments),
2. basic investment ratios,
3. horizontal financial structure ratios,
4. efficiency ratios,
5. profitability ratios.

From the viewpoint of financial performance evaluation, the Company has monitored its business results based on the following ratios:

A. BASIC FINANCING STATE RATIOS (INVESTMENTS)	31.12.25	31.12.24
equity	180,880,676	178,127,978
liabilities	289,793,153	268,357,005
equity financing rate	**62.42%**	**66.38%**
sum of equity and long-term debts (including provisions) and		
long-term accruals and deferrd income	270,205,576	246,446,138
liabilities	289,793,153	268,357,005
long-term financing rate	**93.24%**	**91.84%**
debts	108,064,802	89,291,175
liabilities	289,793,153	268,357,005
debt financing rate	**37.29%**	**33.27%**

B. BASIC INVESTMENT RATIO	31.12.25	31.12.24
fixed assets (book value)	264,052,603	243,585,032
assets	289,793,153	268,333,214
operating fixed assets rate	**91,12%**	**90,78%**
long-term and short-term investments	355,907	311,862
assets	289,793,153	268,333,214
investment assets rate	**0.12%**	**0.12%**
sum of fixed assets and long-term deferred costs and accrued income,		
investment property, long-term investments and long-term operating receivables	271,874,300	248,727,087
assets	289,793,153	268,333,214
long-term assets rate	**93.82%**	**92.69%**
realized investments	38,140,333	32,357,076
planned investments	35,000,000	29,000,000
investment turnover ratio	**108.97%**	**111.58%**

C. RATIOS OF HORIZONTAL FINANCIAL STRUCTURE	31.12.25	31.12.24
equity	180,880,676	178,127,978
fixed assets (book value)	264,052,603	243,585,032
equity to fixed assets ratio	**68.50%**	**73.13%**
liquid assets	370,969	770,493
short-term liabilities	18,739,903	20,973,014
immediate solvency ratio	**1.98%**	**3.67%**
sum of liquid assets and short-term receivables	7,893,914	12,805,076
short-term liabilities	18,739,903	20,973,014
quick ratio	**42.12%**	**61.06%**

short-term assets	9,911,921	14,771,110
short-term liabilities	18,739,903	20,973,014
current ratio	**52.89%**	**70.43%**

D. EFFICIENCY RATIOS	**31.12.25**	**31.12.24**
operating income	67,353,490	59,453,864
operating expenses	59,199,043	53,393,234
operating efficiency ratio	**1.138**	**1.114**
revenue	67,380,418	59,477,537
expenditure	60,870,276	54,576,063
total efficiency ratio	**1.107**	**1.090**

E. BASIC PROFITABILITY RATIOS	**31.12.25**	**31.12.24**
EBITDA (operating revenues-operating expenses+AM+revaluation)	25,134,841	21,141,099
gross return on business	67,353,490	59,453,864
EBITDA margin	**37.32%**	**35.56%**
EBIT (operating revenues-operating expenses)	8,154,447	6,060,630
gross return on business	67,353,490	59,453,864
EBIT margin	**12.11%**	**10.19%**
net profit or loss	5,060,811	4,457,025
turnover	48,349,274	44,228,692
net return on revenue	**10.47%**	**10.08%**
net profit or loss	5,060,811	4,457,025
average assets	279,075,079	259,002,334
return on assets ratio (ROA)	**1.81%**	**1.72%**
net profit or loss	5.060.811	4.457.025
average equity (no net profit or loss for the period)	176.973.922	174.282.978
return on equity ratio (ROE)	**2.86%**	**2.56%**
sum of dividends for the financial year	1.502.712	1.690.551
average share capital	110.465.795	110.465.795
dividends to share capital ratio	**1.36%**	**1.53%**
dividend paid in the current year	1,502,712	1,690,551
average equity	176,973,922	174,282,978
dividend-to-equity ratio	**0.85%**	**0.97%**

F. SHARES	**31.12.25**	**31.12.24**
equity	180,880,676	178,127,978
number of shares	18,783,898	18.783,898
number of own shares	0	0
book value per share (in EUR)	**9.63**	**9.48**

net profit or loss	5,060,811	4,457,025
Weigthed average number of ordinary shares issued	18,783,898	18,783,898
Adjusted average number of ordinary shares	18,783.,898	18,783,898
Basic and adjusted earnings per share (EUR/share)	**0.27**	**0.24**

Table 33: Indicators

19.1 Basic financing state ratios (investments)

No.	Description	2025	2024	2023	2022	2021	2020	2019	2018
1.	**Equity financing rate equity/liabilities**	0.624	0.664	0.701	0.725	0.746	0.734	0.737	0.728
2.	**Long-term financing rate equity. long-term debts and long-term provisions/liabilities**	0.932	0.918	0.910	0.921	0.930	0.922	0.947	0.922
3.	**Debt financing rate debts/liabilities**	0.373	0.333	0.293	0.264	0.251	0.262	0.260	0.269

Table 34: Basic financing state ratios

These ratios show the relationships between equity and liabilities and are used to identify the financing structure of assets, while at the same time they express the degree of the Company's financial independence.

Financing state ratios show the share of equity, debt and deferred liabilities in the structure of all sources of financing. These ratios are particularly important when the Company is deciding on its long-term financing strategy (capital structure). High proportion of capital in financing and low level of short-term funding provide creditors the information on how safe their investment is.

Equity financing rate shows the share of equity financing in total assets. In 2025, the equity financing rate was 62.4% , which is by 4 percentage point less than in 2024. This is due to a simultaneous increase in capital value and relative increase in liabilities (the Company’s higher profit in 2025 and at the same time there was an increase in the Company's liabilities compared to 2024, mainly long-term financial liabilities from financing and long-term accrued costs and deferred income), all of which is reflected in the lower value of the ratio in 2025.

Debt financing rate shows the debt financing of the Company's assets. In 2025, the ratio stood at 93.2%, up 1.4 percentage points compared to 2024, which is primarily due to higher capital increase and long-term and short-term financial liabilities to banks for financing investments in electricity distribution infrastructure, and at the same time higher increase in long-term accrued costs and deferred income. Since the Company does not possess sufficient amount of own resources (also due to dividend payments) to finance planned and necessary investments, it is forced to raise external debt sources of financing. Own source of funds for financing investments in the energy infrastructure comprises primarily amortisation and depreciation and the generated return or the operating result, which the Company expects from generating regulated revenues, which mostly comprise rental income and revenues from services provided under the Contract with the distribution operator.

Long-term financing rate amounted to 37.3% in 2025, up 4 percentage points compared to 2024. Reason is the rise in long-term debts in the overall structure of liabilities, and in relatively smaller increase in liabilities; in particular, the long-term financial obligations to banks for the implementation of investments in 2025 and long-term accrued costs and deferred income increased, due to the larger volume of free funds obtained for investments.

19.2 Basic investment ratios

No.	Description	2025	2024	2023	2022	2021	2020	2019	2018
1.	**Operating fixed assets rate** **fixed assets/assets**	0.911	0.908	0.907	0.918	0.903	0.902	0.883	0.868
2.	**Investment assets rate** **long-term and short-term investments/ assets**	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.032
3.	**Long-term assets rate** **fixed assets. long-term investments and long-term operating receivables/assets**	0.913	0.910	0.913	0.928	0.905	0.905	0.885	0.904

Table 35: Basic investment ratios

We use the basic investment ratios to analyse the structure of assets.

Operating fixed assets rate denotes the share of the carrying amount of fixed assets in the assets. Value of the indicator in 2025 is higher than in the previous year and amounts to 91.1%, which means that the Company invested in the renovation and growth of its assets more in 2025. Ratio's value is also influenced by the fixed assets' depreciation policy, which does not change from one year to the other.

Investment assets rate indicates the share of investments in the assets. In 2025, the ratio remained at the same level as in the previous year and amounts to only 0.1%. Low ratio's value indicates that the Company only rarely invests its assets in financial investments.

Long-term assets rate indicates the share of long-term assets in the Company's total assets. Ratio is slightly higher (by 0.3 percentage points) than in 2024 and amounts to 91.3%. High ratio is the result of the increase in fixed assets in the overall structure of assets in 2025, as a result of major investments made. Slightly higher value than in the previous year is also the result of a relatively greater decrease in the Company’s short-term assets (short-term operating receivables), which affects the lower relative growth of all assets in the calculation of the indicator.

19.3 Ratios of horizontal financial structure

No.	Description	2025	2024	2023	2022	2021	2020	2019	2018
1.	**Equity to fixed assets ratio** **equity/fixed assets**	0.685	0.731	0.772	0.790	0.826	0.813	0.835	0.838
2.	**Immediate solvency ratio** **liquid assets/short-term liabilities**	0.020	0.037	0.030	0.055	0.392	0.114	0.276	0.144
3.	**Quick ratio** **liquid assets and short-term receivables/short-term liabilities**	0.421	0.611	0.504	0.642	0.878	0.538	0.877	0.607
4.	**Current ratio** **short-term assets/short-term liabilities**	0.529	0.704	0.584	0.735	0.970	1.016	1.596	0.932

Table 36: Basic ratios of horizontal financial structure

These ratios are used to make comparison between assets and liabilities and vice versa. They are important for assessment of the quality of funding. Regarding financing, we are interested in the extent to which the Company is financed with debts and to what extent with capital.

Equity to fixed assets ratio shows the level of financing of the carrying amount of fixed assets with equity. The ratio below 1 indicates that some of fixed assets are financed with capital and others with long-term borrowings. Ratio decreased by 4.6 percentage points compared to the previous year, which means that in 2025, a higher share of fixed assets was financed by borrowings.

Immediate solvency ratio shows the Company's ability to settle its short-term debts. Ratio below 1 indicates that an entity has more debts than liquid assets. However, this value is lower than the value in 2024 by 1.7 percentage points and amounts to 2%, mainly due to the lower cash balance, by 51.9% and a 10.4% decrease in the short-term liabilities of the Company compared to the previous year.

Quick ratio is an indicator of the coverage of short-term liabilities with liquid assets and short-term receivables, showing the Company's short-term solvency position. In 2025, the ratio stands at 42.1%, down by 18.9 percentage points compared to 2024, meaning that 42.1% of short-term liabilities are settled with liquid assets and short-term receivables. Decrease in the value of the ratio is due to a decrease in liquid assets (cash and operating receivables) of the company by 38.4% and minimally decreased value of short-term liabilities in 2025, by 10.6% compared to the previous year.

Current ratio reflects the Company's ability to settle its short-term liabilities with short-term receivables, showing its short-term solvency position. In 2025, the ratio amounts to 52.9%, down by 17.5 percentage points compared to 2024, mainly due to the decrease in short-term assets (mainly short-term operating receivables). Ratio further shows that in 2025, the Company did not settle 52.9% of its total short-term liabilities with short-term assets (receivables).

19.4 Efficiency ratios

No.	Description	2025	2024	2023	2022	2021	2020	2019	2018
1.	**Operating efficiency ratio operating income/operating expenses**	1.138	1.114	1.089	0.957	1.159	1.142	1.224	1.201
2.	**Total efficiency ratio revenue/expenditure**	1.107	1.090	1.071	0.945	1.331	1.140	1.217	1.188

Table 37: Basic efficiency ratios

Basic efficiency (cost efficiency) ratios are indicators of an entity's business performance and explain business results in relation to the invested elements of the business process.

Operating efficiency ratio is the ratio between operating income and operating expenses and reflects efficiency of the Company's operations, since the financial income and expenses and other revenues and expenses are excluded from the ratio calculation. In 2025, the ratio amounted to 113.8%, which means that operating revenues exceeded operating expenses by 13.8%, and the cost efficiency improved in comparison with the previous year (by 2.4 percentage points).

Total efficiency ratio is the ratio between total revenue and total expenditure. Ratio stood at 110.7% in 2025, up 1.7 percentage points compared to the previous year, reflecting an improvement in the overall efficiency. Higher profitability in 2025 than in recent years is primarily a result of the final settlement of the regulatory year 2024, which is recognized as revenue in 2025.

19.5 Basic profitability ratios

No.	Description	2025	2024	2023	2022	2021	2020	2019	2018
1.	**Net return on revenue net profit or loss/turnover**	0.105	0.101	0.100	-0.046	0.349	0.159	0.201	0.173
2.	**Return on assets ratio ROA net profit or loss/average assets**	0.018	0.017	0.017	-0.007	0.063	0.027	0.038	0.032
3.	**KoeficientReturn on equity ratio ROE net profit or loss/average equity (no net profit or loss for the period)**	0.029	0.026	0.025	-0.009	0.089	0.037	0.053	0.045

Table 38: Basic profitability ratios

By analysing the profitability ratios we can see that the Company's operation is viable as it has achieved a positive operating result. As the net profit generated in the year under review has increased, all the ratios show growth compared to the previous year.

Net return on revenue shows that the Company generated €10.5 of profit per €100 of achieved revenue, which is by €0.4 more than in 2024.

Return on assets ratio (ROA) shows the share of profits that the Company achieves with its own resources and how successful the management has been in managing the Company's assets. ROA amounted to 1.8% in 2025, which is by 0.1 percentage points more than in the previous year. Higher value is primarily a result of an increase in the average year-on-year value of the Company's assets by 7.8 percentage points (intensive investment in infrastructure in 2025) and mainly of higher operating result of the year than in 2024, by 13.5 percent. Value of the ratio is relatively low, which is the consequence of major investments made by the Company as a prerequisite for ensuring high quality and reliable distribution of electricity and could not have been achieved without capital investments. In order for the Company to ensure high-quality electricity supply to all customers in its distribution area, the Company expects to invest heavily also in the future, which means that the ratio will probably not improve significantly.

Return on equity ratio (ROE) shows how much net profit was generated by the Company based on the average equity invested. From the viewpoint of the Company owners, profitability of capital is one of the most important ratios as it shows how well the Company manages its assets. ROE amounted to 2.9% in 2025, which is by 0.3 percentage point more than in the previous year. Reason is higher realized net profit of the Company in 2025 (by 13.5. percentage points) and growth in the Company's average capital by 1.5. percentage points.

B

Financial Statement with Notes

Tel: +386 1 53 00 920
Fax: +386 1 53 00 921
info@bdo.si
www.bdo.si

Cesta v Mestni log 1
SI-1000 Ljubljana
Slovenija

INDEPENDENT AUDITOR'S REPORT
To the shareholders of Elektro Primorska, d.d.
(Translation of the original report in Slovene language)

REPORT ON FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Elektro Primorska, d.d. (the Company), which comprise the balance sheet as at December 31, 2025 and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, including a summary of significant accounting policies and other explanatory information.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and cash flows for the year then ended in accordance with Slovenian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) No. 537/2014 of the European Parliament and Council dated as at April 16, 2014 on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the 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 and the IESBA Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

Investments in property, plant and equipment

Key audit matter	Our response

Carrying amount of property, plant and equipment as at December 31, 2025 amounted to 264.052.603 EUR (31. December 2024: 243.608.824 EUR); costs of maintenance for the year 2025 amounted to 2.860.686 EUR (2024: 2.603.086 EUR).
 	
Beside new investments the Company performs maintenance of property, plant and equipment, mainly electrical distribution infrastructure. As items, which fulfil conditions for recognition of property, plant and equipment, are capitalized and depreciated on an annual basis, costs of maintenance are expensed in P&L as incurred.
Distinction among items which fulfil conditions for recognition in the balance sheet and items expensed as incurred is significant for the audit of financial statements as it requires management judgement if and which conditions need to be fulfilled for recognition as property, plant and equipment and which for recognition as expenses.
	Our audit procedures included:
	- Assessing the guidelines defining investments into tangible fixed assets and construction costs in order to test that they comply with the guidelines prescribed by Slovene accounting standards.
	- Testing the design and implementation of internal controls in the process of recognizing property, plant and equipment and related liabilities.
	- Familiarization with the management of investments.
	- Testing, on a sample of selected items of property, plant and equipment as well as maintenance costs, where we:
	  - Assessed if conditions for recognition of property, plant and equipment or maintenance costs are fulfilled;
	  - Obtained the bases for such treatment from responsible persons;

Due to this information, we determined the matter as a key audit matter. When determining these facts, the Company follows conditions for recognition of fixed assets as defined in Slovenian Accounting Standards.

Disclosures regarding this matter are included in point 2 Notes to the balance sheet and within this point to the note 2.2 Property, plant and equipment, to the point 3 Notes to the income statement and within this to the note 3.2.1 Cost of goods, materials and services.

- Conducted interviews with persons responsible for construction of fixed assets;
- Verified supporting documentation and postings in the accounting evidences. The sample included randomly selected items and items that we determined based on our risk-based approach due to the size, complexity, content or duration of construction or maintenance.
- We have reviewed the disclosures in the annual report according to the requirements of Slovenian Accounting Standards.

Capitalised costs of own products and services

Key audit matter	Our response
Capitalised costs of own products and services amounted to 17.042.672 EUR in the year ended December 31, 2025 (2024: 13.327.840 EUR). The Company constructs buildings and equipment with its own resources. Additions to tangible fixed assets, constructed by the Company, are valued at estimated costs of hours spent, which include labour costs and other indirect costs. The determination of hourly rates for labour costs and judgment regarding which types of indirect costs to include in the cost of tangible fixed assets, includes estimation. Estimation of the amounts and structure of own costs of construction is significant for the audit as it is linked to material subjective judgments of the management. In this regard, there is a risk that the company will recognize expenses that do not meet the criteria for capitalization under SRS 1 on the balance sheet rather than as expenses on the income statement. In determining the matter, the management uses assumptions and judgments for recognising tangible fixed assets as they are determined by Slovene accounting standards. Due to the abovementioned information we determined this matter as a key audit matter. Disclosures regarding this matter are included in point 2 Notes to the balance sheet and within this note 2.2 Property, plant and equipment, and in Note 2 – Tangible fixed assets of the point 16.5.1 Notes to the financial statement items, and in Note 3 Notes to the income statement and within it the note 3.1.2 Capitalized own effects.	Our audit procedures included: - Assessing the guidelines defining additions to tangible fixed assets and construction costs in order to test that they comply with the guidelines prescribed by Slovene accounting standards. - Testing the design and implementation of internal controls in this matter. - Examination of the methodology and assumptions used by the Company in calculating the labour costs and verification of the completeness and accuracy of data used. - Recalculation of the labour costs and comparison with the calculation for the current year and to market data. - Testing, on a sample of selected items, of capitalised own products and services, where we: • assessed whether the appropriate labour costs have been used; • obtained the bases for the cost of material and transport; • conducted interviews with persons responsible for construction of fixed assets; • verified supporting accounting documents and entries in the financial statements. The sample included randomly selected items and items that we determined based on our risk-based approach due to the size, complexity, content or duration of construction or maintenance. - We have reviewed the disclosures in the annual report regarding fixed assets and capitalized own products and services.

Other matter

The financial statements of Elektro Primorska d.d. for the year ended December 31, 2024, were audited by another auditor, who issued an unmodified opinion on them on April 25, 2025.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report does not include the financial statements and our auditor's report thereon. We have received other information before the date of the auditor’s report, except for the report of the Supervisory Board, which will be available at a later time.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, regulatory requirements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. With regards to these procedures, we report on the following:

- other information is consistent with audited financial statements in all respect;
- other information is prepared in line with regulatory requirements and
- based on our knowledge and understanding of the Company and its environment, obtained during the audit, no material inconsistencies were found in relation to other information.

Responsibilities of Management and the Supervisory Board for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Slovenian Accounting Standards 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, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, 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.

The Supervisory Board is responsible for overseeing the Company’s financial reporting process and for confirming the audited annual report.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company 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 the Audit Committee and the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate 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

Independent assurance report on the appropriateness of the criteria for allocating revenue and expenditure to activities and on the correctness of their application

We have conducted an engagement to provide reasonable assurance as to whether the criteria for the division of economic categories by different activities (hereinafter referred to as the "division criteria") disclosed in section 4.7 Reporting in accordance with the Electricity Supply Act of this Annual Report are appropriate and applied correctly in the separate accounting for the individual activities of the customer Elektro Primorska d.d. for the financial year ended 31 December 2025 in accordance with the requirements of the Electricity Supply Act (ESPA).

Definition of appropriate benchmarks

In order to assess the appropriateness of the division criteria, we assessed compliance with the ESPA. We assessed whether the division criteria reflect the volume of activity giving rise to the economic category they are intended to divide. If the volume of activities giving rise to the economic category could not be measured, we assessed whether the apportionment criterion was determined on the basis of the direct cost share.

In order to assess the correctness of the application of the allocation criteria, we performed audit procedures to verify that each criterion is applied to allocate the economic category for which it was adopted and in the manner in which it was established.

Management and Supervisory Board responsibilities

Management is responsible for the preparation and proper application of the allocation criteria in accordance with the ESPA and for such internal control as management determines is necessary to enable the preparation and fair application of the allocation criteria in accordance with the ESPA.

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

Auditor's responsibility

Our responsibility is to provide an assurance engagement and to express a conclusion on whether the apportionment criteria have been prepared in accordance with the requirements of the EIR and are being applied appropriately. We conducted our engagement to provide reasonable assurance in accordance with International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Investigations of Historical Financial Information (ISA 3000) issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain reasonable assurance about whether the conclusion is appropriate.

We have acted in accordance with the independence and ethical requirements of the International Code of Ethics for Accounting Professionals issued by the International Accounting Standards Board. The Code is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct. Our firm operates in accordance with the International Standards on Quality Management (ISQM 1) and maintains a comprehensive quality management system, 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 the following audit procedures:
- We identified and assessed the risk of material misstatement of the adequacy of the criteria and the appropriateness of their application in relation to the requirements of the ESPA;
- we obtained an understanding of internal control relevant to the engagement to provide reasonable assurance in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- we assessed whether the criteria used are appropriate;
- we obtained reasonable assurance about whether the criteria for sharing are appropriate;
- we obtained reasonable assurance about whether the allocation criteria are applied appropriately in accordance with the criteria adopted.

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

Conclusion

In our opinion, based on the procedures performed and the evidence obtained, the criteria for allocating indirect costs (expenses), income, assets and resources to the individual activities for the financial year ended 31 December 2025 are, in all material respects, appropriate in accordance with the EIR and have been applied correctly.

Other reporting obligations as required by EU Regulation No. No 537/2014 of the European Parliament and of the Council

Confirmation to the Audit Committee

We confirm that our audit opinion expressed herein is consistent with the additional report to the Audit Committee of the Company.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in the Article 5(1) of Regulation ((EU) No. 537/2014 of the European Parliament and the Council were provided to Elektro Primorska, d.d. and audit company complied with independence requirements at auditing.

Other services

There are no services, in addition to the statutory audit which we provided to Elektro Primorska, d.d., and which have not been disclosed in the Annual Report.

Appointment of the Auditor, the Period of Engagement and Certified Auditor

BDO Revizija d.o.o. was appointed as the statutory auditor of Elektro Primorska, d.d. at the General Shareholders' Meeting held as of 3 July 2025, the president of the Supervisory board signed the engagement letter as of 20 October 2025 for the period of 3 years. Our total uninterrupted engagement started as of 3 July 2025.

Engagement partner responsible for the audit on behalf of BDO Revizija d.o.o. is Maruša Hauptman, certified auditor.

Ljubljana, 30 April 2026

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

BDO Revizija d.o.o.
Družba za revidiranje

(signature on the original issued in Slovene language)

Maruša Hauptman, certified auditor

1. Balance Sheet

	Notes	31.12.2025	31.12.2024
Assets			
A. Long-term assets:			
I. Intangible assets and long-term accrued and deferred asset items	**2.1**	**7,162,699**	**4,529,142**
1. Long-term rights		7,086,041	4,525,235
3. Other long-term accrued and deferred asset items		76,658	3,908
II. Tangible fixed assets		**264,052,603**	**243,608,824**
1. Land		5,909,350	5,778,184
2. Buildings		158,588,268	147,794,084
3. Equipment		80,248,044	73,026,816
4. Fixed assets in acquisition		19,306,941	17,009,740
III. Investment property		**262,054**	**260,963**
IV. Long-term financial investments		**355,907**	**311,862**
1. Long-term financial investments other than loans		355,907	311,862
2. Other shares and stakes		355,907	311,862
V. Long-term operating receivables	**2.5**	**41,037**	**40,087**
1. Long-term trade receivables		0	0
2. Long-term receivables due from others		41,037	40,087
VI. Deferred tax assets	**2.6**	**1,482,503**	**2,361,366**
Total long-term assets		**273,356,803**	**251,112,245**
B. Short-term assets:			
II. Stocks	**2.7**	**2,018,007**	**1,966,034**
1. Material		2,018,007	1,966,034
2. Unfinished services		0	0
3. Products and merchandise		0	0
III. Short-term financial investments		**0**	**0**
1. Short-term loans to others		0	0
IV. Short-term operating receivables	**2.8**	**7,522,945**	**12,034,583**
2. Operating trade receivables		7,230,057	11,597,217
3. Operating receivables due from others		292,889	437,367
V. Monetary assets	**2.9**	**370,969**	**770,493**
Total short-term assets		**9.911.921**	**14,771,110**
C. Short-term accrued and deferred asset items	**2.10**	**6.524.430**	**2,473,650**
TOTAL ASSETS		**289.793.153**	**268,357,005**

Table 39: Balance Sheet

in EUR

	Notes	31.12.2025	31.12.2024
Liabilities			
A. Capital:			
I. Called-up capital		**110,465,795**	**110,465,795**
1. Share capital		110,465,795	110,465,795
II.Capital reserves		**46,306,588**	**46,306,588**
III. Profit reserves		**23,520,065**	**20,177,997**
1. Statutary reserves		2,496,352	2,244,721
2. Reserves for own shares and stakes		0	0
3. Own shares and stakes (as a deductible item)		0	0
5. Other profit reserves		21,023,713	17,933,276
IV. Reserves arising from fair value measurement		**-1,102,322**	**-325,114**
V. Net profit or loss from previous periods		**0**	**0**
VI. Net profit or loss for the period		**1,690,551**	**1,502,712**
Total capital	**2.11**	**180,880,676**	**178,127,978**
B. Provisions and long-term accrued and deferred liability items	**2.12**	**29,483,563**	**20,399,413**
1. Provisions for pensions and similar obligations		6,120,312	4,578,534
2. Long-term accrued and deferred liability items		23,363,251	15,820,879
C. Long-term liabilities	**2.13**	**59,841,337**	**47,918,748**
I. Long-term financial liabilities		**58,915,250**	**47,918,748**
1. Long-term financial liabilities to banks		58,027,710	47,705,109
3. Other long-term financial liabilities	2.14	887,540	213,639
II. Long-term operating liabilities		**926,087**	**0**
2. Long-term operating liabilities to suppliers	**2.16**	926,087	0
Č. Short-term liabilities	**2.16**	**18,739,903**	**20,973,014**
I. Short-term financial liabilities		**8,347,351**	**8,268,340**
1. Short-term financial liabilities to banks		8,012,275	8,220,899
2. Other short-term financial liabilities		335,076	47,441
II. Short-term operating liabilities		**10,392,551**	**12,704,675**
1. Short-term operating liabilities to group companies		0	0
2. Short-term operating liabilities to suppliers		7,536,879	10,296,626
3. Short-term operating liabilities based on advances		43,576	74,436
4. Other short-term operating liabilities		2,812,096	2,333,613
Total liabilities		**108,064,802**	**89,291,175**
D. Short-term accrued and deferred liability items	**2.17.**	**847,674**	**937,852**
TOTAL LIABILITIES		**289,793,153**	**268,357,005**

Table 40: Balance sheet (liabilities)

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

2. Income Statement

in EUR

	Note	financial year 2025	financial year 2024
1. Net sales revenue	**3.1.1.**	**48,349,274**	**44,228,692**
a. on the domestic market		48,349,274	44,146,422
b. in the foreign market		0	82,270
3. Capitalized own products and services	**3.1.2.**	**17,042,672**	**13,327,840**
4. Other operating revenues	**3.1.3.**	**1,961,544**	**1,897,332**
5. Costs of goods, material, and services	**3.2.**	**-17,884,923**	**-15,599,241**
a. costs of goods sold and material used		-10,485,368	-8,640,767
b. costs of services		-7,399,555	-6,958,474
6. Labour costs	**3.2.**	**-24,027,125**	**-22,454,788**
a. cost of wages and salaries		-16,019,694	-15,294,575
b. costs of supplementary pension insurance for employees		-752,568	-733,403
c. social security cost		-2,820,470	-2,613,343
č. other labour costs		-4,434,392	-3,813,468
7. Amortization/depreciation expense	**3.2.**	**-16,980,394**	**-15,080,469**
a. depreciation		-16,676,974	-14,967,181
b. operating expenses from revaluation of intangible and tangible fixed assets		-295,349	-51,258
c. operating expenses from revaluation of operating current assets		-8,072	-62,030
8. Other operating expenses	**3.2.**	**-306,602**	**-258,735**
9. Financial revenues from shares	**3.3.**	**6,630**	**4,144**
a. in group companies		0	0
b. in other companies		6,630	4,144
10. Financial revenues from loans granted	**3.3.**	**53**	**7**
a. to others		53	7
11. Financial revenues from operating receivables	**3.3.**	**17,889**	**19,523**
a. due from others		17,889	19,523
13. Financial expenses from financial liabilities	**3.4.**	**-1,487,556**	**-1,055,405**
a. from loans, received from banks		-1,287,274	-890,503
b. from other financial liabilities		-200,282	-164,902
14. Financial expenses from operating liabilities	**3.4.**	**-2,385**	**-536**
a. from accounts and bills payable		-1,081	-262
b. from other operating liabilities		-1,304	-274
15. Other revenues	**3.5.**	**2,355**	**0**
16. Other expenses	**3.6.**	**-181,291**	**-126,888**
PRE-TAX PROFIT OR LOSS OF THE ACCOUNTING PERIOD		6,510,142	4,901,474
17. Income tax	**3.7.**	**-573,569**	**-469,431**
18. Deferred taxes	**3.7.**	**-875,762**	**24,982**
19. NET PROFIT OR LOSS OF THE ACCOUNTING PERIOD	**3.8.**	**5,060,811**	**4,457,025**

Table 41: Income statement

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

3. Statement of other Comprehensive Income

in EUR

	Note	2025	2024
20. NET PROFIT OR LOSS OF THE ACCOUNTING PERIOD	**3.9.**	**5,060,811**	**4,457,025**
Change in reserves arising from fair value measurement		44,045	23,443
Other components of comprehensive income for the reporting period		-849,445	443,057
Total comprehensive income of the accounting period		**4,255,410**	**4,923,526**

Table 42: Statement of comprehensive income

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

4. Cash flow Statement

in EUR

	Note	2025	2024
A. OPERATING CASH-FLOW			
1.Operating receipts	**4.1.**	**95,637,344**	**89,213,879**
a. Receipts from sales of products and services		57,241,425	55,696,691
b. Other operating receipts		38,395,919	33,517,188
2. Operating expenditure	**4.2.**	**-70,587,714**	**-71,158,884**
a. Expenditure for purchase of material and services		-13,147,127	-13,044,614
b. Expenditure for salaries and employees profit shares		-23,214,208	-22,304,658
c. Expenditure on benefits of all kinds		-2,036,195	-2,842,344
d. Other operating expenditure		-32,190,184	-32,967,268
3. Positive or negative cash flow from operating activities		**25,049,629**	**18,054,995**
B. CASH FLOWS IN INVESTING ACTIVITIES			
4. Receipts in investing activities	**4.3.**	**313,843**	**222,024**
a. Receipts from received interest and profit shares relating to investments		25,046	24,658
b. Receipts from disposal of tangible fixed assets		288,797	197,367
c. Receipts from disposals of financial investments		0	0
5. Expenditure in investing activities	**4.4.**	**-32,764,187**	**-27,719,945**
a. Expenses for acquisition of intangible assets		-4,075,445	-2,754,132
b. Expenses for acquisition of tangible fixed assets		-28,688,742	-24,965,814
c. Expenses for acquisition of financial investments		0	0
6. Positive or negative cash flow from investing activities		**-32,450,344**	**-27,497,921**
C. CASH FLOWS IN FINANCING ACTIVITIES			
8. Receipts in financing activities	**4.5.**	**39,400,000**	**42,600,000**
a. Receipts from paid-in capital		0	0
b. Receipts from increase in financial obligations		39,400,000	42,600,000
9. Expenditure in financing activities	**4.6.**	**-32,398,809**	**-33,004,331**
a. Expenditure for given interest refering to financing		-1,577,185	-1,372,398
b. Expenditure for capital repayment		-29,318,912	-29,941,383
c. Expenditure for repayment of financial obligations		-1,502,712	-1,690,551
e. Expenditure for payment of dividends and other shares in profit		7,001,191	9,595,669
10. Positive or negative cash flow from financing activities		**370,969**	**770,493**
11. Celotni pozitivni ali negativni denarni tok		**152,743**	**-269,273**
Č. CLOSING CASH BALANCE		**770,493**	**617,749**
X. CASH FLOW FOR THE PERIOD	**4.7.**	**-399.524**	**152,744**
Y. Opening cash balance		**770.493**	**617,749**
Closing cash balance on the last day of the accounting period		**370.969**	**770,493**

Table 43: Cash flow statement

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

5. Statement of Changes in Equity (2025)

in EUR

2025	Called-up capital		Profit reserves					
	Share capital	Capital reserves	Statutory reserves	Other profit reserves	Fair value reserves	Net profit brought forward	Net profit of the business year	Total capital
	I/1	II	III/1	III/5	IV	V/1	VI/1	
A.1. Balance 31.12.2024	110,465,795	46,306,588	2,244,721	17,933,276	-325,114	0	1,502,712	178,127,978
A.2. Balance 1.1.2025	**110,465,795**	**46,306,588**	**2,244,721**	**17,933,276**	**-325,114**	**0**	**1,502,712**	**178,127,978**
B.1 . Changes in equity capital – transactions with owners	**0**	**0**	**0**	**0**	**0**	**-1,502,712**	**0**	**-1,502,712**
c) Dividend payment	0	0	0	0	0	-1,502,712	0	-1,502,712
B.2. Total comprehensive income of reporting period	**0**	**0**	**0**	**0**	**-805,400**	**0**	**5,060,811**	**4,255,410**
a) Entry of net profit or loss for the reporting period	0	0	0	0	0	0	5,060,811	5,060,811
b) Change in reserves arising from the valuation of financial investments at fair value	0	0	0	0	44,045	0	0	44,045
b) Other components of comprehensive income for the reporting period	0	0	0	0	-849,445	0	0	-849,445
B.3. Changes within capital	**0**	**0**	**251,631**	**3,090,437**	**28,192**	**1,502,712**	**-4,872,972**	**0**
a) Allocation of the remaining part of net profit of the comparative reporting period to other items of capital	0	0	0	0	0	1,502,712	-1,502,712	0
b) Allocation of part of net profit of reporting period to other items of capital following the decision of the management and control	0	0	251,631	3,090,437	0	28,192	-3,370,260	0
d) Other changes within capital	0	0	0	0	28,192	-28,192	0	0
C. Balance 31.12.2025	**110,465,795**	**46,306,588**	**2,496,352**	**21,023,713**	**-1,102,322**	**0**	**1,690,551**	**180,880,677**
Distributable profit 2025						**0**	**1,690,551**	**1,690,551**

Table 44: Statement of changes in equity for the year ended as at December 31 2025

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

6. Statement of changes in equity (2024)

v EUR

2024	Called-up capital		Profit reserves					
	Share capital	Capital reserves	Statutory reserves	Other profit reserves	Fair value reserves	Net profit brought forward	Net profit of the business year	Total capital
	I/1	II	III/1	III/5	IV	V/1	VI/1	
A.1. Balance 31.12.2023	110.465.794	46,306,588	2,024,031	15,242,873	-909,970	555,481	1,210,206	174,895,002
A.2. Balance 1.1.2024	**110.465.794**	**46,306,588**	**2,024,031**	**15,242,873**	**-909,970**	**555,481**	**1,210,206**	**174,895,003**
B.1. Changes in equity capital – transactions with owners	**0**	**0**	**0**	**0**	**0**	**-1,690,551**	**0**	**-1,690,551**
a) Withdrawal of own shares	0	0					0	0
b) Release of reserves for own shares						0	0	0
c) Dividend payment	0	0	0	0	0	-1,690,551	0	-1,690,551
B.2. Total comprehensive income of reporting period	**0**	**0**	**0**	**0**	**466,501**	**0**	**4,457,025**	**4,923,526**
a) Entry of net profit or loss for the reporting period	0	0	0	0	0	0	4,457,024,87	4,457,025
b) Change in revaluation surplus on financial investments	0	0	0	0	23,443	0	0	23,443
b) Other components of comprehensive income for the reporting period	0	0	0	0	443,057	0	0	443,057
B.3. Changes within capital		**0**	**220,690**	**2,690,403**	**118,356**	**1,135,070**	**-4,164,519**	**0**
a) Allocation of the remaining part of net profit of the comparative reporting period to other items of capital	0	0	0	0	0	1,210,206	-1,210,206	0
b) Allocation of part of net profit of reporting period to other items of capital following the decision of the management and control	0	0	220,690	2,690,403	0	43,220	-2,954,313	0
c) Allocation of part of net profit to form additional reserves by resolution of the General Meeting	0			0		0		0
d) Other changes within capital	0	0	0	0	118,356	-118,356	0	0
C. Balance 31.12.2024	**110.465.794**	**46,306,588**	**2,244,721**	**17,933,276**	**-325,114**	**0**	**1,502,712**	**178,127,978**
Distributable profit 2024						**0**	**1,502,712**	**1,502,712**

Table 45: Statement of changes in equity for the year ended as at December 31 2024

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

C

Notes to the Financial Statements in Accordance with the Companies Act (ZGD) and SAS

1. Basis for the Compilation of Financial Statements

Financial statements have been prepared in accordance with provisions of Slovene Accounting Standards (SAS) 2024, the Energy Act (EZ-1), and the Companies Act (ZGD-1).

SAS 2024 prescribe accounting policies to be applied by entities while, in certain cases, they allow entities to choose between several permitted accounting policies. In its Accounting Manual, the Company defined more precise rules for accounting treatment of individual categories of the financial statement items in its books of accounts and adopted the selected accounting policies.

Two fundamental accounting assumptions of going concern and accrual accounting were considered in the preparation of these financial statements. Fundamental accounting principles of prudence, substance over form and materiality were also considered in the financial statement preparation.

Company declares that the same accounting policies and methods were used as in the previous financial year.

BASIS OF MEASUREMENT

Financial statements have been prepared on the historical cost basis, with the exception of available-for-sale financial assets, where the fair value has been taken into account.

- **EXCHANGE RATE AND TRANSLATION INTO THE LOCAL CURRENCY**

Assets and liabilities expressed in a foreign currency are translated into the functional currency at the reference exchange rate of the European Central Bank at the reporting date as published by the Bank of Slovenia. Transactions denominated in a foreign currency are translated into the functional currency at the reference exchange rate of the bank on the transaction date. Foreign exchange rate gains and losses resulting from translation are recognised in the profit or loss as an item of financial income or expense.

All data in the annual report is denominated in euro (€) with no cents.

- **USE OF ESTIMATES AND JUDGEMENTS**

When preparing financial statements, management must make estimates and judgements based on the assumptions used and reviewed that affect the reported values of assets and liabilities, revenues and expenses. Estimation and related assumptions and uncertainties are disclosed in the notes to the individual financial statement items. Those estimates, judgements and assumptions are regularly revised. Since estimates and assumptions are subject to subjective judgement and some degree of uncertainty, subsequent actual results may differ from those estimates. Any changes in accounting estimates are recognised in the period when the change occurred, providing the change only affects that particular period; however, when the change also impacts future periods, they are recognised in the period of the change occurring and future periods.

Estimates and assumptions are used primarily when making the following judgements:

LEASES

Company has made the following accounting judgements that have a significant impact on the determination of the right-of-use assets and lease liabilities:

- **Identification of lease contracts**

  Contract is identified as a lease if it renders the Company the right to control the leased asset. Company controls the asset if it is able to use the asset and is entitled to the economic benefits from the asset.

- **Determining the term of the lease**

  Lease term is determined as the period during which the lease cannot be terminated, inclusive of:

  a. period for which the option to extend the lease applies, if it is reasonably certain that the lessee will exercise the option;

  b. period for which the option to terminate the lease applies, if it is reasonably certain that the lessee will not exercise the option. Generally, the lease term is agreed in the contract. Where the contractual period is not specified, the lease term is assessed based on the Company's needs to use the asset, considering its plans and long-term business policies.

- **Determining the discount rate**

  Discount rate is determined based on the interest rate at which the Company can obtain comparable assets on the market with a comparable maturity.

REVENUE

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

OPERATING REVENUES are sales revenues, capitalized own products and services, other operating revenues related to business effects and revaluation operating revenues.

- **Revenue from contracts with customers**

  Revenue is recognised if increases in economic benefits during the accounting period are associated with increases in assets or decreases in liabilities, and those increases can be measured reliably. Revenue is recognised when it is reasonably expected that economic benefits will flow to the Company, if it is not already realised on its occurrence.

  Company applied the following accounting judgements that significantly affect the determination of the amount and timing of revenue recognition from contracts with customers:

- **Determining the point in time when contractual obligations are fulfilled**

  Revenue from the sale of goods and services is recognised at the time of sale. From the time of sale, the Company no longer has control over the goods or services sold. In the case of sales over time, the Company recognises separately revenues from the sale of goods and financial income deferred over the entire financing period.

  Operating revenues are sales revenues, capitalized own products and services, other operating revenues related to business effects. These also include operating revenues, which arise primarily from the sale of tangible fixed assets and investment properties at a price that exceeds their book value, or as a result of the adjustment of the value of receivables.

- **Revenue recognition**

  Revenue from contracts with customers represents a contract to obtain goods or services that are the result of the ordinary course of business of the entity in exchange for consideration. Counterparty to the contract would not be a customer if, for example, the counterparty entered into a contract with the entity to participate in an activity or process in which the contracting parties share the risks and rewards arising from that activity or process rather than to obtain the result of the entity's ordinary course of business.

  Majority of the company's revenues are generated under a contract with a distribution operator, from leases of electricity infrastructure and provision of services to ELES. Amounts collected for the benefit ELES when operating on its own behalf and on behalf of ELES are not disclosed as revenues in accordance with the contract with ELES but as operating liabilities to ELES.

  On July 1, 2007, Elektro Primorska, d.d., lost its status of a public corporation and since then, it has been operating as a public limited company. By decision on granting concession, the Government of the Republic of Slovenia granted exclusive concession for the provision of public utility services of the distribution system operator for the entire territory of the Republic of Slovenia to the company SODO, d.o.o.

  With the merger of the company SODO d.o.o., the company ELES, d.o.o. in 2023, as the universal legal successor, entered into all legal relationships whose subject was the company SODO d.o.o., whereby the company ELES, d.o.o. in accordance with the Companies Act, fully took over all activities of the company SODO d.o.o., including all fixed assets, employees and concluded contacts.

  ELES, d.o.o., concluded a new contract with Elektro Primorska, d.d., as the owner of the electricity distribution infrastructure, on October 22, 2024 on the lease of electricity distribution infrastructure and the provision of services for the activity of a distribution operator, which is applicable from January 1, 2024 and also regulates the contractual services and financial values for 2025.

Based on the contract, Elektro Primorska, d.d.:

- leases out the infrastructure for rent,
- for the distribution operator, carries out and charges services described in the annex to the contract,
- issues invoices for the use of the network to the end-users of the distribution network on behalf of and for the account of the distribution operator,
- invoices network charges, installed power and over-standard services on behalf and for the account of the distribution operator.

Amounts charged in the name and on behalf of the distribution operator are not shown as income. In accordance with the contract with the distribution operator, income from rental and services includes income based on the Agency's decision on determining the regulatory framework and income based on the preliminary calculation of deviations from the regulatory framework. Preliminary calculation of the rents and services of the distribution operator shall be carried out by March 15 for the previous year. Surplus/credit is recorded to deferred accruals and deficit/debit to accrued expenses.

On September 27, 2022, in the Official Gazette of the Republic of Slovenia No. 123/22, 2/23 - amend., 49/24, 53/24, 27/25, 28/25 - amend., 102/25, the Act on the methodology for determining the regulatory framework for electricity operators was published. On the basis of this act, on November 21, 2023, the Energy Agency, by decision No. 211-10/2023/25 established the regulatory framework for the operator of the activity of the system operator of the distribution network and the individual distribution company in the regulatory period from January 1 2024 to December 31 2028. In the decision, eligible costs are planned, broken down by individual areas of the distribution system, which determine the framework of planned funds for each company in the year of the regulatory period.

- **Capitalized own products and services**

These are products and services that the company creates for itself. It must be taken into account that the company cannot show profit in connection to the products or services that it uses for itself.

Determining the purchase value of a fixed asset built in the company includes managerial judgment and assessment regarding the inclusion of direct and indirect manufacturing costs that can be attributed to the construction of the asset, from the perspective of the Slovenian Accounting Standard 1.

Purchase value of a tangible fixed asset built or manufactured by the company is formed by the costs caused by its construction or manufacture and the indirect costs of its construction or manufacture that can be attributed to it. It does not consist of costs not related to its construction or manufacture, and costs not recognized by the market, but consists of borrowing costs for its construction or manufacture and making it ready for its intended use. Purchase value of such a tangible fixed asset cannot be greater than the one from the perspective of SAS 1.10.

- **Other operating revenue**

They include revenues from reversal of provisions and long-term accruals, primarily those related to fixed assets acquired free of charge and assets acquired through co-financing. This also includes revenues related to business effects (received compensation, subsidies, state aid, refunds, grants, recourses and similar revenue), and revaluation operating revenues.

Revaluation operating income occurs upon disposal of tangible fixed assets and intangible long-term assets and when receivables whose value adjustments were formed in previous years are repaid.

FINANCIAL INCOME is income from investment and occurs in relation to short-term and long-term financial investments and also in relation to receivables in the form of accrued interest and as revaluation financial income.

They are recognized upon settlement, regardless of receipts, unless there is reasonable doubt as to their size, maturity and collectability. Interest is accrued in proportion to the period elapsed and in relation to the outstanding principal and the effective interest rate. Other income is unusual items and other income that increases the operating result.

OTHER INCOME includes income that is not classified as operating or financial income and is not expected to occur frequently. It is reported at the amounts actually incurred.

2. Notes to the Balance Sheet

Company's balance sheet is compiled in accordance with SAS (2024) – 20.4.

2.1 Intangible assets

Items of intangible assets are recognised in the accounting statements and the balance sheet if it is likely that economic benefits associated with the assets will flow to the Company and, their cost can be measured reliably.

Among intangible assets, the company shows long-term rights, which include the right to use space in the facility for the purpose of the transformer station; and software licences. Other long-term deferred costs comprise the cost of pre-paid lease liabilities.

Cost of an item of intangible asset is comprised of its purchase price or the cost of its manufacture.

After initial recognition, the items of intangible assets are measured at cost and amortised individually on a straight-line basis, using amortisation rates ranging from 3.33 to 33.3 percent (the same as in the previous year). Amortisation of an item of intangible assets with final useful life begins when the asset is made ready for its use. Useful lives of significant items of intangible assets and long-term deferred costs are checked regularly before the end of each financial year.

Subsequent costs associated with an item of intangible assets increase its cost when they increase its future economic benefits in excess of the originally assessed.

Items of intangible assets are derecognised upon disposal or when no economic benefits are expected to from their continued use or subsequent disposal.

Value of intangible long-term assets increased in 2025 through investments by €4,928,219 (2024: €2,157,439), mainly due to computer programs, namely the network maintenance program, the addition of the new ERP system in the company, the company's technical data warehouse, and licenses owned by the company. Value of intangible long-term assets also increased due to the purchase of the company's Informatika program, which was not recorded through investments. In 2025, the company allocated €393,143 (2024: €173,228) for the purchase of programs and systems for the detection and prevention of systemic threats. In 2025, the company wrote-off long-term rights from the use of programs that it no longer uses at the current value of €0.00 due to obsolescence (purchase value of the rights written off is €1,005,494).

Company has no intangible assets with limited ownership.

As at December 31 2025, 40.66% of all intangible assets in use was fully amortised (31. 12. 2024: 45.57%). Share is calculated based on the cost of the intangible assets.

As at December 31 2025, company discloses €2,120,943 (2024 year-end: €914,952) of trade payables on account of the intangible assets' acquisition, and €2,071,895 of unrecorded liabilities based on contracts agreed for the purchase of licenses (2024: €2,575,683).

Reduction in the value of long-term deferred assets represents the transfer of long-term deferred costs (mainly costs of licenses) to short-term deferred costs.

Movements in intangible assets in 2025 are presented in the following table:

Table of assets owned by the company:

2025	Deferred costs of development studies	Long-term rights	Other long-term deferred costs and accrued income	Long-term rights to use assets	Intangible assets in acquisition	Total
Acquisition cost						**in EUR**
Balance 1.1.	645,721	13,341,942	3,908	48,363	0	14,039,934
Increase in year	0	0	74,190	299,507	4,928,219	5,301,916
Transfer	0	0	0			0
Increase from ongoing investments	0	4,928,219	0		-4,928,219	0
Decrease in year	0	-1,005,494	-1,440		0	-1,006,935
Balance 31.12.	645,721	17,264,666	76,658	347,870	0	18,334,915
Value adjustments						
Balance 1.1.	645,721	8,857,711	0	7,359	0	9,510,791
Depreciation in year	0	2,580,514	0	82,466	0	2,662,980
Transfer of long-term deferred costs to expenses	0	0	0	0	0	0
Alignment	0	0	0	3,939	0	3,939
Decrease in year	0	-1,005,494	0	0	0	-1,005,494
Balance 31.12.	645,721	10,432,730	0	93,765	0	11,172,216
Carrying amount						
Balance 1.1.	0	4,484,231	3,908	41,004	0	4,529,142
Balance 31.12.	**0**	**6,831,936**	**76,658**	**254,105**	**0**	**7,162,699**

Table 46: Movements in intangible assets in 2025

Table of assets owned by the company:

2024	Deferred costs of development studies	Long-term rights	Other long-term deferred costs and accrued income	Intangible assets in acquisition	Total
Acquisition cost					**in EUR**
Balance 1.1.	645,721	12,123,003	4,808	15,612	12,789,144
Increase in year	0	0	2,388	2,141,827	2,144,215
Transfer	0	0	0		0
Increase from ongoing investments	0	2,157,439	0	-2,157,439	0
Decrease in year	0	-938,500	-3,288	0	-941,788
Balance 31.12.	645,721	13,341,942	3,908	0	13,991,571
Value adjustments					
Balance 1.1.	645,721	7,826,096	0	0	0
Depreciation in year	0	1,965,317	0	0	0
Transfer of long-term deferred costs to expenses	0	-933,702	0	0	0
Alignment	0	1,965,317	0	0	1,965,317
Decrease in year	0	-933,702	0	0	-933,702
Balance 31.12.	**645,721**	**8,857,711**	**0**	**0**	**9,503,432**
Carrying amount					
Balance 1.1.	**0**	**4,296,907**	**4,808**	**15,612**	**4,317,326**
Balance 31.12.	**0**	**4,484,231**	**3,908**	**0**	**4,488,139**

Table 47: Movements in intangible assets in 2024

Table of intangible assets owned and leased by the company:

2024	Deferred costs of development studies	Long-term rights	Other long-term deferred costs and accrued income	Long-term rights to use assets	Intangible assets in acquisition	Total
Acquisition cost						**in EUR**
Balance 1.1.	645,721	12,123,003	4,808	48,363	15,612	12,837,507
Increase in year	0	0	2,388	0	2,141,827	2,144,215
Transfer	0	0	0			0
Increase from ongoing investments	0	2,157,439	0	0	-2,157,439	0
Decrease in year	0	-938,500	-3,288	0	0	-941,788
Balance 31.12.	645,721	13,341,942	3,908	48,363	0	14,039,934
Value adjustments						
Balance 1.1.	645,721	7,826,096	0	6,037	0	8,477,854
Depreciation in year	0	1,965,317	0	1,323	0	1,966,639
Decrease in year	0	-933,702	0	0	0	-933,702
Balance 31.12.	645,721	8,857,711	0	7,359	0	9,510,791
Carrying amount						
Balance 1.1.	0	4,296,907	4,808	42,326	15,612	4,359,653
Balance 31.12.	**0**	**4,484,231**	**3,908**	**41,004**	**0**	**4,529,142**

Table 48: Table of intangible assets owned and leased by the company

2.2 Property, plant and equipment

Items of property, plant and equipment of the Company include land, buildings and equipment, as well as these assets under construction or manufacture. They are reported in the balance sheet at carrying amounts as the difference between their cost and written-down value. Company recognises property, plant and equipment under the cost model.

Cost of an item of property, plant and equipment comprises its purchase price and all costs that are directly attributed to making the asset ready for its intended use.

Subsequent expenditure on an item of property, plant and equipment that increases its future benefits compared with those originally assessed, increases its cost. However, if subsequent cost increases useful life of the asset, the cost of an item of property, plant and equipment is increased and its useful life is extended.

Borrowing costs directly attributable to the purchase, construction or production of an asset under construction are part of the cost of such asset. Other borrowing costs are recognized as an expense. Borrowing costs are interest and other costs that arise in the organization in connection with borrowing financial resources for the acquisition of a tangible fixed asset. These are the costs that could have been avoided if the expenditure on the asset under preparation had not occurred. They are determined in the amount of the actual costs of dedicated loans or on the basis of the criteria for assigning the costs of non-purposed loans, reduced by any possible income from financing in connection with the temporary financial investment of borrowed funds.

Organization begins to add borrowing costs to part of the cost price, when the following conditions are met:

a) organization incurs expenditure on the asset;

b) organization incurs borrowing costs;

c) organization begins the activities necessary to prepare the asset for its intended use.

Organization ceases to capitalize borrowing costs when the activities necessary for its intended use are completed.

Cost of self-constructed items of property, plant and equipment comprises all directly attributable costs required to design, manufacture and make the asset ready for its use and operation as intended by management. Following costs can be directly attributed to the cost of the assets:

- cost of materials and services used in producing the asset,
- employee benefits associated with the production of the asset,
- relevant share of the operating expenditure.

Capitalised costs do not reduce the costs classified according to their natural types; instead, they are recognised under expenses. In addition, an entity recognises revenue from capitalised own products.

Purchase value of a tangible fixed asset built or manufactured by the company is formed by the costs caused by its construction or manufacture and the indirect costs of its construction or manufacture that can be attributed to it. It does not consist of costs not related to its construction or manufacture, and costs not recognized by the market, but consists of borrowing costs for its construction or manufacture and making it ready for its intended use.

Repairs or maintenance of property, plant and equipment are intended to restore or maintain future economic benefits expected on the basis of the originally assessed standard of performance of the assets. These expenditures are recognised as costs or operating expenses.

After initial recognition, the items of property, plant and equipment are measured at cost, which provides the basis for the assets' depreciation. Depreciation of the items of property, plant and equipment begins in the month following the month when the assets are made available for their intended use. Property, plant and equipment are depreciated individually on a straight-line basis, using the following depreciation rates, which have not changed compared to those used in the previous year:

in %

	2025	2024
Intangible assets (excluding software)	3.33 – 10.00	3.33 – 20.00
Computer equipment and software	20.00 – 50.00	33.3
Real estate (land and buildings)	0.00 – 5.97	0.00 – 5.00
Transformers	2.86 – 10.00	2.86 - 3.33
Electronic meters	4.17 – 8.33	4.17 - 6.67
Transport vehicles	8.33	8.33
Cars	12.5	12.5
Other tangible fixed assets	2.50 – 20.00	2.50 – 20.00
Works of art	0.00	0.00

Table 49: Depreciation rates of property, plant and equipment

Cost of self-constructed facilities is the cost price, which does not exceed the market price of similar assets. In accordance with SAS (2024) 1.11, the Company breaks down the cost of new acquisitions made in 2025 with different useful lives to components that are significant in relation to the total cost. Accumulated depreciation of property, plant and equipment is recognised as an adjustment of their value. Items of property, plant and equipment are revalued to account for their impairment when their carrying amount exceeds their recoverable amount. Recoverable amount is the greater of the net selling price or value in use. Assessment of the value in use encompasses assessment of receipts and expenditure arising from continuing use of the asset and its final disposal, using the relevant discount rate (before tax) that reflects the present market assessment of the time value of money and any potential risks associated with the asset. For assets whose future cash flows depend also on other assets encompassed in individual cash-generating unit, the value in use is assessed in consideration of future cash flows expected from the relevant cash-generating unit. Any impairment losses on an asset are recognised in operating expenses.

Movements in the items of property, plant and equipment in 2025 are presented in the following table:

2025	Land	Land use right	Buildings	Right to use facilities	Equipment	Right to use equipment	Fixed assets in acquisition and advances	Total
Acquisition cost								
Balance 1.1.2025	5,775,426	5,177	421,230,358	207,581	195,583,854	827,963	17,009,740	640,640,100
Increase in year	0	0	390,572		0	1,170,963	33,201,014	34,762,549
Increase from ongoing investments	136,817	0	17,025,715		13,732,778		-30,895,310	0
Decrease in year	-5,306	0	-3,925,031	-14,769	-3,517,552	-719,664	-8,503	-8,190,826
Balance 31.12.2025	5,906,936	5,177	434,721,614	192,813	205,799,080	1,279,262	19,306,941	667,211,823
Value adjustments								
Balance 1.1.2025	0	2,419	273,552,172	91,684	122,634,835	750,166	0	397,031,276
Depreciation in year	0	345	6,523,112	10,592	7,164,128	301,868	0	14,000,045
Decrease in year	0		-3,837,781	-13,622	-3,301,035	-719,664	0	-7,872,102
Balance 31.12.2025	0	2,764	276,237,503	88,655	126,497,928	332,370	0	403,159,220
Carrying amount								
Balance 1.1.2025	**5,775,426**	**2,758**	**147,678,187**	**115,897**	**72,949,018**	**77,797**	**17,009,740**	**243,608,824**
Balance 31.12.2025	**5,906,936**	**2,414**	**158,484,110**	**104,158**	**79,301,151**	**946,892**	**19,306,941**	**264,052,603**

Table 50: Movements in property, plant and equipment in 2025

Net carrying amount of the items of property, plant and equipment increased by €20,443,779 (in 2024: an increase of €17,397,489). Movements in property, plant and equipment relate to new acquisitions amounting to €34,762,549 (2024: €30,187,891), depreciation of €14,000,045 (2024: €12,735,377) and disposals in the carrying amount of €317,557 (2024: €55,026).

Company has no fixed assets pledged as guarantees for debts.

Company reports €1,665,870 of recorded payables to suppliers of property, plant and equipment as at December 31 2025 (2024 year-end: €3,730,843), and €8,626,807 of unrecorded contingencies arising from signed binding contracts (2024 year-end: €3,116,200).

As at December 31 2025, 39.36% of all property, plant and equipment in use was fully depreciated (Dec 31, 2024: 40.74%). Share is calculated based on the cost of property, plant and equipment, excluding land.

Following table shows the movement of funds obtained free of charge and through co-financing:

2025	Assets acquired free of charge	Assets built with co-financing of European funds	Assets built with co-financing	Assets built with other grants	Assets in acquisition	Total
Acquisition cost						**in EUR**
Balance 1.1.2025	**13,500,685**	**6,150,133**	**308,993**	**29,147**		**19,988,959**
Increase in year	390,572	1,410,807	0	0	5,956,257	7,757,636
Increase from ongoing investments	0	5,937,032	19,225	0	-5,956,257	0
Decrease in year	-47,359	0	0	0		-47,359
Balance 31.12.2025	**13,843,898**	**13,497,972**	**328,219**	**29,147**	**0**	**27,699,236**
Value adjustments						
Balance 1.1.2025	5,197,012	541,082	187,236	6,922		5,932,252
Depreciation in year	528,703	436,003	13,696	729		979,131
Decrease in year	-36,011	0	0	0		-36,011
Increase in year	0	0	0	0		0
Balance 31.12.2025	5,689,705	977,085	200,933	7,651	0	6,875,373
Carrying amount						
Balance 1.1.2025	8,303,673	5,609,051	121,757	22,225	0	14,056,707
Balance 31.12.2025	**8,154,193**	**12,520,887**	**127,286**	**21,496**	**0**	**20,823,863**

Table 51: Movement of funds that are obtained free of charge an through co-financing

Accrued depreciation for free acquired and co-financed assets is recognized in the company's other operating income.

Since July 1 2007, company SODO, d.o.o., has been providing commercial public service in the area of Elektro Primorska, d.d. On October 2, 2023, company SODO, d.o.o., was deleted from the court register. ELES, d.o.o., became the universal legal successor of the company SODO, d.o.o., and thereby entered into all legal relationships of the company SODO, d.o.o. In accordance with the agreement between the two, Elektro Primorska, d.d., has leased to the distribution operator all the relevant infrastructure. Electricity distribution infrastructure granted under operating lease to the distribution operator in accordance with the contract, is reported as an item of property, plant and equipment rather than investment property. Company believes that such accounting treatment is more appropriate as the essence of the relationship is the ownership use of the assets. Moreover, the assets are not held by the Company to earn rentals or other returns.

As at December 31 2025, the cost of leased infrastructure amounted to €599,959,197(2024: €573,946,260), depreciation to €373,279,396 (2024: €367,039,305) and the carrying amount to €226,679,801 (2024: €206,906,955).

in EUR

	2025	2024
Land	3,742,973	3,627,996
Infrastructure facilities	145,861,502	134,519,715
Infrastructure equipment	73,261,321	66,481,963
Long-term rights	3,814,005	2,277,282
	226,679,801	**206,906,955**

Table 52: Carrying amount of leased infrastructure

A total €33,201,014 was invested in property, plant and equipment in 2024 (in 2024: €30,187,892). Increase is mostly on account of accelerated investing activity following the assessment of the physical state of the infrastructure, poor quality of supply in certain areas and increased needs for electrical power.

Movements in property, plant and equipment in 2024:

Table originally reported for 2024, including asset use rights

2024	Land	Buildings	Equipment	Right to use funds	Fixed assets in acquisition and advances	Total
Acquisition cost						**in EUR**
Balance 1.1.2024	5,712,472	410,199,779	188,238,735	1,103,787	10,246,494	615,501,268
Increase in year	0	0	0	15,327	30,187,892	30,203,219
Increase from ongoing investments	63,123	12,885,665	10,475,857		-23,424,646	0
Decrease in year	-170	-1,855,086	-3,130,739	-30,029	0	-5,016,024
Balance 31.12.2024	5,775,426	421,230,358	195,583,854	1,089,085	17,009,740	640,688,463
Value adjustments						
Balance 1.1.2024	0	269,074,233	119,308,367	616,510	0	388,999,110
Depreciation in year	0	6,297,195	6,438,183	257,141	0	12,992,518
Decrease in year	0	-1,819,256	-3,111,714	-22,023	0	-4,952,992
Balance 31.12.2024	**0**	**273,552,172**	**122,634,835**	**851,628**	**0**	**397,038,635**
Carrying amount						
Balance 1.1.2024	5,712,472	141,125,547	68,930,369	487,276	10,246,494	226,502,158
Balance 31.12.2024	**5,775,426**	**147,678,187**	**72,949,018**	**237,457**	**17,009,740**	**243,649,827**

Table 53: Movements in property, plant and equipment in 2024

Table for 2024, assets owned by the company and with the right to use assets under lease

2025	Land	Buildings	Equipment	Right to use funds	Fixed assets in acquisition and advances	Total
Acquisition cost						**in EUR**
Balance 1.1.2025	5,712,472	410,199,779	188,238,735	1,055,424	10,246,494	615,501,268
Increase in year	0	0	0	15,327	30,187,892	30,203,219
Increase from ongoing investments	63,123	12,885,665	10,475,857		-23,424,646	0
Decrease in year	-170	-1,855,086	-3,130,739	-30,029	0	-5,016,024
Transfer of the right to use assets	5,177	207,581	827,963	-1,040,722	0	0
Transfer	0	0	0		0	0
Balance 31.12.2025	5,780,603	421,437,940	196,411,817	0	17,009,740	640,688,463
Value adjustment						
Balance 1.1.2025	0	269,074,233	119,308,367	609,151	0	388,991,750
Depreciation in year	0	6,297,195	6,438,183	257,141	0	12,992,518
Decrease in year	0	-1,819,256	-3,111,714	-22,023	0	-4,952,992
Increase in year	0	0	0		0	0
Depreciation of the right to use assets	2,419	91,684	750,166	-844,269	0	0
Balance 31.12.2025	2,419	273,643,856	123,385,001	0	0	397,031,276
Carrying amount						
Balance 1.1.2025	5,712,472	141,125,547	68,930,369	446,272	10,246,494	226,461,154
Balance 31.12. 2025	**5,778,184**	**147,794,084**	**73,026,816**	**0**	**17,009,740**	**243,608,824**

Table 54: Change in the rights to use assets

RIGHT-OF-USE ASSETS

Right-of-use assets refer to the use of various commercial real estate (offices and other buildings), equipment and cars, which the Company obtained under lease arrangements. Terms and conditions of the lease are subject to individual contracts and vary according to the type and term of an individual lease. Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company determines the lease term as the period during which the lease cannot be terminated, inclusive of the period for which the option to extend the lease applies and the period for which the period to terminate the lease applies, considering the probability that either of the two options will or will not be exercised.

Lease term depends on the type of leased asset and ranges from:

- programming rights– 3 years,
- land – 14 years,
- building right – 35 years,
- offices and other buildings - 10 to 17 years,
- cars - 1 to 5 years. .

Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Lease liabilities relating to short-term leases and leases of low-value assets are recognised as an expense over the lease term.

For all other leases, the Company recognised lease liabilities and the right-of-use assets.

Company recognises the right-of-use assets at the commencement date of the lease. Right-of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. Cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Depreciation rates applied to the right-of-use assets are as follows:

in%

RIGHTS OF USE	2025	2024
Software rights and equipment	20.00 – 33.33	33.33
Real-estate	8.22 – 10.00	5.94 – 9.3
Building rights	3.03	2.86
Equipment	25	33.33
Passenger vehicles	20	20

If ownership of the leased asset transfers to the Company at the end of the lease term or the company exercises a purchase option, the depreciation is calculated based on the estimated useful life of the asset.

Company recognised €50,379 of interest expense on lease liabilities for leased assets in 2025 (2024 : €23,061). Company paid €553,428 in rent for leased assets recognised as right-of-use and €171,906 for low-value and short-term leases, totalling €725,334.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain an option to purchase). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line base over the lease term. For leases of lower value or with a shorter useful life, the company recognized €169,516 of expenses in 2025 (2024: €50,248).

Movements in the right-of-use assets in 2025:

2025	Building right	Software equipment licence	Land	Buildings	Equipment	Total
Acquisition cost						**in EUR**
Balance 01.01.2025	48,363	0	5,177	207,581	827,963	1,089,085
New acquisitions	0	299,507	0	0	1,170,963	1,470,470
Increase in year	0		0	0	0	0
Decrease in year	0		0	-14,769	-719,664	-734,433
Balance 31.12.2025	48,363	299,507	5,177	192,813	1,279,262	1,825,122
Value adjustments						**0**
Balance 01.01.2025	7,359	0	2,419	91,684	750,166	851,629
Depreciation in year	1,323	85,083	345	10,592	301,868	399,211
Decrease in year	0		0	-13,622	-719,664	-733,286
Balance 31.12.2025	**8,682**	**85,083**	**2,764**	**88,655**	**332,370**	**517,553**
Carrying amount						
1.1.25	41,004	0	2,758	115,897	77,797	237,457
Balance 31.12.2025	**39,681**	**214,424**	**2,414**	**104,158**	**946,892**	**1,307,569**

Table 55: Movements in the right-of-use assets in 2025

In 2025, the Company recognized a new right-of –use software and a licence worth €299,507 for periods of three and five years, assets for leased passenger cars for a period of five years and equipment for the lease of data storage and processing for a period of three years, and at the same time, it de-recognized the leased equipment for data storage and processing and leased vehicles upon the expiration of the contract.

Movements in the right-of-use assets in 2024:

2024	Building right	Land	Buildings	Equipment	Total
Acquisition cost					**in EUR**
Balance 01.01.2024	48,363	5,177	207,247	843,000	1,103,787
New acquisitions	0	0	0	14,992	14,992
Increase in year	0	0	335	0	335
Decrease in year	0	0	0	-30,029	-30,029
Balance 31.12.2024	48,363	5,177	207,581	827,963	1,089,085
Value adjustments					**0**
Balance 01.01.2024	6,037	2,074	80,854	527,545	616,510
Depreciation in year	1,323	345	10,830	244,644	257,141
Decrease in year	0	0	0	-22,023	-22,023
Balance 31.12.2024	**7,359**	**2,419**	**91,684**	**750,166**	**851,628**
Carrying amount					
1.1.24	42,326	3,103	126,392	315,454	487,276
Balance 31.12.2024	**41,004**	**2,758**	**115,897**	**77,798**	**237,457**

Table 56: Movements in the right-of-use assets in 2024

2.3 Investment property

Investment property is property (land or buildings), which is held to earn rentals and/or increase its value. On initial recognition, investment property is valued at cost, consisting of purchase price and the costs that can be directly attributed to the acquisition. Subsequent to initial recognition, it is measured under the cost model the same as the items of property, plant and equipment, less depreciation. Investment property includes holiday facilities and owner occupied apartments.

Depreciation is recognised on a straight-line basis over the estimated useful lives of the investment property. Depreciation rates range from 2% to 5%, the same as in 2025.

In 2025, cost of depreciation, maintenance and operation of investment property amounted to €76,921 (2024: €78,317), of which depreciation of all investment property amounted to €10,009. Company generated €86,102 of revenue from the lease of its investment property (2024: €92,427). Lower revenue growth is a result of the sale of an apartment in Piran in mid-2024 and the termination of the lease agreement of the apartment rented by the inspectorate.

Company's management is monitoring market developments and estimates that in 2025 there was no objective evidence of factors that would indicate the need for impairment of investment properties. In 2025, a decrease in revenue of 6.84% was realized compared to 2024 (in 2024, revenue growth was 1.11% compared to 2023).

All investment properties are owned by the company and are not pledged as collateral for debts.

Group transfers assets from or to the investment property account only when there is a change in use and there is evidence of a change in use. Such examples are a sale that is probable within one year, a transfer to a disposal group or assets held for sale.

Movements in investment property in 2025:

2025	Investment property - land	Investment property - buildings	Investment property in acquisition and advances	Total
Acquisition cost				**in EUR**
Balance 1.1.2025	24,360	865,329	3,950	893,639
Increase in year	0	0	11,100	11,100
Increase from ongoing investments	0	11,100	-11,100	0
Decrease in year	0	-2,000	0	-2,000
Balance 31.12.2025	24,360	874,429	3,950	902,739
Value adjustments				
Balance 1.1.2025	0	632,676	0	632,676
Depreciation in year	0	10,009		10,009
Decrease in year	0	-2,000		-2,000
Balance 31.12.2025	**0**	**640,685**	**0**	**640,685**
Carrying amount				
Balance 1.1.2025	24,360	232,654	3,950	260,963
Balance 31.12.2025	**24,360**	**233,745**	**3,950**	**262,054**

Table 57: Fair value of investment property in 2025

Movements in investment property in 2024:

2024	Investment property - land	Investment property - buildings	Investment property in acquisition and advances	Total
Acquisition cost				**in EUR**
Balance 1.1.2024	24,360	859,677	0	884,036
Increase in year	0	0	27,357	27,357
Increase from ongoing investments	0	23,407	-23,407	0
Decrease in year	0	-17,754	0	-17,754
Balance 31.12.2024	24,360	865,329	3,950	893,639
Value adjustments				
Balance 1.1.2024	0	641,083	0	641,083
Depreciation in year	0	9,346		9,346
Decrease in year	0	-17,754		-17,754
Carrying amount				
Balance 1.1.2024	**24,360**	**218,593**	**0**	**242,953**
Balance 31.12.2024	**24,360**	**232,654**	**3,950**	**260,963**

Table 58: Fair value of investment property in 2024

2.4 Long-term financial investments

Financial investments of all categories are initially recognised at fair value. Company discloses separately long-term and short-term investments.

Long-term investments are those that the investing company intends to hold for a period of more than one year. Long-term investments comprise investments in equity of subsidiaries, in shares and stakes of companies, other financial investments and long-term loans granted.

Short-term investments are held by the investing company for a period of up to one year and include investments in shares and stakes of companies, other financial investments and short-term loans and deposits.

Investments are recognised on the transaction date. Same applies to the ordinary disposal of investments.

Long-term investments in equity of others that are not quoted in an active market and whose fair value cannot be determined reliably, are recognised at cost.

Upon initial recognition, the company classifies financial investments in other shares and interests in companies into:

- financial assets measured at fair value through profit or loss,
- financial assets measured at fair value through equity.

Classification into a group is made on the basis of the business model for managing the financial investments that are the subject of the classification and the characteristics of the contractual cash flows of the financial asset. Business model refers to the way in which the financial assets are managed. It determines whether the cash flows will arise from collecting contractual cash flows, selling financial assets or both. Financial assets are measured at fair value through profit or loss unless they belong to a business model whose objective is to hold assets in order to collect contractual cash flows or a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Investments in other shares and stakes of companies are initially designated as financial assets measured at fair value through equity.

Investments in loans and deposits are recognised at amortised cost. Initial values of the investments are equal to the amount of cash or other assets invested on the day of an individual investment.

Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Revaluation of investments due to impairment is recognised as soon as compelling reasons arise, but no later than at the end of the accounting period. Impairment is recognised based on objective evidence resulting from events occurring subsequent to initial recognition, such as data on operations and data on audited carrying amounts of the assets. An impairment test is carried out separately for each investment or a group of investments.

Loss resulting from permanent impairment of a financial asset rather than a short-term decrease in its fair value is recognised as a financial expense. Impairment loss is the difference between the carrying amount of the investment and the present value of estimated future cash flows. Change in fair value of available-for-sale financial assets is recognised directly in equity as a revaluation surplus. In accordance with SAS 3 (2024), which addresses accounting treatment of investments, they are classified as financial assets measured at fair value through equity.

Investments consist of the following items: Investments consist of the following items:

		31.12.2025		**31.12.2024**
		Stake/No. of Shares		**Stake/No. of Shares**
Other shares and stakes:				**in EUR**
Informatika Maribor d.d.	240,755	13.04%	240,755	12.97%
Zavarovalnica Triglav d.d.	140,186	2,368	96,141	2,368
Primorski tehnološki park d.o.o.	1,808	0.144%	1,808	0.144%
Stelkom d.o.o. Ljubljana	57,837	3.84%	57,837	3.84%
	440,586		**396,541**	
Impairment of investment Informatika d.d.			-78,470	
Impairment of investment Stelkom d.o.o.			-6,209	
	-84,679		-84,679	
Total	**355,907**		**311,862**	
Total long-term financial investments	**355,907**		**311,862**	

Table 59: Long-term financial investments

Investments in shares and stakes in other companies are reported at cost, with exception of investments in shares of Zavarovalnica Triglav, d.d., which are reported as other long-term investments classified and measured at fair value through equity.

In 2025, Company has assessed that there is no need for revaluation of investments carried at cost and whose price is not published on an active market.

Movements in financial investments		in EUR
	Other shares and stakes	Total
Balance 1.1.2025	311,862	311,862
Increase	44,045	44,045
Decrease	0	0
Balance 31.12.2025	**355,907**	**355,907**

Movements in financial investments		in EUR
	Other shares and stakes	Total
Balance 1.1.2024	288,419	288,419
Increase	23,443	23,443
Decrease	0	0
Balance 31.12.2024	**311,862**	**311,862**

Table 60: Movements in financial investments in 2025 and 2024

Company holds an 13.04% of shares of Informatika, d.d., Maribor. Financial investment in the company Zavarovalnica Triglav, d.d. was reconciled with a higher market value of €44,045. Revaluation was recognised in other comprehensive income under equity. Reserves arising from the revaluation of Zavarovalnica Triglav d.d. shares amount to €137,715 as at December 31 2025 (as at December 31 2024 they were €93,670).

2.5 Long-term operating receivables

		in EUR
	31.12.2025	31.12.2024
Receivables from apartment building operators	41,037	40,087
Total	41,037	40,087

Table 61: Long-term operating receivables

Long-term operating receivables are assets used in the maintenance of facilities, which are grouped per operators of multi-apartment buildings according to the Housing Act.

Long-term trade receivables are receivables that mature within a period of more than one year. As at December 31 2025, the Company does not disclose long-term operating receivables to the distribution operator, from the preliminary settlement for 2025 and final settlement for 2024, since the company ELES, d.o.o. will settle its obligations in 2026, as the receivables are due for payment in full in 2026, as stipulated in the provisions of the Agreement on the lease of electricity infrastructure and the provision of services for the distribution operator or in accordance with the provisions of the applicable act on the methodology for determining the regulatory framework.

Receivables of all categories are initially recognised at amounts arising from the relevant documents under the assumption that the amounts owed will be settled.

2.6 Deferred tax assets

Deferred tax assets are the amounts of income tax that will be credited in the future with respect to deductible temporary differences, the transfer of unused tax losses to the next periods, and the transfer of unused tax credits into subsequent periods.

Deferred tax assets for deductible temporary differences are recognised if it is probable that sufficient amount of taxable profit will be available in future against which deductible temporary differences can be utilised.

Deferred tax assets for all deductible temporary differences arising from investments in subsidiaries, affiliates and associates, as well as from interests in joint ventures are recognised if, and only if, it is probable that temporary differences will be eliminated in the foreseeable future and taxable profits will be available in the future against which temporary differences can be utilised.

Deferred tax assets for unused tax losses and tax credits are recognised if it is probable that future taxable profits will be available against which these unused tax losses and unused tax credits can be utilised.

An entity reassesses on each reporting date previously unrecognised deferred tax assets and recognises deferred tax assets if it is probable that future taxable profit will be available against which deferred tax assets can be utilised. Company reduces the carrying amount of deferred tax assets if it is no longer probable that sufficient taxable profit will be available in future against which some or all of such deferred tax assets can be utilised. Any such reduction is reversed if it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset if, and only if, the entity has a legal right to offset current tax receivables and assessed tax liabilities, and deferred tax assets and liabilities relate to corporate income tax payable to the same tax authority.

Company reports €1,482,503 of deferred tax assets (2024: €2,361,366). Applicable tax rate for this year is 22 percent (in 2024 it was also 22%). Largest increase in deferred tax assets was recognised on account of unused tax relief, i.e., investment relief in the amount of €1,194,579, which the Company will draw on in the coming years and for which realized profit is expected, part of unused investment allowances and tax losses (in the total amount of €9,235,795, the value of which falls due in 2028 in the amount of €82,027, in 2029 in the amount of €2,971,243 and €4,495,999, which falls due in 2030 for unused investment allowances and for tax losses in the amount of €1,686,526, which falls due in 2027), company did not recognize in deferred taxes, as according to the adopted economic plan for the period 2026-2029, it does not show enough tax base for the entire use. Decrease in deferred taxes from unused tax credits results from the elimination of part of unused tax credits for investments, which otherwise increased due to increased investments n equipment and intangible assets. Decrease in deferred taxes also results from provisions for the company's post-employment benefits and receivables.

Effects of differences between the accounting value of items disclosed in the statement of financial position and their tax value are calculated in accordance with the balance sheet liability method for all temporary differences. Deferred tax assets are the amounts of tax recognised on account of provisions and allowances for receivables that will be utilised in future periods based on deductible temporary differences, and on account of unused tax losses based on amendments to the Corporate Income Tax Act.

Based on the adopted decisions on the operation of distribution companies in Slovenia and their objectives, which the Company is required to achieve in the coming years, the Company's management believes that in the future the Company will have available sufficient taxable profits against which deferred tax assets can be utilised.

MOVEMENTS IN DEFERRED TAX ASSETS IN 2025

in EUR

	from provisions	from deferred receivables	from unused tax relief and losses	from impaired investments	Total
Balance 01.01.2025	**268,372 0**	**59,321**	**2,016,409**	**17,263**	**2,361,366**
Increases recognized in profit or loss	0	0	0	0	0
Decreases recognized in equity	-3,101	0	0	0	-3,101
Decreases recognized in profit or loss	-39,125	-14,807	-821,830	0	-875,762
Balance 31.12.2025	**226,146**	**44,514**	**1,194,579**	**17,263**	**1,482,503**

Table 62: Movements in deferred tax assets in 2025

MOVEMENTS IN DEFERRED TAX ASSETS IN 2024

in EUR

	from provisions	from deferred receivables	from unused tax relief and losses	from impaired investments	Total
Balance 01.01.2024	**409,543**	**58,276**	**1,920,689**	**17,263**	**2,405,772**
Increases recognized in profit or loss	0	1,045	95,720	0	96,765
Decreases recognized in equity	-69,388	0	0	0	-69,388
Decreases recognized in profit or loss	-71,783	0	0	0	-71,783
Balance 31.12.2024	**268,372**	**59,321**	**2,016,409**	**17,263**	**2,361,366**

Table 63: Movements in deferred tax assets in 2024

2.7 Inventories

Inventories consist of materials and small tools in the warehouse.

Inventories also include small tools with useful life of up to one year and those with values of up to €500, whose life period exceeds more than one year. These are means of protection and small tools in stock, which are recognised in the off-balance sheet records when they are put to use.

Inventories are initially measured at cost, comprising the purchase price and direct costs of acquisition. Purchase price is reduced by obtained discounts.

At the end of the financial year, the Company verifies whether inventories should be revalued due to impairment. Inventories of material are revalued due to impairment if their book value exceeds the net realisable value. Net realisable value is the estimated selling price (if the company were to sell its stock in the market) in the ordinary course of business, decreased by the estimated costs of completion and the estimated costs related to the sale.

Declining values of inventories are accounted for using the moving average prices method.

in EUR

	31.12.2025	31.12.2024
Material	1,956,925	1,921,794
Small tools	61,082	44,241
Total	**2,018,007**	**1,966,034**

Table 64: Inventories

Largest share of inventories comprise materials intended for the maintenance and construction of electric power facilities and devices. Compared to the previous year, the inventories increased by 2.64%.

Reason for the increase in inventories is the fact that the prices of strategic materials in 2025 increased, which is reflected in the higher value of inventories and I the increase in investments, within the framework of the implementation of projects from the Recovery and resilience Plan, where it was necessary to ensure a sufficient amount of material for the smooth implementation of the projects. Increase in inventories reflects both the impact of market conditions and the operational needs of the company in the implementation of investment projects.

In 2025, we did not impair any inventories due to obsoleteness (also not in 2024), as the company does not have any non-current material stocks. Inventory value is matched with the latest known purchase prices on a monthly basis based on physical stock count of materials and small tools. In 2025, the credit note relating to costs amounted to €7,506 (2024: cost of €11,937). In the last year, inventories valued at €239,858 had no movements in more than one year (2024: €170,203 of inventories with no movement in one year), which accounts for 11.90% (2024: 8.66%) of inventories that are crucial for the maintenance of energy facilities and as such were not impaired.

2.8 Short-term operating receivablese

Receivable is recognised in the accounting records and the balance sheet as an asset if it is probable that economic benefits associated with it will flow to the entity and if its original value can be determined reliably. Receivables of all categories are initially recognised at amounts arising from the relevant documents under the assumption that they will be paid. Subsequent increases or decreases in receivables increase or reduce operating or financial revenues or expenses. Subsequent increases or decreases in receivables are primarily changes in their value due to subsequent discounts, returns of goods sold, recognised complaints or errors found subsequent to the sale. After initial recognition, receivables are measured at amortised cost. Amortised cost of a receivable is the amount at which the receivable is measured at initial recognition less repayments and impairment due to uncollectibility. Operating receivables falling due in the next twelve months are disclosed in the balance sheet as short-term operating receivables, while those maturing in a period of more than twelve months are recognised as long-term operating receivables. Receivables denominated in foreign currencies are translated into the local currency at the reference exchange rate of the European Central Bank on the balance sheet date. Increase in receivables increases financial revenue, while decrease increases financial expenses. Interest on receivables from external customers is recorded as receivables for which allowances are recognised due to a doubt regarding their recovery. Interest income is recognised on the settlement date. Operating receivables are revalued to account for their impairment when objective reasons occur or at the end of the accounting period. Impairment is recognised based on objective evidence resulting from events occurring subsequent to initial recognition, such as operating data and similar evidence.

Doubtful and disputed receivables include:

- outstanding receivables, incurred before 2025,
- disputed receivables and
- receivables due from business partners undergoing insolvency proceedings and compulsory settlements.

Overdue receivables from the distribution operator amounted to €74,648 on December 31 2025, however the company did not impair them as they will be repaid in 2026 (on December 31 2024 they amounted €2,157,886).

SHORT-TERM OPERATING RECEIVABLES in EUR

	31.12.2025	31.12.2024
Short-term receivables from sales:	**7,413,603**	**11,819,647**
- to company SODO and ELES for services and rent	4,068,878	7,752,452
- on foreign account	2,715,385	3,704,212
- other receivables on domestic market	629,341	362,983
Value adjustment	**-189,015**	**-233,369**
- on foreign account	-120,633	-167,409
- other receivables on domestic market	-68,383	-65,960
	7,224,588	**11,586,277**
Interest receivables:	**12,553**	**36,428**
- on foreign account	11,839	35,932
- to other customers	714	496
Value adjustment	**-8,779**	**-31,730**
- on foreign account	-8,484	-31,435
- to other customers	-295	-295
	3,774	**4,698**
Advances:	**1,695**	**6,242**
Other operating receivables:		
- to group companies	0	0
- to state and other institutions	262,653	405,666
- to employees	0	0
- to others	34,780	36,242
Value adjustment	**-4,544**	**-4,541**
	292,889	**437,367**
Total	**7,522,945**	**12,034,583**

Table 65: Short-term operating receivables

Receivables for operation on a foreign account are receivables for network charges collected on behalf of the company ELES, d.o.o.

Other operating receivables from others:	**31.12.2025**	**31.12.2024**
- on behalf of SODO and ELES for connecting power and superior services	14,984	18,806
- for rents	3,831	3,831
- to SODO for network charge and contributions	13,596	11,806
- other receivables	1,794	1,799
	34,205	**36,242**
Value adjustment		
- value adjustment for network charge and connecting power	-798	-796
- value adjustment for rents	-3,745	-3,745
	-4,544	**-4,541**

Maturity structure of receivables:

in EUR

Maturity structure of receivables at the end of the year:	31.12.2025	31.12.2024
Receivables not yet due	7,014,728	10,951,183
Receivables due up to 30 days	124,631	493,813
Receivables due from 31 to 60 days	10,286	47,279
Receivables due from 61 to 90 days	10,432	1,396
Receivables due from 91 to 365 days	68,285	97,304
Receivables due over 365 days	0	0
Total	**7,228,362**	**11,590,975**

Table 66: : Maturity structure of receivables

As at December 31, 2025, maturity structure of receivables is as follows:

- 97.04% of outstanding receivables has not matured,
- 1.72% of receivables is overdue up to 30 days,
- 0.41% of receivables is overdue from 31 to 60 days.

ALLOWANCES OF SHORT-TERM OPERATING RECEIVABLES — in EUR

	31.12.2025	31.12.2024
Balance 1.1.	269,641	264,893
Recovered written-off receivables	-3,248	-3,185
Final write-off of receivables	-72,127	-54,097
Formation of value adjustments in the year	8,072	62,030
Balance 31.12.	**202,338**	**269,641**

Table 67: Allowances of short-term operating receivables

in EUR

		Use and elimination			
	Balance 31.12.2024	New formation	Receivable write-off	Receivables recovered	Balance 31.12.2025
Value adjustment of trade receivables	233,369	7,499	48,764	3,090	189,015
Value adjustment of default interest receivables	31,730	405	23,356	0	8,779
Value adjustment of other short-term receivables	4,541	167	7	158	4,544
Total value adjustment of receivables	**269,641**	**8,072**	**72,127**	**3,248**	**202,338**

Doubtful and disputed receivables were impaired according to the individual receivable and business partner. In 2025, the Company recognised 0.10% of receivable allowances (in 2024: 0.50%). Of total short-term operating receivable allowances recognised in 2025, 1.20% was recovered and 26.75% was finally written off, mainly from the provision of services to the market, after bankruptcy proceedings have been completed, without repayment to creditors. Receivables are not insured however, most of them are of such a nature that in the event of default and after repeated reminders, we sanction debtors through termination of access to the distribution network.

Majority of operating receivables from the State and other institutions comprise receivables from the state for subsidies in the amount of €222,602 (from the NOO grant project), for the refund of as yet unrecognized VAT receivables amounting to €1,494 (in 2024 they amounted to €366,816) and refundable salary substitutes of €38,552 (in 2024: €36,885).

Other operating receivables are mainly due from the distribution operator for overpayment of network charge, for network charge for connected load, services provided to the distribution operator, rent receivables and receivables due from insurance companies for damages claimed.

2.9 Cash and cash equivalents

in EUR

	31.12.2025	31.12.2024
Credit balance at banks	370,969	770,493
Total	**370,969**	**770,493**

Table 68: Cash and cash equivalents

Cash and cash equivalents comprise:

- cash in hand,
- deposit money on accounts at banks,
- cash in transit,
- cash equivalents are readily available investments which may in the near future be converted into a predetermined amount of cash without any significant risk (e.g. deposits with maturity of up to three months).

Cash comprises cash on hand in the form of bank notes and coins, as well as cheques received.

Deposit money is cash in bank accounts, or deposited with another type of financial institution and may be used for payment purposes.

Cash in transit is the cash being transferred from a cash register to a relevant account in a bank or another type of financial institution, and is not credited to that account on that same day.

On initial recognition, cash is carried at amounts arising from the relevant documents. Monetary assets denominated in foreign currencies are translated into the local currency at the balance sheet at the reference rate of the European Central Bank. Exchange rate differences resulting from changes in foreign exchange rates are recognised either as a financial income or expense.

2.10 Short-term deferred costs and accrued income

	31.12.2025	31.12.2024
VAT on advances received	1,282	1,085
Short-term deferred costs	61,209	25,868
Short-term accrued income	6,461,938	2,446,698
Total	**6,524,430**	**2,473,650**

Table 69: Short-term deferred costs and accrued income

These comprise VAT included in advances received, overpayments of network charge, and deferred costs of invoices received in 2025 for expenditure referring to the financial year 2026 (these are mostly license costs, contractual interest costs for long-term loans and other costs that are accrued monthly).

Among short-term accrued revenue, the company shows accrued revenue from the distribution operator's preliminary calculation for rent and services in 2025, which the company received in mid- March 2026 and is due in 2026 in the amount of €2,462,644, as well as the final calculation for 2024 in the amount of €1,008,130, which the company received at the end of march 2026 and is due in 2026. Company has newly recognized assets from the modernization plan in the amount of €1,553,376 and assets from the Repower project in the amount of €1,437,799. Company has already activated the fixed assets for both projects, and the receipt of funds from the EU is expected in 2026. Formation and drawing of accruals and prepaid expenditure does not substantially deviate from the actual balance.

in EUR

	VAT on advances received	Short-term deferred costs	Short-term accrued income	Total
Balance 1.1.2024	**782**	**84,486**	**2,708,219**	**2,793,487**
Increase	4,109	976,760	2,446,708	3,427,577
Decrease	-3,806	-1,035,379	-2,708,229	-3,747,414
Balance 31.12.2024	**1,085**	**25,868**	**2,446,698**	**2,473,650**
Increase	7,051	1,053,608	6,461,948	7,522,607
Decrease	-6,854	-1,018,266	-2,446,708	-3,471,827
Balance 31.12.2025	**1,282**	**61,209**	**6,461,938**	**6,524,429**

Table 70: Movements in short-term deferred costs and accrued income

2.11 Equity

Capital of the Company consists of:

- share capital,
- capital reserves,
- legal reserves,
- other profit reserves,
- fair value reserves,
- retained earnings and
- net profit for the financial year.

in EUR

	31.12.2025	31.12.2024
Share capital	110,465,795	110,465,795
Capital reserves	46,306,588	46,306,588
Statutory reserves	2,496,352	2,244,721
Other profit reserves	21,023,713	17,933,276
Fair value reserves	-1,102,322	-325,114
Retained earnings	0	0
Net profit for the financial year	1,690,551	1,502,712
Skupaj	**180,880,676**	**178,127,978**

Table 71: Equity

Share capital of Elektro Primorska, d.d., is divided into 18,783,898 ordinary registered no-par value shares, which represents the weighted average number of ordinary shares outstanding during the accounting period. Each share has an equal holding and associated amount in the share capital. Ordinary shares are shares that give their holders:

- right to participate in the management of the company,
- right to profit (dividends),
- right to an adequate share of the assets after the liquidation or bankruptcy of the company.

All shares are of one class.

OTHER CAPITAL COMPONENTS

Capital reserves derive from a general capital revaluation adjustment that was converted into capital reserves on transition to the SAS 2006.

Fair value reserve arose on the revaluation of financial investments to fair value.

All equity components other than the share capital belong to shareholders in proportion to their equity stakes in share capital.

Result of the 2025 business year is positive and amounts to €5,060,811 (in 2024, a profit of €4,457,025 was recognized). Company allocated part of the net profit to cover the loss carried forward from previous years, resulting from the elimination of actuarial losses in the amount of €28,192 (in 2024 it was €118,356). By resolution and in accordance with the competencies stipulated in the Companies Act (ZGD-1) and the Articles of Association, the Management Board allocated 5% of the net profit in 2025 to legal reserves in the amount of €251,631, while for other profit reserves it allocated €3,090,437 of net profit in 2025. Established profit available for distribution in 2025 amounts to €1,690,551. Company's management board proposes to the general meeting of shareholders to approve this amount for dividends to shareholders.

According to the resolution of the General Meeting of July 3, 2025, dividends in the total value of €1,502,712 were paid in 2025, namely from the undistributed profit in 2024.

As at December 31 2025, the carrying amount of one share stands at €9.63 (2024: €9.48).

Changes in equity in 2024 and 2025 are disclosed in the statement of changes in equity.

2.12 Provisions and long-term accrued costs and deferred income

Provisions are made for present obligations arising from obligating past events and are expected to be settled within a period not determined with certainty, and whose amount can be reliably estimated. Provisions for long-service bonuses and severance pay upon retirement have the nature of accrued costs. They are set aside for the settlement of expected obligations that will arise from obligating past events and are reduced by the incurrence of actual costs for the settlement of which they were formed.

Provisions for severance pay and long-service bonuses are set aside in accordance with the Slovenian legislation and are paid to employees upon retirement in the amount of estimated future payments discounted at the balance sheet date. When an employee fulfils the requirements set for retirement, he/she is entitled to termination benefits paid in a lump sum. Furthermore, employees are entitled to long-service bonuses for each full ten years of service with the same employer. Provisions for termination benefits and long-service bonuses are set aside using the projected unit credit method i.e. the method based on anticipated significance of individual units or the method of accounting for employee benefits in line with the work performed. Following assumptions are considered in the formation of provisions: the number of employees on the balance sheet date 2025; their gender, age, status, salary level and total length of service and the length of service of each employee on the balance sheet date; the amount of long-service bonuses and severance pay in accordance with the relevant collective agreement; staff fluctuation and employee mortality in 2025, taking into account: SLO2007; the selection factor for the active population 85%; probability of disability based on the BUZ/BV 1990x and BUZ/BV 1990y model; growth in the average wage in the Republic of Slovenia, 6.0%, 5.0% and 3.5% for years 2026, 2027 and 2028 onwards (2024: 4.5%, 3.0%, 3.5% for 2025, 2026 and onwards), the annual percentage of salary growth in the Company in the amount of 3.0% (in 2024: 2.5%), the annual percentage of salary growth in the electrical industry in the amount of 2.5% (in 2024: also 2.5%), the employer's contribution rate of 17.1% (in 2024 16.1% until June 30, 2025 and 17.1% from July 1, 2025 onwards) and discount rate for calculating the present value of the company's future liabilities in the amount of 3.9613% (in 2024: 3.3818%). Actuarial gains or losses on termination benefits are recognised directly in equity, whereas actuarial gains or losses from long-service bonuses and service costs and interests are recognised in profit or loss. Long-term provisions are directly decreased by costs for the settlement of which they were originally created. Provisions are formed based on the differences reported by the actuary as at December 31 of each year and the balance in the accounting records.

PROVISIONS

in EUR

	31.12.2025	31.12.2024
Balance 1.1.	4,578,534	4,939,901
Formation	1,079,308	922,007
Drawing	-355,304	-538,154
Derecognition and in actuarial gains	817,773	-745,220
Balance 31.12.	**6,120,312**	**4,578,534**

Table 72: Provisions

in EUR

2025	Provisions for long-service bonuses	Severance pay provisions	Total
Reduction of disc. int. rate by 0.5%	36,427	219,861	256,289
Increase of disc. int. rate by 0.5%	-34,066	-202,516	-236,583
Wage growth + 0.5%	36,832	220,308	257,140
Wage growth – 0.5%	-34,747	-204,792	-239,539
Staff turnover by 1%	-69,954	-409,318	-479,272
Staff turnover by -1%	76,055	410,052	486,107

Table 73: Sensitivity analysis 2025

in EUR

2024	Provisions for long-service bonuses	Severance pay provisions	Total
Reduction of disc. int. rate by 0.5%	36,341	148,383	184,724
Increase of disc. int. rate by 0.5%	-33,980	-137,218	-171,198
Wage growth + 0.5%	36,502	148,589	185,090
Wage growth – 0.5%	-34,445	-138,693	-173,138
Staff turnover by 1%	-69,393	-276,603	-345,996
Staff turnover by -1%	76,770	289,137	365,907

Table 74: Sensitivity analysis 2024

Additional provisioning in the amount of €1,079,308 (2024: €922,007) was recorded in the amount of €929,405 (2024: €780,166) in salary costs, interest expense of €149,903 (2024: €141,841), additional provisions for severance pay in the amount of €846,344 were formed through capital, and an actuarial gain of €28,571 was determined for long-service bonuses and recognized in the revenue of the year (no additional provisions were formed through capital in 2024, as an actuarial gain of €709,781 was determined). Higher value of the additional provision recognized through equity arises from additional severance pay recognized upon the first fulfilment of the conditions for retirement in the company. Company paid a total €355,304 of long-service bonuses and severance pay on retirement (in 2024 €538,154).

	Severance pay	Long-service bonuses	Total post-employment benefits of employees
Balance January 1 2024	**3,674,293**	**1,265,607**	**4,939,901**
Current service costs	161,581	79,474	241,054
Past service cost	539,112	0	539,112
Interest expense	103,444	38,397	141,841
Post-employment benefits paid	-402,306	-135,848	-538,154
Actuarial surplus /loss	-512,446	-197,335	-709,781
Reversal	-9,706	-25,732	-35,439
Balance December 31 2024	**3,553,972**	**1,024,562**	**4,578,534**
Current service costs	231,959	85,787	317,746
Past service cost	567,668	43,992	611,660
Interest expense	117,005	32,898	149,903
Post-employment benefits paid	-235,927	-119,376	-355,304
Actuarial surplus /loss	846,344	-28,571	817,773
Reversal	0	0	0
Balance December 31 2025	**5,081,020**	**1,039,292**	**6,120,312**

Table 75: Movements in provisions for post-employment benefits

LONG-TERM ACCRUED COSTS AND DEFERRED INCOME

	Assets acquired free-of--charge	Average connection costs	Co-financing of facility construction	Support received	Co-financing of SR and NOO	Co-finan-cing of project Sova uharica	Co-financing of EU projects DIGIT,STRE-AM,OPENTUNI-TY EU	VOC Energy 2025-2027	Co-finan-cing of projects EEI_NNO, ES REPoer, ES MOD-from the moder-nisation fund	Long-term deferred revenue, long-term accrued costs and other	Total
Balance 1.1.2025	**8,303,673**	**1,331,861**	**98,445**	**285,755**	**4,778,007**	**458,705**	**438,906**	**91,592**	**0**	**33,934**	**15,820,879**
Formation	409,618	0	0	0	4,766,805	0	17,220	0	3,215,317	292,161	8,701,122
Derecognition	-19,046	0	0	0	0	0	0	0		-29,177	-48,223
Drawing on revenue	-540,051	-110,299	-6,978	-11,226	-195,910	-30,638	-170,093	0	-45,331	0	-1,110,527
Balance 31.12.2025	**8,154,193**	**1,221,562**	**91,467**	**274,529**	**9,348,902**	**428,067**	**286,033**	**91,592**	**3,169,986**	**296,918**	**23,363,251**

	Assets acquired free-of--charge	Average connection costs	Co-financing of facility construction	Support received	Co-financing of SR and NOO	Co-financing of project Sova uharica	Co-financing of EU projects DIGI-T,STREAM,OPEN-TUNITY EU	VOC Energy 2025-2027	Long-term deferred revenue and other	Total
Balance 1.1.2024	**8,051,626**	**1,442,161**	**106,593**	**84,095**	**515,708**	**489,343**	**428,632**	**0**	**729,377**	**11,847,534**
Formation	774,484	0	0	249,945	4,331,984	0	128,665	91,592	0	5,576,670
Derecognition	0	0	0	-37,059	0	0	0	0	-695,442	-732,501
Drawing on revenue	-522,437	-110,299	-8,148	-11,226	-69,686	-30,638	-118,390	0	0	-870,824
Balance 31.12.2024	**8,303,673**	**1,331,861**	**98,445**	**285,755**	**4,778,007**	**458,705**	**438,906**	**91,592**	**33,934**	**15,820,879**

Table 76: : Long-term accrued costs and deferred income

In 2025, the Company formed €4,766,805 of additional long-term accruals and deferred income to co-finance energy infrastructure assets based on the Recovery and Resilience Plan.

Funds received relate to a signed contract between the republic of Slovenia, the Ministry of the Environment, Climate and Energy and the Company, within the framework of the implementation of the Recovery and Resilience Mechanism, which represents financial support from the European Union. Subject of the contract is the co-financing of distribution transformer stations and the construction of a low-voltage distribution network for the period 2023 to 2026.

Company will draw a total of €11 million from the recovery and resilience plan. A contract for €4.5 million was signed in 2024, and for the remaining part of the co-financing, €6.5 million, the contract was signed in 2025, and the company has already received a decision of approval of the application in 2024.

In 2025, the Company received additional funds for support from European funds for the Stream project in the amount of €17,220. DIGIT project (DSElektroDIS) refers to the establishment of an integration platform and data analytics system and the Opentunity project to the pre-financing process of the project in the Horizon Europe Pillar. Stream project will enable simple, fast and secure use of distributed flexibility at the low-voltage grid level.

Company formed additional provisions from free assets of €409,618, the largest part of which comes from the reconstruction of the 35 kV transmission line Divača-Kozina of the 2TDK company. Drawing of long-term accruals and deferrals of fixed assets acquired free of charge (mostly from household connections received free of cost) and co-financing of facility and equipment construction in the amount of €540,051 (in 2024 it amounted to €522,437) represents the amount of annual depreciation calculated from individual asset received free of charge or in the share of co-financed fixed assets. Average connection costs represent funds collected in the past from connection to the electricity network. They are intended for financing the electricity infrastructure. Accruals are drawn at a rate of 3.33% (same as in previous years), which corresponds to the average depreciation rate of energy facilities. Depreciation of these facilities amounted to €110,299 (the same as in 2024). Co-financing of the facility construction is based on dedicated funds for co-financing of the energy facility construction.

These funds are drawn in accordance with the charged depreciation of the relevant facility.

In 2014, the Company received State grant in the amount of €30,491 for reconstruction of the facility in Bovec after the damage caused by the earthquake, and European funds for the SUNSEED project of total €191,553, of which €23,092 was received also in 2016. Company classifies the two projects in the group “Received supports”. Both projects have now been completed. For the completed part of the two investments, long-term accruals decreased by €4,788 of depreciation accounted for in 2024, which was recognised under other operating revenue (the same in 2024: €4,788). Total value of the calculated depreciation of the supports received in 2025 amounts to €11,226, which is recognized in other operating revenue.

In 2024, the company recognized €91,592 from the VOC Energy 2025-2027 project (ensuring a safe ecological corridor for nesting and migratory birds between the Alps and the Adriatic), but has not yet activated the funds from this title.

In 2025, the company recognized additional funds within the framework of the implementation of the Recovery and Resilience Mechanism, which is financial support from the European Union, to accelerate the implementation of sustainable reforms and investments led by the company through the Repower, ES MOD and EEI_NN projects, in the total value of €3,215,317.

Among other long-term accruals, the company includes long-term advances and guarantees and long-term compensation claims and long-term deferred revenues, in 2025 the company recognized €285,124 long term liabilities under this title.

Planned formation and drawing of long-term accrued items does not substantially deviate from their actual formation and drawing, expect for the formation of accrued costs from the return of funds received from cohesion, as mentioned in the previous paragraph.

2.13 Long-term liabilities to banks

Long-term financial liabilities refer to long-term borrowings raised to finance the investment activity.

Debts are classified into financial and operating debts, while depending on their maturity they are grouped into long-term and short-term.

Liabilities are initially recognised in the amounts arising from the corresponding documents about their incurrence, under assumption that creditors demand their payment. Long-term liabilities are increased by accrued interest, for which an agreement with creditors exists, and decreased by repaid amounts and any other settlements in agreement with the creditor. They are also reduced by the amounts payable in the next twelve months, which are recognised under current liabilities. Accrued interest on long-term and short-term liabilities is recognised as a financial expense.

Long-term and short-term debts denominated in foreign currencies are translated into local currency at the exchange rate of the European Central Bank on the transaction date.

Exchange rate differences accrued by the settlement date or the balance sheet date are recognised either as financial income or expense.

Short-term liabilities may subsequently be increased (irrespective of any payments or other settlement), or decreased by the amounts agreed with creditors. Subsequent increases in short-term liabilities increase the relevant operating or financial expenses.

After initial recognition, liabilities are usually measured at amortised cost using the effective interest rate to the extent that costs have a significant impact on the change in the effective interest rate. Debts for which the agreed or contractual interest rate does not significantly differ from the effective interest rate, are recognised in the balance sheet at their initial value less any repaid amounts.

Liabilities are written-off after the limitation period has expired whereas before that period has elapsed, they may only be written-off if so agreed in writing with the creditor.

Book value of long-term liabilities is equal to their amortised cost, less the amounts that are transferred to short-term liabilities. Interest on long-term liabilities is recorded as financial expenses or as an increase in the cost of the underlying asset until it is made ready for its intended use.

in EUR

	31.12.2025	31.12.2024
Long-term financial liabilities		
Banka Intesa Sanpaolo d.d.	1,725,000	2,625,000
European Investment Bank	51,367,645	45,080,109
NLB d.d.	4,935,065	0
Total long-term liabilities	**58,027,710**	**47,705,109**
Short-term part of long-term liabilities to banks	7,077,399	6,720,898
Total	**65,105,109**	**54,426,007**
Total financial liabilities to banks	**65,105,109**	**54,426,007**

Table 77: Long-term liabilities to banks

Long-term financial liabilities comprise borrowings that fall due after 2025. Of all the loans raised only two long-term loans, a loan from Bank Intesa Sanpaolo d.d. and a loan from Nova ljubljanska banka, d.d., are secured by the bills of exchange. Ministry of Finance issues consent to the borrowings raised by the Company, after the most favourable bidder is selected and approved.

In the financial year 2023, the Company concluded a new agreement on long-term borrowing with the European Investment Bank for the period 2023-2025 and in February 2025 drew the fifth tranche in the amount of €6,500,000.00, and in June 2025 it drew the sixth tranche in the amount of €6,000,000.00.

In the 2025 financial year, the company concluded a new long-term borrowing agreement with Nova ljubljanska banka d.d. in the amount of €20,000,000, and in October 2025, it drew down the first tranche in the amount of €5,000,000.

All the borrowings mature by October 2045 at the latest. Value of borrowings that fall due over a period of more than five years from the reporting date amounts to €35,938,893 . In 2024, the value of borrowings that matured over a period of more than five years from the reporting date amounted to €28,768,768.

Annual interest rates on twelve borrowings are fixed ranging from 0.661% to 3.694%, three loan agreements are concluded with a variable interest rate, namely EURIBOR 3-M with a surcharge of 0.777% and 0.789% and a surcharge of 0.35%. Interest on borrowings is calculated and paid monthly or quarterly. Company's financial commitments are determined by contract between parties.

2.14 Lease liabilities

Lease liabilities arise from contracts for lease of assets, the value of which was calculated in accordance with provisions of SAS 1.

in EUR

	31.12.2025	31.12.2024
Long-term lease liabilities	887,540	213,639
Short-term lease liabilities	329,847	42,212
Total lease liabilities	**1,217,387**	**255,851**

Movement of lease liabilities:

in EUR

	2025	2024
Balance 01.01.	**255,851**	**504,872**
Increase	1,281,610	15,327
Interests	50,379	23,061
Payment of rents	-368,946	-282,518
Derecognition	-1,507	-4,890
Balance 31.12.25	**1,217,387**	**255,851**

Table 78: Lease liabilities

Increase in the value of lease liabilities results from new recognitions of leased assets in 2025, primarily leases by the company Informatika, namely equipment worth €954,620 and software worth €110,647.

2.15 Long-term operating liabilities

In 2025, the company recognized long-term operating liabilities from the license purchase agreement for a five-year period in the amount of €926,087. Total value of the agreement is €1,543,479, part of the liability has already been settled by the company, and instalments of €308,696 are due in 2027, 2028 and 2029.

2.16 Short-term liabilities

Short-term liabilities are disclosed separately as short-term financial liabilities and short-term operating liabilities.

in EUR

SHORT-TERM FINANCIAL LIABILITIES	31.12.2025	31.12.2024
Short-term part of long-term loans	7,077,399	6,618,912
Short-term liabilities from credit interest	134,876	101,986
Short-term revolving credit Nova KMB	800,000	1,500,000
Total short-term financial liabilities to banks	**8,012,275**	**8,220,899**
Dividend liabilities	5,229	5,229
Short-term lease liabilities	329,847	42,212
Total short-term financial liabilities	**8,347,351**	**8,268,340**
SHORT-TERM OPERATING LIABILITIES		
Liabilities to suppliers for fixed assets	2,435,506	4,645,795
Liabilities to suppliers for current assets	2,105,870	2,244,107
Liabilities for foreign account (SODO, ELES)	2,570,284	3,405,474
Liabilities to foreign suppliers	425,220	1,250
Liabilities for advances	43,576	74,436
Total short-term operating liabilities to suppliers	**7,580,455**	**10,371,061**
Liabilities to employees	2,250,404	2,030,652
Liabilities to state and other institutions	282,307	286,904
Other liabilities	279,385	16,057
Total other short-term operating liabilities	**2,812,096**	**2,333,613**
Total short-term operating liabilities	**10,392,551**	**12,704,675**
TOTAL SHORT-TERM LIABILITIES	**18,739,903**	**20,973,014**

Table 79: Short-term liabilities

Short-term part of long-term financial liabilities to banks include instalments of long-term borrowings that mature in 2026.

Compared to the previous year, operating liabilities decreased by €2,790,606, mainly due to lower liabilities to suppliers (by €2,759,746). However, liabilities to employees increased by €219,752, liabilities to the state decreased by €4,597, mainly due to liabilities for corporate income tax liabilities (a decrease of €66,113), and the liability for VAT payment increased by €44,086. Corporate income tax liabilities, after the transfer of tax advances already paid during the year, amounted to €143,257 in 2025 (in 2024, the company reported liabilities from this title in the amount of €209,370). Increase in other liabilities by €263,328 results from the increase in allocations for fixed assets in 2025.

Short-term liabilities to employees represent liabilities for the December payroll and the calculation of salary bonus for 2025 (in the amount of €586,056), based on the collective agreement. Company's final profit was recognized only in mid- march 2026, when the preliminary settlement for 2025 was sent by ELES, d.o.o. Advance payment for the salary bonus has already been calculated and paid, and the difference to the final amount was calculated by the company among the expenses of December 2025. Liabilities to the state consist of liabilities for corporate income tax, value added tax and liabilities to the state and other institutions from payroll.

2.17 Short-term accrued costs and deferred income

in EUR

	31.12.2025	31.12.2024
VAT on advances given	0	2,145
Short-term deferred income	10,990	148,423
Accrued costs	836,684	787,284
Total	**847,674**	**937,852**

Table 80: Short-term accrued costs and deferred income

Short-term deferred revenue of €10,990 relates to one-year rent under a lease agreement with a term of 20 years.

As of December 31, 2025, the company has accrued expenses for labour costs arising from unused annual leave in 2025 in the amount of €816,604 (2024: €751,576), and €20,081 (2024: €18,708) of accrued expenses relates to the calculation of interest under loan agreements as of December 31, 2025, the calculation of which the company will receive in 2026.

Among short-term accrued income and deferred income, the company does not disclose the value of VAT on advances given as of December 31, 2025.

in EUR

	VAT on advances given	Short-term deferred income	Accrued costs	Total
Balance 1.1.2024	**1,914**	**82,246**	**795,246**	**879,406**
Increase	231	148,423	778,769	766,997
Decrease	0	-82,246	-786,731	-1,058,156
Balance 31.12.2024	**2,145**	**148,423**	**787,284**	**937,852**
Increase	0	10,990	829,763	840,753
Decrease	-2,145	-148,423	-780,363	-930,931
Balance 31.12.2025	**0**	**10,990**	**836,685**	**847,674**

Table 81: Movements in short-term accrued costs and deferred income

Planned formation and drawing of long-term deferrals does not substantially deviate from their actual formation and drawing.

3. Notes to the Income Statement

Company compiles its income statement under provisions of SAS (2024) 21.6, in Format I.

In accordance with the newly adopted SAS 15 (2024), revenue is recognised when it is reasonably expected that the entity will receive compensation for it.

Sales revenue is recognised when the Company fulfils (or is in the process of fulfilling) its contractual obligations. Contractual obligation is the Company's performance obligation to supply or render to the customer the contractually agreed goods or services. Company fulfils its performance obligation on transfer of the contractually agreed goods or services to the customer. Goods or services are deemed transferred when the customer acquires control over those goods and services. Customer obtains control of the goods or services when they acquire the right to decide on their use and the right to practically all the remaining benefits of those goods or services. Such control also includes the ability to prevent others from directing the use of the goods or services or gain benefits from those goods and services. Benefits from goods or services comprise potential cash flows (receipts or cost savings) that can be obtained in different ways either directly or indirectly.

Company achieved revenues:

- from rent,
- sale of services,
- capitalised own products and services,
- other operating revenues,
- financial income and
- other income.

Use of electricity network is charged to business customers through a special account based on the volume of transmitted energy and capacity charges. Company charges the use of the energy network and RES and SPTE contributions to its customers in its own name and for the account of ELES, d.o.o. within the framework of the services it provides for ELES. Revenues from the sale of services include electrical installation services and maintenance of devices owned by subscribers. Scope of these revenues depends on customer orders. Revenues in 2025 are evaluated in accordance with the price list of supplementary activity services, valid from November 1, 2025 to December 31, 2025.

Company also provides services to the network users. These include network connections and disconnections, fuses replacement and additional on-demand scanning. Since January 1 2013, revenues from these services are no longer included in the Company's revenues, as they are performed on behalf of ELES, d.o.o., who transfers the funds charged to it to the Company on a monthly basis.

Revenues include rentals from the lease of infrastructure and services provided to the distribution operator in accordance with the signed contract. With the company ELES, d.o.o., on October 22, 2024, a contract was concluded on the rental of electricity distribution infrastructure and the provision of services for the system operator of the distribution network for the period 2024-2028. Amount of rentals and services rendered is based on the regulatory framework defined by the Legal Act on the methodology for determining the regulatory framework for electricity operators. Pursuant to this Act, on November 21, 2023, the Energy Agency by decision no. 211-10/2023/25 laid down the regulatory framework for the operator of the activity of the system operator of the distribution network and the individual distribution company during the regulatory period from January 1, 2024 to December 31, 2028.

Capitalized own products and services include capitalized fixed assets, that, in accordance with SAS, are valued according to the costs that directly relate to them and those general construction and manufacturing costs that can be attributed to them. Value consists of all the direct costs of materials, services and labour, which are necessary for the production and preparation of the asset, as well as the corresponding share of indirect costs. Consumption of materials, hours worked by employees and services are recorded according to individual work orders or projects and recognized in fixed assets and under the item Capitalized own products and services. Revenues from capitalised own products and services derive from the preparation of documentation, construction, electro-installation and other works for the construction of facilities by the Company.

Other operating revenues related to business effects, include the drawing of long-term accrued costs and deferred revenue, as well as revaluation operating income arising on disposal of property, plant and equipment, and on recovery of impaired receivables, subsidies received and insurance proceeds.

Financial income and expenses comprise interest and dividend income statements issued or received.

3.1 Operating revenue

in EUR

	2025	2024
Net sales		
- from infrastructure rents	21,592,725	20,606,271
- from other rents	411,981	394,969
- from SODO d.o.o. services	23,679,900	20,384,635
- from other services	2,664,669	2,760,547
- from merchandise	0	82,270
Total	**48,349,274**	**44,228,692**
Capitalized own products and services	**17,042,672**	**13,327,840**
Other operating revenues from:		
- drawing on provisions	711,563	878,307
- sales of fixed assets	263,285	179,923
- recovered written-off receivables	1,623	9,994
- other revaluation revenues	14,200	1,213
- subsidies received	876,383	686,973
- compensation received	65,692	110,500
- other operating revenues	28,797	30,423
Total	**1,961,544**	**1,897,332**
Total operating revenues	**67,353,490**	**59,453,864**

Table 82: Operating revenue

3.1.1 Net sales revenue

Net sales revenues increased by €4,120,582 compared to the previous year, mainly due to higher realized infrastructure rental revenues and services provided to distribution operator in 2025 and higher value of capitalized own products and services in 2025. Company recognized a negative result of €1,302,488 from the lease of infrastructure according to the preliminary calculation for 2025 by ELES, d.o.o., and for the services rendered, a higher value was realized according to the preliminary calculation by €3,765,132. Revenues from other rents increased as well by €17,012 and services provided for the market decreased by €95,879. In 2025, the company realized no revenues from the sale of merchandise.

All revenues in 2025 (in the amount of €67,353,490), were achieved through sales on the domestic market.

3.1.2 Capitalised own effects

Company recognizes as capitalized own effects the services it performs for its own needs and capitalizes them among tangible and intangible long-term assets. Among capitalized fixed assets, the company counts assets that, in accordance with SAS, are valued according to the costs that directly relate to them and those general construction and manufacturing costs that can be attributed to them.

In 2025, the company created higher capitalised own products and services for €3,714,832. Most of them are revenues from new constructions of electricity infrastructure. Capitalized own effect in 2025 represent capitalized labour costs in 51.46% (in the amount of €8,770,948), the rest are material and travel costs (in the amount of €8,271,724).

In 2025, the company activated €11,567,903 (in 2024: €8,605,940) of new assets from capitalized own effects, namely €475,981 (2024: €317,717) of intangible fixed assets, €600 of land, €5,944,096 (2024: €4,667,768) of construction facilities, €5,147,045 (2024: €3,620,454) of equipment and €181 of investment property in market activity. Remaining value from capitalized own effects in the amount of €5,474,770 (2024: €4,721,900) is still investments in progress.

3.1.3 Other operating revenue

Compared to the previous year, other operating revenue decreased by €64,212.

in EUR

Other operating revenues from:	2025	2024
- drawing on provisions	711,563	878,307
- sales of fixed assets	263,285	179,923
- recovered written-off receivables	1,623	9,994
- other revaluation revenues	14,200	1,213
- subsidies received	876,383	686,973
- compensation received	65,692	110,500
- other operating revenues	28,797	30,423
Total	**1,961,544**	**1,897,332**

Table 83: Other operating revenue

Revaluation operating revenues from the sale of fixed assets increased. Revenues from the sale of fixed assets relate to the surplus of the sales value over the carrying amount of fixed assets sold (in 2025, the Company sold its business premises in Piran and reported €255,000 in revenue from this title). Recovered written-off receivables contain the amount of receivables, which were already eliminated from the accounting records and were paid in 2025.

Subsidies received comprise revenues from the drawing of accruals of the projects SUNSEED, the Eurasian eagle-owl, EU DIGIT, ES Stream, NOO, Opentunnity, ES Repower, MOD- modernization fund, all in the amount equal to the depreciation (in total amount of €446,760, in 2024: €223,502). Subsidies received from the state in 2025 amount to €6,826,638 (in 2024 they amounted to €457,033), most from the project Co-financing Construction of distribution TP and NNO for the period 2023-2026. All revenues from subsidies received pursuant to the intervention measures were unconditional. Insurance proceeds relate to claims recognised by insurance companies for damages to the energy facilities and cars. In 2025, they are down by €44,808 compared to the previous year.

Other operating revenues from utilisation of provisions	2025	2024
Amortizacija brezplačno pridobljenih osnovnih sredstev	540,051	522,437
Amortizacija OS zgrajenih iz povpr. stroškov priključevanja	110,299	110,299
Koriščenje rezervacij za sofinanc. izgradnje energ. objektov	6,978	8,148
Odprava rezervacij za odpravnine in jubilejne nagrade	28,571	232,774
Odprava rezervacij neizkoriščenega letnega dopusta	25,663	4,649
Skupaj	**711,563**	**878,307**

Table 84: Other operating revenues from utilisation of provisions

3.2 Operating expenses

Expenses are recognised when decreases in economic benefits in a period are associated with the reduction in assets or increase in liabilities and these decreases can be measured reliably. Expenses are recognised simultaneously with the recognition of the decrease in assets or increase in liabilities.

Operating expenses include all expenses incurred in the financial year, recorded by primary types, such as costs of materials and services, labour costs, write-downs and other operating expenses, based on documents that prove that they are linked to the economic benefits.

Operating expenses from revaluation arise upon impairment or disposal of property, plant and equipment and intangible assets, and in relation to impairment of current assets.

in EUR

Cost by primary type	2025	2024
Cost of electricity and merchandise sold	0	68,866
Costs of material	10,485,368	8,571,902
Costs of services	7,399,555	6,958,474
Labour costs	24,027,125	22,454,788
Depreciation	16,676,974	14,967,181
Other operating costs	306,602	258,735
Total	**58,895,623**	**53,279,946**

Table 85: Costs by primary types

3.2.1 Cost of goods, materials and services

Cost of materials consist of: spare parts and materials used in maintenance, elimination of damages and costs of installation materials used in the provision of services for the Company's own needs and for the market of total in the amount of €9,461,428 (2024: €7,388,646); cost of fuel amounting to €446,218 (2024: €475,498); electricity consumed in the amount of €219,072 (2024: €306,000); office supplies amounting to €61,156 (2024: €69,683); cost of small tools amounting to €211,640 (2024: €231,780), and the cost of ancillary material and professional literature. Company monitors the cost of materials not only by substance, but also by the nature of work for which these materials were consumed.

Cost of services comprises the cost of fixed asset maintenance amounting to €2,860,686 (2024: €2,603,086); cost of health, advisory, legal and educational services, software and studies of total €932,229 (2024: €907,114); insurance premiums and banking charges amounting to €1,053,914 (2024: €1,013,762); cost of computer processing in the amount of €732,663 (2024: €682,331); telephone and postal services of €410,638 (2024: €401,432); and other costs incurred during ordinary operations such as membership fees, utility services, cleaning services and similar, amounting to €803,487 (2024: €745,329). In 2025, the company had €128,951 in costs for the work of students, concluded through labour recruitment contracts, for 12,718 working hours.

Cost of services in 2025 includes €95,401 of remuneration paid to six members of the Supervisory Board (2024: €99,843). Amount includes net payments, income tax and contributions. Company did not grant any loans or issued any guarantees to members of the Supervisory Board.

Costs of Audit Committee services in 2025 amounted to €19,901 (2024:€20,510).

Remuneration of the Supervisory Board and Audit Committee members in 2025:

YEAR 2025								in EUR (gross)
Supervisory Board Member	**Attendance fee - Supervisory Board**	**Supervisory Board Appointm.**	**Bonus**	**Reimbursm. of expenses**	**Attendance fee - Audit Committee**	**Audit Committee Appointm.**	**Travel reimburs-ment**	**Total**
DARKO LIČEN	2,145	16,950	919					20,015
ALEŠ MARKOČIČ	2,145	12,430	919	12				15,506
MOJCA VELJKOVIČ	1,870	11,300	919		1,760	4,238	577	20,664
TAMARA VOLF ŽAGAR	2,145	11,300	919	285	1,760	2,825	43	19,277
JURIJ JANKO	2,145	11,300	392					13,838
GORAZD VERČ	2,145	11,300	392					13,838
ALEKSANDER IGLIČAR					2,200	5,650	347	8,197
TOTAL	12,595	74,580	4,460	297	5,720	12,713	967	111,334

Table 86: Gross remuneration of the Supervisory Board and Audit Committee members

Of total cost of the audit, advisory and other financial services amounting to €192,379 (2024: €233,627) €23,740 was paid for the audit of the Annual Report.

		in EUR
Company	**BDO Revizija d.o.o.**	**Ernst& Young**
	2025	**2024**
Auditing the annual report	21,160	15,000
Other assurance services	2,580	1,000
Total for audit company	**23,740**	**16,000**

Table 87: Cost of the Annual Report audit

In 2025, the Company allocated €127,962 for advertising, sponsorships and hospitality (in 2024: €87,130).

3.2.2 Labour costs

		in EUR
	2025	**2024**
Labour costs		
Salary costs	16,019,694	15,294,575
Costs of supplementary pension insurance	752,568	733,403
Costs of contributions and other benefits from salaries	2,820,470	2,613,343
Other labour costs	4,434,392	3,813,468
Total	**24,027,125**	**22,454,788**

Table 88: Labour costs

Other labour costs in the amount of €1,891,849 (2024: €1,834,259) include reimbursements to employees, accident insurance, social assistance, and the cost of provisions for severance pay and long-service bonuses, for 2025 amounted to €929,405 (2024: €780,166). Costs of the annual leave bonus in 2025 amounted to €1,307,562 (2024: €1,199,042), in 2025 an additional allowance was introduced with the Act on the Right to Winter Allowance, in the amount of €298,538.

A total of 479 employees received salary based on the collective agreement in 2025. Average number of employees in 2025 was 468, a decrease of two employees compared to the average headcount in 2024. In 2025, ten employees (in 2024: nine) received salary based on the employment contracts, which are not subject to the tariff part of the collective agreement, not including President of the Management Board, who received a total of €914,268 in 2025 (in 2024: €834,566).

Gross remuneration paid to members of the Management Board in 2025:

in EUR

	Fixed part of receipts	Mat. costs for salary	Mat. costs acc. to travel orders	Bonuses - insurance premiums	Other bonuses	Holiday allowance	Other	Total
Blažica Uroš	121,821,14	3,587,66	-	1,840,88	8,196,29	3,437,98	7,037,48	145,921,43

Table 89: Gross remuneration paid to the Management Board in 2025

President of the Management Board and employees on individual employment contracts were not approved any loans or issued any guarantees by the Company.

3.2.2 Write-offs

Company applies straight-line depreciation method. During the overall useful life of an individual tangible fixed asset, the Company consistently allocates its depreciable amount among the individual accounting periods as depreciation of the period. All assets that are subject to depreciation are classified into depreciation groups. Each group has a technical depreciable fixed period of life, based on which the depreciation rate is calculated. Fixed assets are depreciated individually. Table below provides an overview of depreciation rates used in 2024. Same depreciation rates were also applied in the financial year 2025.

Depreciation rates in %:

	2025	2024
Intangible assets (excluding software)	3.33 - 10.00	3.33 - 20.00
Computer equipment and software	20.00 - 50.00	33.3
Real estate (land and buildings)	0.00 - 5.97	0.00 - 5.00
Transformers	2.86 - 10.00	2.86 - 3.33
Electronic meters	4.17 - 8.33	4.17 - 6.67
Transport vehicles	8.33	8.33
Cars	12.5	12.5
Other tangible fixed assets	2.50 - 20.00	2.50 - 20.00
Works of art	0.00	0.00

Table 90: Depreciation rates

in EUR

	2025	2024
Write-offs		
Amortisation of intangible assets	2,643,467	1,965,317
Depreciation of facilities	6,523,112	6,297,195
Depreciation of equipment	7,164,128	6,438,183
Depreciation of investment property	10,009	9,346
Depreciation of the right to use assets	336,257	257,141
Total depreciation and amortisation	**16,676,974**	**14,967,181**
Revaluation expenses for:		
- intangible and tangible assets	295,349	51,258
- current assets	8,072	62,030
Total revaluation expenses	**303,420**	**113,288**
Total write-offs	**16,980,394**	**15,080,469**

Table 91: Write-offs

Distribution of depreciation by groups of intangible and tangible fixed assets:

in EUR

	2025	2024
Write-offs		
Amortisation of intangible assets	2,666,919	1,966,639
Depreciation of facilities	6,534,049	6,308,369
Depreciation of equipment	7,465,996	6,682,826
Depreciation of investment property	10,009	9,346
Total depreciation and amortisation	**16,676,974**	**14,967,181**

Table 92: Write-offs

In 2025, the Company recognised €295,349 (2024: €51,258) of revaluation expenses from intangible assets and property, plant and equipment (6,089 investments in progress, €73,018 refers to facilities, €216,242 to equipment) as a result of inventory write-off of unserviceable assets and their disposal at the lower market price than was the assets' carrying amount.

Operating expenses from revaluation of current assets in the amount of €8,072 (2024: €62,030) refer to allowances and write-off of receivables on account of the use of network and services, and accrued interest receivable.

3.2.4 Other operating expenses

in EUR

	2025	2024
Other operating expenses		
Provisions for claims	0	17,000
Total provisions	**0**	**17,000**
Benefits, independent of profit or loss	84,378	45,669
Expenditure on environmental protection	109,229	108,941
Bonuses for students in practice	52,385	36,924
Scholarships	60,610	43,348
Other costs	0	6,854
Total other costs	**306,602**	**241,735**
Total other operating expenses	**306,602**	**258,735**

Table 93: Other operating expenses

Company did not form any provisions for compensation claims or other provisions in 2025 (in 2024, a provision for compensation claim in the amount €17,000 for a commercial lawsuit for unfulfilled contract was formed).

Majority of levies that are independent of profit or loss refers to various types of fees and taxes. Environmental protection expenditure includes compensation for the use of building land.

3.3 Financial income

Financial income arises in connection with investments and receivables in the form of accrued interest, and is recognised when there is no doubt about their size or settlement.

in EUR

	2025	2024
Financial revenue from shares	6,630	4,144
Financial revenues from loans granted	53	7
Financial revenue from operating receivables	17,889	19,523
Total	**24,573**	**23,674**

Table 94: Financial income

In 2025, financial income from shares is higher by €2,486, the company received calculated dividends from financial investments of Zavarovalnica Triglav, d.d., in the amount of €6,630 (in 2024: €4,144).

Interest is charged to customers using the network and services on late payments and on the amount of receivables outstanding as at December 31, 2025.

3.4 Financial expenses

in EUR

	2025	2024
Expenses from loans received from banks	1,287,274	890,503
Expenses from other financial liabilities	200,282	164,902
Expenses from operating liabilities	2,385	536
Total	**1,489,942**	**1,055,941**

Table 95: Financial expenses

Financial expenses from liabilities to banks are higher than in the previous year and comprise interest charged by the bank on short-term and long-term borrowings raised. Part of the interest on long-term borrowings that increases the cost of investments and is not reported under financial expenses (value of capitalized interest in 2025 amounts to €323,729, in 2024 it amounted to €494,539). When capitalizing interest, the company takes into account the guidelines of the Slovenian Accounting Standards, which state that borrowing costs are interest and other costs that arise in the organization in connection with borrowing financial resources for the acquisition of a tangible fixed asset. These are the costs that could have been avoided if the expenditure on the asset under preparation had not occurred. They are determined in the amount of the actual costs of dedicated loans or on the basis of the criteria for assigning the costs of non-purposed loans, reduced by any possible income from financing in connection with the temporary financial investment of borrowed funds. Organization begins to add borrowing costs to part of the cost price, when the conditions specified by the standard are met.

Expenses from other financial liabilities comprise: interest from actuarial calculations (2025: €149,903 2024: €141,841) and lease liabilities (2025: €50.379, 2024: €23,061).

Expenses from operating liabilities comprise default interest payable to suppliers and to the State for taxes and other duties.

3.5 Other income

in EUR

	2025	2024
Other income	2,355	0
Total	**2,355**	**0**

Other income and expenses are difficult to predict as they are not expected to occur regularly. Company therefore does not report any extraordinary income this year.

Other income and expenses arise from events or transactions that do not occur regularly and frequently. In 2025, the company recorded €2,355 of other income.

3.6 Other expenses

in EUR

	2025	2024
Compensation	73,043	10,641
Other expenses	108,248	116,247
Total	**181,291**	**126,888**

Table 96: Other expenses

Other expenses comprise donations of total €13,482 (2024: €33,962), and other expenses that are unnecessary for the company's operations in the amount of €94,766 (2024: €82,285), the rest are expenses for compensations of €73,043 (paid for damages caused during the maintenance of assets or construction of new assets, which do not form the purchase value of the new asset and the one –time repayable easement of smaller value) and other expenses.

3.7 Current tax and deferred tax assets/liabilities

For 2025, the company calculated income tax in the amount of €573,569 (in 2024: €469,431).

Current tax is determined in accordance with the tax legislation enacted at the balance sheet date. Management occasionally revises its taxation approach where application of individual tax legislation depends on its interpretation. Wherever suitable, the Company sets aside provisions for tax amounts that the management anticipates will have to pay to the tax authorities.

Deferred tax assets and liabilities for income tax are accounted for using the balance sheet liability method. Only deferred tax assets and liabilities arising from temporary differences are recognised. Deferred tax asset is also recognised on account of unused tax losses and unused tax credits carried forward to the next period, if it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Deferred tax is determined on the basis of tax rates (and tax legislation) enacted on the balance sheet date and for which it is assumed will be in effect when the relating deferred tax assets are realised or deferred tax liabilities are settled, and when taxable profit is available against which temporary differences can be utilised.

On the balance sheet date, deferred tax assets are revised and impaired on account of those tax assets for which it is no longer probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax is recognised directly as a charge or credit to equity if the tax relates to items recognized directly as a charge or credit to equity.

	2025		2024	
Ratio between actual and calcualted tax rate	**rate**	**amount**	**rate**	**amount**
Pre-tax profit / loss		**6,510,142**		**4,901,474**
Income tax using the official rate	22.00%	1,432,231	22.00%	1,078,324
Amounts that negatively affect the tax base		**210,732**	**0**	**288,386**
- amount from the decrease of expenses to the level of tax deductible expenses		210,659		216,447
- amount from the increase of income to the level of taxable income		0		0
- exemption of expenses, for exempt dividends		73		15,263
- change in the method of accounting		0		56,676
Amounts that positively affect the tax base		**92,776**		**97,977**
- amount from the increase of expenses to the level of tax deductible expenses		49,462		56,856
- amount from the decrease of revenues to the level of taxable income		7,380		28,409
- change due to the transition to a new method of accounting (change in the tax base for already taxed post-employment benefits)		35,934		12,712
- error elimination of the previous period		0		0
Tax relief		**976,618**	**0**	**799,302**
used to reduce tax liabilities		976,618		799,302
Current tax	**8.81%**	**-573,569**	**9.58%**	**-469,431**
Increase/decrease in deferred tax		-875,762		24,982
Tax in the income statement / efective tax rate	**-22.26%**	**-1,449,331**	**-9.07%**	**-444,449**

Table 97: Calculation of corporate income tax

As at December 31, 2025, the Company recognized liability for income tax in the amount of €573,569, as it has a taxable base of €2,607,133. In 2025, the Company utilised investment relief in the amount of €3,293,485, relief for the voluntary supplementary pension insurance in the amount of €740,512, relief for employment of persons with disabilities in the amount of €362,176, and other relief amounting in total to €42,999. Unused part of the investment relief from 2023, 2024 and 2025 will be used by the company in the coming years, as it expects to have taxable profits. On this basis, in 2025, the Company formed deferred taxes for unused investment relief in the amount of €821,830, it also formed deferred receivables for adjustments to receivables in the amount of €14,807, and reduced deferred receivables for post-employment benefits by €42,226.

Corporate income tax and deferred taxes in 2025:

TAX EXPENSE DISCLOSED IN THE INCOME STATEMENT | in EUR

	2025	2024
Tax of the current year	-573,569	-469,431
Deferred tax assets/liabilities	-875,762	24,982
Other taxes not included in other items		
Tax expenses charged to the result	**-1,449,331**	**-444,449**

Table 98: Corporate income tax and deferred taxes

CHANGES IN DEFERRED TAXES RECOGNIZED IN THE INCOME STATEMENT | in EUR

	2025	2024
Balance as of Jan 01	**2,355,466**	**2,330,484**
Provisions	-39,125	-71,783
Receivables	-14,807	1,045
Investments	0	0
Unused tax relief	-821,830	95,720
Tax losses	0	0
Changes in deferred tax assets/liabilities	**-875,762**	**24,982**
Balance as of Dec 31	**1,479,704**	**2,355,466**

Table 99: Changes in deferred taxes

CHANGES IN DEFERRED TAXES RECOGNIZED IN EQUITY | in EUR

	2025	2024
Balance as of Jan 01	**5,900**	**75,288**
Change in revaluation of deferred tax on provisions	-3,101	-69,388
Receivables	0	0
Tax losses	0	0
Changes in deferred tax assets/liabilities	**-3,101**	**-69,388**
Balance as of Dec 31	**2,799**	**5,900**

Table 100: Changes in deferred taxes recognized in equity

3.8 Net profit or loss

in EUR

	2025	2024
Operating result	8,154,447	6,060,630
Financial result	-1,465,369	-1,032,268
Result from extraordinary operations	-178,936	-126,888
Pre-tax profit	6,510,142	4,901,474
Corporate income tax	-573,569	-469,431
Deferred tax assets	-875,762	24,982
Net profit or loss	**5,060,811**	**4,457,025**

Table 101: Net profit or loss

4. Notes to the Cash flow Statement

Cash flow statement is compiled under the direct method in format I of SAS (2024) 22.6. Data for the statement of cash flows is derived from records of cash receipts and payments from the Company's accounts.

4.1 Cash receipts from operating activities

Receipts from operating activities consist of inflows to the business accounts. These are the receipts from the sale of products and services and other operating income, such as network usage costs that the company receives on behalf of the distribution operator, and compensation, which are not recognised as company revenue, as well as receipts from co-financing and network charge for connected load. Receipts from operating activities include revenue from the value added tax charged on services rendered and supplies of goods. Cash flows from operating activities increased in 2025 by €6,423,465 compared to 2024, mostly on account of an increase in operating revenues from network use and services rendered on behalf of the distribution operator.

Majority of receipts from operating activities stem from services based on the contract concluded with the distribution operator for the provision of services and lease of electricity infrastructure.

4.2 Cash disbursements from operating activities

Operating expenditures are outflows from accounts consisting of operating expenses paid for materials, services, salaries, charges and other outflows. Majority of these refer to the outflows on account of the cost of the network use, which are not recognised as expenses of the Company. In 2025, the company realized €571,170 lower operating expenses, mainly due to lower expenditure on benefits, higher are the expenses for materials and services from regular operations, expenses for salary payments, while other operating expenses, which mostly consist of expenses for the use of the network and associated contributions are also lower.

4.3 Receipts from investing activities

Receipts from investing are inflows arising from interest and shares in profits, as well as revenues from disposal of fixed assets and financial investments.

In 2025, the Company realized €91,819 higher investment income compared to last year (in total value of €313,843), mainly on account of the higher sale of fixed assets in 2025 (the highest value is the sale of business premises in 2025 for €288,187) .

4.4 Expenditure for investing activities

Expenditures for investing comprise outflows for payment of invoices for the acquisition of intangible assets, property, plant and equipment and financial investments. For investment purposes in 2025, the Company realized €5,044,242 more expenditure compared to last year (in total value of €32,764,187). Expenditures for capitalised own labour costs are not taken into account here.

4.5 Proceeds from financing

Receipts from the financing activities are amounts remitted to the long-term and short-term borrowings. In 2025, the Company withdrew €26,900,000 of an approved short-term revolving credit and received three new tranches of a long-term EIB loan of €12,500,000.

4.6 Cash disbursements from financing activities

Expenditures for financing activities comprise payments of interest, dividends and repayment of borrowings. Most of the Company's financing expenses refer to the repayment of long-term and short-term borrowings (in the amount of €29,318,912), of which €22,600,000 refers to repayment of a short-term revolving credit and a total of €6,718,912 to repayment of current amounts of long-term investment borrowings. Financing expenses include dividends paid, for which the company allocated and paid €1,502,712 in 2025.

4.7 Net cash for the period

Company generated €135,351,187 of cash inflows in 2025 (2024: €132,035,903) and €135,750,711 of cash outflows (2024: €131,883,160). Cash receipts and disbursements include appropriate amounts of duties, in particular VAT and excise duties, in accordance with the invoices received or issued.

Difference between initial and closing balance of cash and cash equivalents in 2025 is a negative cash result of €399,524 (2024: positive cash result of €152,743).

Company notes positive cash result from operating activities in the amount of €24,982,876 (in 2024 €18,054,995). Cash result in investing activities is negative amounting to €32,383,591 (2024:-€ 27,497,921) and is a result of major investment activity, while cash result for financing activities of €7,001,191 (2024: €9,595,669) is positive and a result of loans received.

5. Disclosures of related party transactions

5.1 Links to affiliated companies

Company Elektro Primorska has transactions with related parties that are the result of the normal course of business. It cooperated with the associated company Informatika on the basis of concluded purchase and sale agreements (equipment and telecommunications rental, provision of services, purchase of software and licenses). In mutual transactions, market prices for services and goods were used and according to market operating conditions.

Company reports receivables from and liabilities to the following related party:

- Informatika, d.d., Maribor (13.04% equity holding)

As at December 31, 2025, Elektro Primorska, d.d., has the following liabilities to an affiliated company in its balance sheet, but no receivables:

Liabilities:	31.12.2025	31.12.2024
Liabilities to company Informatika, d.d.	242,348	230,115
Total	242,348	230,115

Table 102: Receivables and liabilities

In its income statement, Elektro Primorska, d.d., has expenses for the year 2025 reported to an associated company, but does not report revenues:

- Informatika, d.d., Maribor (13.04% equity holding)

Expenditure:	2025	2024
Costs of services Informatika d.d.	846,201	773,911
Financial expenditure Informatika d.d.	33,143	5,903
Total	**879,343**	**779,813**

Table 103: Revenue and expenses

In 2025, the company acquired €889,138 (in 2024: €565,716) of intangible fixed assets from Informatika, d.d., mostly from licenses for the company's programs, in the long-term lease, it also recognized €110,647 of long-term licenses for company's programs and €993,578 for equipment.

Management estimates that in relationship with the parent company, no transactions were concluded, which would result in an advantage or disadvantage for any of the related parties involved.

5.2 Connection with owners

Largest owner of the Company is the Republic of Slovenia (79.68% stake). It defined the investment as strategically important, as the company provides public utility services – i.e. electricity distribution. In 2025, it received dividends from the company in the amount of €1,197,384, while in 2024 €1,347,057 in dividends were paid.

5.2.1. In transaction with companies that are related to the state and in which the Republic of Slovenia directly holds at least 20% ownership stake

Table below shows the most important transactions with related companies, of which the largest share (99.71%) is from the lease of energy infrastructure and services provided to the company ELES. Open liabilities to the company ELES represent liabilities from operations on behalf of third parties. As of December 31, 2025, the company shows only an open receivable from the company SODO d.o.o. from the final settlement of the regulatory year 2021 in the amount of €74,648. Receivables from the company ELES, d.o.o. as of December 31, 2025 arise from services provided and rent for energy infrastructure for the month of December 2025, based on the Contract on the Lease of Electricity Distribution Infrastructure and the Provision of Service for the Distribution Operator.

Companies related to the owners are those in which the Republic of Slovenia and SSH jointly hold a direct 20 5 ownership stake. List of these companies is published on the SSH website https://sdh.si/en/asset-management/review-of-assets-under-management/list-of-assets.

in EUR

			Open receivables	Open liabilities
	Revenues	Expenditure	31.12.25	31.12.25
ELES and SODO, d.o.o.	45,272,625	4,175	4,068,878	2,570,520
Zavarovalnica Triglav, d.d.	20,423	796,460	-	-
Telekom Slovenije, d.d.	69,481	814,926	2,207	65,539
Petrol d.d., Ljubljana	-	289,218	-	27,023
DARS d.d.. Ljubljana	-	17,621	-	-
Pošta Slovenije, d.o.o.	-	95,296	-	7,799
	45,362,529	**2,017,696**	**4,071,085**	**2,670,881**

in EUR

			Open receivables	Open liabilities
	Revenues	Expenditure	31.12.24	31.12 24
ELES in SODO, d.o.o.	40,990,906	11,573	7,752,452	3,459,442
Zavarovalnica Triglav, d.d.	58,233	796,460	-	-
Telekom Slovenije, d.d.	79,384	340,766	2,460	70,823
Generali zavarovalnica, d.d.	46,402	218,125	-	197
Pošta Slovenije, d.o.o.	-	87,738	-	7,297
	41,174,925	**1,454,662**	**7,754,912**	**3,537,759**

Table 104: Transactions with other companies

Transactions with other companies in which the state has a dominant influence do not represent significant values.

6. Contingent Liabilities of the Company

In the opinion of legal experts, none of the legal actions is likely to have a significant impact on the profit or loss. Furthermore, it was assessed that provisions set aside for such purposes are sufficient and would cover contingent liabilities of the Company.

As of December 31, 2025 company has no off-balance sheet contingent liabilities.

Company keeps in the off-balance sheet records issued tender guarantees and warranty guarantees (when providing services for external clients) and a guarantee for the unused part of the company's overdraft credit. Company reports no liabilities arising from pledged real estate as none of the Company's properties is either mortgaged or subject to a lien.

On December 31, 2025 the company shows €8,893,792 (Dec 31, 2024: €9,503,038) in the current value of the electricity infrastructure owned by the distribution operator, which was transferred to the distribution operator based on a mutual agreement on handover and takeover, financed from the funds of the average connection costs and the sales contract.

in EUR

Obligation to provide guarantee	31.12.2025	31.12.2024
Current value of assets owned by ELES	8,660,450	9,269,695
Bank guarantees issued	126,947	126,947
Other off-balance sheet items	106,395	106,395
Total	**8,893,792**	**9,503,038**

Table 105: Contingent liabilities of the company

7. Financial Risk Management

Financial risks the Company is exposed to are those risk factors that directly threaten the achievement of the Company's planned profit and capital adequacy. Significant financial risks include credit, liquidity, interest and market risks, as well as the risk of internal or external fraud.

Credit risk is the risk of the Company incurring a loss due to default by its debtors and arises on late settlement of receivables. Company manages the risk by systematically and regularly monitoring outstanding receivables, by regularly monitoring the credit ratings of business partners, by monitoring the financial position of defaulters and by issuing reminders and using enforcement proposals for collection. Company's credit risk is low.

Liquidity risk arises from imbalance of the inflows and outflows dynamics. It represents the risk that the company will not be able to settle its financial obligations on time when they fall due. Liquidity management is therefore of key importance for ensuring smooth operations and maintaining the financial stability of the company. Company monitors and plans its short- and long-term solvency daily, to ensure timely adjustment and cash flow planning, and maintain liquidity risk within the acceptable parameters and manageable.

In 2025, company has concluded two loan agreements for long-term financing of investments in electricity infrastructure for the period 2023-2025 in the total amount of €42 million with the European Investment Bank and for the period 2025-2026 with Nova Ljubljanska Bank d.d. in the total amount of €20 million. Under the first contract, the company had used all its funds at the end of 2025, while under the second contract it still had €15 million of unused financial resources.

To ensure short-term liquidity, the company has concluded a contract for a short-term overdraft facility in the amount of €4.0 million, which is renewed annually.

Company believes that the amount of negative working capital as of December 31, 2025 does not represent a major liquidity risk, given the sector in which the company operates and that the current measures to ensure company's liquidity are adequate.

Interest rate risk: Due to borrowings from domestic and foreign banks, the Company could be exposed to the risk of changes in reference interest rates EURIBOR, which could affect its financing costs. Exposure to risk is assessed as moderate, as the company has only two loans with a variable interest rate, which represents 31.75% of all long-term loans of the company, therefore it does not use hedging instruments.

Financial instruments at a fixed interest rate		in EUR
	31.12.2025	**31.12.2024**
Financial liabilities to banks – long-term	44,433,234	37,589,646
Net financial instruments at a fixed interest rate	**44,433,234**	**37,589,646**

Financial instruments at a variable interest rate		in EUR
	31.12.2025	**31.12.2024**
Financial liabilities to banks – long-term	20,671,875	16,734,375
Net financial instruments at a variable interest rate	**20,671,875**	**16,734,375**

Total financial instruments		in EUR
	31.12.2025	**31.12.2024**
Financial liabilities to banks – long-term	65,105,109	54,324,021
Total net financial instruments	**65,105,109**	**54,324,021**

Financial liabilities to banks		in EUR
	31.12.2025	**31.12.2024**
Financial liabilities to banks – long-term	65,105,109	54,324,021
Financial liabilities to banks – short-term (revolving)	800,000	1,500,000
Financial liabilities to banks – short-term (interests)	134,876	101,986
Total financial liabilities to banks	**66,039,985**	**55,926,007**

Table 106: Financial instruments at a fixed interest rate

Due to short-term and long-term borrowings from domestic and foreign banks, the Company could be exposed to the risk of changes in reference interest rates, which could affect its financing costs. As a result, the Company continuously monitors its exposure to interest rate risk and takes appropriate measures to mitigate it.

		in EUR
	31.12.2025	**31.12.2024**
Cash flow variability (net) -100 bt	534,402.55	763,030.54
Cash flow variability (net) +100 bt	546,361.16	775,747.46

Table 107: Change in profit or loss when the interest rate changes by 100 basis points on the reporting day

Market risks result from failure to render services on the market, which affects the Company's cash flow. Market risks are assessed as moderate.

External fraud arises due to the theft of electricity, and affects cash flow. Risk of external fraud is assessed as low.

Internal fraud arises due to potential conclusion of false contracts and corruption, both of which impact the cash flow. Risk of internal fraud is assessed as low.

Rest of the information is provided in the chapter on the risk management of Elektro Primorska, d.d.

8. Events after the Balance sheet date

After the balance sheet date (December 31, 2025) and until the date of acceptance of the annual report (April 30, 2026), the company received a preliminary calculation for the regulatory year 2025 from the distribution operator and a final calculation for the regulatory year 2024.

Preliminary calculation for the year 2025 was carried out on the basis of the company's unaudited financial statements. It follows from the 2025 preliminary calculation that the inter-annually charged advance value of services and electricity infrastructure rental was a total of €2,425,553 lower than the value established on the basis of the preliminary calculation of the regulatory year. At the same time, considering the value of the annual advance payments, the rent in the amount of €1,302,488 was overcharged and the billing of services undercharged for €3,728,042.

On this basis, in 2025, the company increased revenues from services under the contract with the distribution operator in the amount €3,728,042 and decreased revenues from rental of energy infrastructure in the amount of €1,302,488.

Final calculation for the year 2024 was carried out on the basis of the company's audited financial statements. Final settlement for 2024 shows that the inter-annual advance payment value charged in 2024, including the preliminary settlement for the regulatory year 2024, the value charged for services and the lease of electricity infrastructure, was a total of €1,008,130 lower than the value determined on the basis of the final settlement for the regulatory year. In this case, based on the value of the paid interim advances and the value from preliminary calculation, the rent was overcharged in the amount of €63,899 and the services were undercharged in the amount of €1,072,029.

On this basis, in 2025, the company reduced revenues from rental of energy infrastructure by €63,899 and increased revenues from services under a contract with a distribution operator by € 1,072,029.

9. Financial Statements with notes according to the Energy Act and the Companies Act

In accordance with Article 38 of the Energy Act, the company is required to compile financial statements separately for the energy market activities and separately for other activities. Individual activities are business segments that the Company must, in accordance with the general disclosures under the Companies Act (ZGD), specifically disclose in its Annual Report.

At the end of the year, Elektro Primorska, d.d, compiles financial statements for the Company as a whole. As an annex to the notes to the financial statements it attaches the financial statements in accordance with Article 38 of the Energy Act. In this respect the Company must distinguish the activity of electricity supply from its other activities.

Below are the criteria set for:

- calculating indirect cost allocation to individual activities and
- criteria according to which assets, liabilities, revenues and expenses are allocated to individual activities.

9.1 Notes to the balance sheet items

Balance sheet is a presentation of assets and liabilities as at December 31, 2025.

Physical distribution of assets per activity was carried out in 2001 by the group of experts from technical field appointed by the Company in cooperation with its financial sector.

Division of assets and liabilities to common activities is carried out and assigned to individual activities in accordance with agreed criteria as at the balance sheet date. Method of setting the criteria is described below.

Amounts of share capital and capital reserves were reported in the balance sheet as at December 31 2001 and remain unchanged. Other components of capital change depending on the operating result of the year and the distribution of profit for the current year. For the purpose of balancing the balance sheet between activities, the company transferred €347,458 to the item other profit reserves.

9.2 Notes to the profit and loss account items

In the profit and loss account, revenues and expenditure are disclosed per individual activity. These are direct revenues and expenses of each activity and revenues and expenses of general activities distributed based on the agreed criteria displayed.

9.3 Notes to the cash flow statement items

Cash flow statement shows the receipts and expenditures of individual activities. These are the direct receipts and expenditures of individual activities and the receipts and expenditures of general activities, distributed on the basis of the agreed displayed criteria.

In 2025, the company carried out a cash flow adjustment, namely on the expenditure item for short-term loan repayments in the amount of €800,000 (in 2024: €1,650,000 of adjustments for the same reason). Here, part of the expenses for the repayment of short-term loans was paid by the market activity, which had excess assets, for the regulated activity, which showed a negative cash flow.

9.4 Criteria for allocating revenues and expenses, assets and liabilities of common activities to individual activities

Key 1	share of labour costs	labour costs of the activity / total labour costs
Key 2	share of present value of intangible assets and tangible fixed assets	present value of fixed assets of the activity x 100 / present value of total fixed assets
Key 3	revenue share	revenue of the activity x 100 / total revenue
Key 4	share of material consumption	consumption of material from warehouse for activity x 100 / total consumption of material from warehouse
Key 5	share of material and service costs	consumption of material and services of the activity x 100 / total consumption of material and services

9.5 Sub-balance sheet according to the Energy Act as at December 31 2025

in EUR

	ED infrastructure and services for SODO	Market activities	Total	Criterion for allocating joint activities
Assets				
A. Long-term assets:				
I. Intangible assets and long-term accrued and deferred asset items	**7,106,693**	**56,005**	**7,162,699**	
1. Long-term property rights	7,030,482	55,560	7,086,041	key 2
2. Long-term deferred development costs	76,212	446	76,658	key 2
II. Tangible fixed assets	**262,760,578**	**1,292,025**	**264,052,603**	
1. Land and buildings	163,311,143	1,186,475	164,497,618	
a. Land	5,227,668	681,682	5,909,350	key 2
b. Buildings	158,083,475	504,793	158,588,268	key 2
2. Production devices and machine	80,120,033	104,220	80,224,252	key 2
3. Other devices and equipment	23,682	110	23,792	
4. Fixed assets in acquisition	19,305,720	1,221	19,306,941	key 2
a. fixed assets in construction and production	19,305,720	1,221	19,306,941	key 2
III. Investment property	**0**	**262,054**	**262,054**	**key 2**
IV. Long-term financial investments	**345,520**	**10,387**	**355,907**	
2. Other shares and stakes	345,520	10,387	355,907	key 1
V. Long-term operating receivables	**22,443**	**18,594**	**41,037**	
2. Long-term receivables due from others	22,443	18,594	41,037	key 1
VI. Deferred tax assets	**1,466,448**	**16,055**	**1,482,503**	**key 1,3**
Total long-term assets	**271,701,682**	**1,655,120**	**273,356,803**	
B. Short-term assets:				
II. Stocks	**1,771,916**	**246,091**	**2,018,007**	
1. Material	1,771,916	246,091	2,018,007	key 1, 4
IV. Short-term operating receivables	**7,010,365**	**512,580**	**7,522,945**	
2. Operating trade receivables	6,717,890	512,166	7,230,057	key 3
3. Operating receivables due from others	292,475	414	292,889	key 3
V. Monetary assets	**51,986**	**318,983**	**370,969**	**key 3**
Total short-term assets	**8,834,266**	**1,077,655**	**9,911,921**	
C. Short-term accrued and deferred asset items	**6,522,032**	**2,398**	**6,524,430**	**key 3**
TOTAL ASSSETS	**287,057,980**	**2,735,173**	**289,793,153**	

Table 108: Sub-balance sheet (assets) according to the Energy Act as at December 31 2025

in EUR

Obveznosti do virov sredstev	ED infrastructure and services for SODO	Market activities	Total	Criterion for allocating joint activities
Liabilities				
A. Capital:	**109,935,559**	**530,236**	**110,465,795**	
1. Share capital	109,935,559	530,236	110,465,795	
II.Capital reserves	**770,493**	**421,390**	**46,306,588**	
III. Profit reserves	**23,059,710**	**460,355**	**23,520,065**	
1. Statutary reserves	2,484,370	11,982	2,496,352	
2. Reserves for own shares and business stakes	0	0	0	
3. Own shares and own business stakes (deductible item)	0	0	0	
4. Other profit reserves	20,575,341	448,372	21,023,713	
IV. Revaluation surplus	**-1,070,151**	**-32.171**	**-1.102.322**	**key 1**
V. Net profit or loss from previous periods	**0**	**0**	**0**	
VI. Net profit or loss for the period	**1,092,952**	**597,599**	**1,690,551**	
Total capital	**178,903,268**	**1,977,408**	**180,880,676**	
B. Provisions and long-term accrued and deferred liability items	**29,197,775**	**285,788**	**29,483,563**	
1. Provisions for pensions and other obligations	6,047,050	73,262	6,120,312	key 1
2. Long-term accrued and deferred liability items	23,150,725	212,526	23,363,251	
C. Long-term liabilities	**59,731,484**	**109,853**	**59,841,337**	
I. Long-term financial liabilities	**58,810,889**	**104,361**	**58,915,250**	
1. Long-term financial liabilities to banks	58,027,710	0	58,027,710	
3. Other long-term financial liabilities	783,179	104,361	887,540	
II. Long-term operating liabilities	**920,595**	**5,492**	**926,087**	
2. Long-term operating liabilities to suppliers	920,595	5,492	926,087	
Č. Short-term liabilities	**18,397,574**	**342,328**	**18,739,903**	
I. Short-term financial liabilities	**8,319,793**	**27,559**	**8,347,351**	
1. Short-term financial liabilities to banks	8,012,116	159	8,012,275	
2. Other short-term financial liabilities	307,676	27,400	335,076	key 1
II. Short-term operating liabilities	**10,077,782**	**314,769**	**10,392,551**	
2. Short-term operating liabilities to suppliers	7,275,452	261,428	7,536,879	key 2, 5
3. Short-term operating liabilities based on advances	39,171	4,405	43,576	key 3
4. Other short-term operating liabilities	2,763,159	48,937	2,812,096	key 1
Total liabilities	**107,326,833**	**737,969**	**108,064,802**	
D. Short-term accrued and deferred liability items	**827,879**	**19,795**	**847,674**	**key 3**
TOTAL LIABILITIES	**287,057,980**	**2,735,173**	**289,793,153**	

Table 109: Sub-balance sheet (equity and liabilities) according to the Energy Act as at December 31 2025

9.6 Sub-balance sheet according to the Energy Act as at December 31 2024

in EUR

	ED infrastructure and services for SODO	Market activities	Total	Criterion for allocating joint activities
Assets				
A. Long-term assets:				
I. Intangible assets	**4,477,982**	**10,157**	**4,488,139**	
1. Long-term rights	4,474,090	10,141	4,484,231	key 2
2. Other long-term accrued and deferred asset items	3,892	15	3,908	key 2
3. Intangible assets in acquisition	0	0	0	key 2
II. Tangible fixed assets	**242,310,180**	**1,339,647**	**243,649,827**	
1. Land	5,093,744	681,682	5,775,426	key 2
2. Buildings	147,161,787	516,400	147,678,187	key 2
3. Equipment	72,849,352	99,666	72,949,018	key 2
4.Right to use the asset	195,949	41,508	237,457	key 2
5. Fixed assets in acquisition	17,009,349	391	17,009,740	key 2
a. fixed assets in construction and production	17,006,935	391	17,007,326	key 2
b. Advances for acquisition of fixed assets	2,414	0	2,414	
III. Investment property	**0**	**260,963**	**260,963**	**key 2**
IV. Long-term financial investments	**302,147**	**9,715**	**311,862**	
1. Investments in shares of group companies	0	0	0	key 1
2. Other shares and stakes	302,147	9,715	311,862	key 1
V. Long-term operating receivables	**20,509**	**19,578**	**40,087**	
1. Long-term trade receivables	0	0	0	
2. Long-term receivables due from others	20,509	19,578	40,087	key 1
VI. Deferred tax assets	**2,336,171**	**25,195**	**2,361,366**	**key 1,3**
Total long-term assets	**249,446,989**	**1,665,255**	**251,112,245**	
B. Short-term assets:				
II. Stocks	**1,644,409**	**321,625**	**1,966,034**	
1. Material	1,644,409	321,625	1,966,034	key 1, 4
III. Short-term financial investments	**0**	**0**	**0**	
1. Short-term loans to others	0	0	0	key 1
IV. Short-term operating receivables	**11,700,604**	**333,979**	**12,034,583**	
2. Operating trade receivables	11,303,816	293,401	11,597,217	key 3
3 . Operating receivables due from others	396,789	40,578	437,367	key 3
V. Monetary assets	**59,486**	**711,007**	**770,493**	**key 3**
Total short-term assets	**13,404,499**	**1,366,611**	**14,771,110**	
C. Short-term accrued and deferred asset items	**2,319,661**	**153,990**	**2,473,650**	**key 3**
TOTAL ASSSETS	**265,171,149**	**3,185,856**	**268,357,005**	

Table 110: Sub-balance sheet (assets) according to the Energy Act as at December 31 2024

in EUR

Liabilities		Market activities	Total	Criterion for allocating joint activities
A. Capital:				
I. Called-up capital	**109,397,990**	**1,067,805**	**110,465,795**	
1. Share capital	109,397,990	1,067,805	110,465,795	
II.Capital reserves	**45,885,198**	**421,390**	**46,306,588**	
III. Profit reserves	**19,611,630**	**566,367**	**20,177,997**	
1. Statutory reserves	2,233,947	10,775	2,244,721	
2. Reserves for own shares and business stakes	0	0	0	
3. Own shares and own business stakes (deductible item)	0	0	0	
5. Other profit reserves	17,377,683	555,593	17,933,276	
IV. Revaluation surplus		**-10,128**	**-325,114**	**key 1**
V.Net profit or loss from previous periods		**0**	**0**	
VI. Net profit or loss for the period		**664,399**	**1,502,712**	
Total capital	**175,418,144**	**2,709,833**	**178,127,978**	
B. Provisions and long-term accrued and deferred liability items	**20,347,664**	**51,749**	**20,399,413**	
1. Provisions		44,524	4,578,534	key 1
2. Long-term accrued and deferred liability items		7,225	15,820,879	
C. Long-term liabilities	**47,869,860**	**48,887**	**47,918,748**	
I. Long-term financial liabilities	**47,869,860**	**48,887**	**47,918,748**	
1. Long-term financial liabilities to banks	47,705,109	0	47,705,109	
3. Other long-term financial liabilities	164,751	48,887	213,639	
Č. Short-term liabilities	**20,608,619**	**364,395**	**20,973,014**	
I. Short-term financial liabilities	**8,264,123**	**4,217**	**8,268,340**	
1. Short-term financial liabilities to banks	8,220,899	0	8,220,899	
2. Other short-term financial liabilities	43,224	4,217	47,441	key 1
II. Short-term operating liabilities	**12,344,497**	**360,178**	**12,704,675**	
2. Short-term operating liabilities to suppliers	9,984,594	312,032	10,296,626	key 2, 5
3. Short-term operating liabilities based on advances	72,856	1,580	74,436	key 3
4. Other short-term operating liabilities	2,287,047	46,566	2,333,613	key 1
Total liabilities	**88,826,144**	**465,031**	**89,291,175**	
D. Short-term accrued and deferred liability items	**926,861**	**10,991**	**937,852**	**key 3**
TOTAL LIABILITIES	**265,171,149**	**3,185,856**	**268,357,005**	

Table 111: Sub-balance sheet (equity and liabilities) according to the Energy Act as at December 31 2024

9.7 Profit or loss account according to the Energy Act for the year 2025

in EUR

2025	ED infrastructure and services for SODO	Market activities	Total	Criterion for allocating joint activities
1. Net sales revenue	**45,536,600**	**2,812,675**	**48,349,274**	
a. on the domestic market	45,536,600	2,812,675	48,349,274	key 3
b. on the foreign market	0	0	0	
2. Change in incomplete services	**0**	**0**	**0**	
3. Capitalized own products and services	**17,042,071**	**602**	**17,042,672**	**key 2**
4. Other operating revenues	**1,956,205**	**5,339**	**1,961,544**	**key 1, 2**
5. Costs of goods, material, and services	**-16,399,416**	**-1,485,507**	**-17,884,923**	
a. costs of goods sold and material used	-9,270,046	-1,215,322	-10,485,368	key 1, 5
b. costs of services	-7,129,370	-270,185	-7,399,555	key 2, 5
6. Labour costs	**-23,460,499**	**-566,626**	**-24,027,125**	
a. cost of wages and salaries	-15,619,989	-399,706	-16,019,694	key 1
b. costs of supplementary pension insurance for employees	-747,737	-4,831	-752,568	key 1
c. social security cost	-2,754,274	-66,196	-2,820,470	key 1
č. other labour costs	-4,338,500	-95,893	-4,434,392	key 1
7. Amortization/depreciation expense	**-16,927,416**	**-52,978**	**-16,980,394**	
a. depreciation	-16,626,714	-50,260	-16,676,974	key 2
b. operating expenses from revaluation of intangible and tangible fixed assets	-295,253	-95	-295,349	key 2
c. operating expenses from revaluation of operating current assets	-5,449	-2,623	-8,072	key 3
8. Other operating expenses	**-292,469**	**-14,132**	**-306,602**	**key 1,3**
9. Financial revenues from shares	**6,437**	**194**	**6,630**	
a. in group companies	0	0	0	key 1
b. in other companies	6,437	194	6,630	key 1
10. Financial revenues from given loans	**52**	**2**	**53**	
a. to others	52	2	53	ključ 1
11. Financial revenues from operating receivables	**17,362**	**527**	**17,889**	
a. due from others	17,362	527	17,889	ključ 3
12. Financial expenses from impairment and write-off of finacial investments	**0**	**0**	**0**	**key 6**
13. Financial expenses from financial liabilities	**-1,466,190**	**-21,367**	**-1,487,556**	
a. from loans, received from banks	-1,284,544	-2,730	-1,287,274	
b. from other operating liabilities	-181,646	-18,636	-200,282	key 5
14. Financial expenses from operating liabilities	**-2,251**	**-134**	**-2,385**	
a. from accounts and bills payable	-1,056	-25	-1,081	key 5
b. from other operating liabilities	-1,196	-109	-1,304	key 5
15. Other revenues	**1,941**	**414**	**2,355**	**key 1**
16. Other expenses	**-178,138**	**-3,153**	**-181,291**	**key 1**
PRE-TAX PROFIT OR LOSS OF THE ACCOUNTING PERIOD	5,834,288	675,854	6,510,142	
17. Income tax	**-518,128**	**-55,441**	**-573,569**	
18. Deferred taxes	**-869,125**	**-6,637**	**-875,762**	**key 1,2, 3**
19. NET PROFIT OR LOSS OF THE ACCOUNTING PERIOD	**4,447,035**	**613,776**	**5,060,811**	

Table 112: : Profit or loss account according to the Energy Act for the year 2025

9.8 Profit or loss account according to the Energy Act for the year 2024

2024	ED infrastructure and services for SODO	Market activities	Total	Criterion for allocating joint activities
1. Net sales revenue	**41,180,247**	**3,048,445**	**44,228,692**	
a. on the domestic market	41,180,247	2,966,175	44,146,422	key 3
b. on the foreign market	0	82,270	82,270	
2. Change in incomplete services	**0**	**0**	**0**	
3. Capitalized own products and services	**13,326,905**	**935**	**13,327,840**	**key 2**
4. Other operating revenues	**1,729,523**	**167,808**	**1,897,332**	**key 1, 2**
5. Costs of goods, material, and services	**-13,850,070**	**-1,749,171**	**-15,599,241**	
a. costs of goods sold and material used	-7,285,017	-1,355,751	-8,640,767	key 1, 5
b. costs of services	-6,565,054	-393,420	-6,958,474	key 2, 5
6. Labour costs	**-21,889,064**	**-565,724**	**-22,454,788**	
a. cost of wages and salaries	-14,892,632	-401,943	-15,294,575	key 1
b. costs of supplementary pension insurance for employees	-728,392	-5,010	-733,403	key 1
c. social security cost	-2,546,627	-66,716	-2,613,343	key 1
č. other labour costs	-3,721,413	-92,055	-3,813,468	key 1
7. Amortization/depreciation expense	**-14,973,491**	**-106,978**	**-15,080,469**	
a. depreciation	-14,919,252	-47,929	-14,967,181	key 2
b. operating expenses from revaluation of intangible and tangible fixed assets	-51,258	0	-51,258	key 2
c. operating expenses from revaluation of operating current assets	-2,981	-59,049	-62,030	key 3
8. Other operating expenses	**-240,241**	**-18,494**	**-258,735**	**key 1,3**
9. Financial revenues from shares	**4,015**	**129**	**4,144**	
a. in group companies	0	0	0	key 1
b. in other companies	4,015	129	4,144	key 1
10. Financial revenues from given loans	**6**	**0**	**7**	
a. to others	6	0	7	key 1
11. Financial revenues from operating receivables	**18,979**	**544**	**19,523**	
a. due from others	18,979	544	19,523	key 3
12. Financial expenses from impairment and write-off of finacial investments	**0**	**0**	**0**	**key 6**
13. Financial expenses from financial liabilities	**-1,029,246**	**-26,159**	**-1,055,405**	
a. from loans, received from banks	-883,911	-6,592	-890,503	
b. from other operating liabilities	-145,335	-19,567	-164,902	key 5
14. Financial expenses from operating liabilities	**-494**	**-42**	**-536**	
a. from accounts and bills payable	-250	-12	-262	key 5
b. from other operating liabilities	-245	-30	-274	key 5
15. Other revenues	**0**	**0**	**0**	**key 1**
16. Other expenses	**-122,533**	**-4,355**	**-126,888**	**key 1**
PRE-TAX PROFIT OR LOSS OF THE ACCOUNTING PERIOD	4,154,535	746,939	4,901,474	
17. Income tax	**-403,769**	**-65,662**	**-469,431**	
18. Deferred taxes	**26,541**	**-1,559**	**24,982**	**key 1,2, 3**
19. NET PROFIT OR LOSS OF THE ACCOUNTING PERIOD	**3,777,306**	**679,718**	**4,457,025**	

Table 113: Profit or loss account according to the Energy Act for the year 2024

9.9 Cash flow statement according to the Energy Act for the year 2025

in EUR

	ED infrastructure and services for SODO	Market activities	Total EP	Criterion for allocating joint activities
A. OPERATING CASH-FLOW				
1. Operating receipts	**92,078,579**	**3,558,764**	**95,637,344**	
a. Receipts from sales of products and services	52,160,980	3,477,634	55,638,615	K-1, K-3, K-4, K-5
b. Other operating receipts	39,917,599	81,130	39,998,729	K-1, K-2, K-3, K-5
2. Operating expenditure	**-67,511,066**	**-3,076,648**	**-70,587,714**	
a. Expenditure for purchase of material and services	-10,837,302	-2,309,825	-13,147,127	K-3, K-4, K-5
b. Expenditure for salaries and employees profit shares	-22,536,944	-677,265	-23,214,208	K-1
c. Expenditure on benefits of all kinds	-1,947,759	-88,436	-2,036,195	K-1, K-3
d. Other operating expenditure	-32,189,062	-1,122	-32,190,184	K-4, K-5
3. Positive or negative cash flow from operating activities	**24,567,513**	**482,116**	**25,049,629**	
B. CASH FLOWS IN INVESTING ACTIVITIES				
4. Receipts in investing activities	**313,417**	**426**	**313,843**	
a. Receipts from received interest and profit shares others related to investements	24,631	415	25,046	K-1, K-3
b. Receipts from disposal of tangible fixed assets	288,787	11	288,797	K-2
c. Receipts from disposals of financial investments	0	0	0	K-1
5. Expenditure in investing activities	**-32,736,145**	**-28,042**	**-32,764,187**	
a. Expenses for acquisition of intangible assets	-4,065,639	-9,807	-4,075,445	K-2
b. Expenses for acquisition of tangible fixed assets	-28,670,506	-18,235	-28,688,742	K-2
c. Expenses for acquisition of financial investments	0	0	0	
6. Positive or negative cash flow from investing activities	**-32,422,728**	**-27,617**	**-32,450,344**	
C. CASH FLOWS IN FINANCING ACTIVITIES				
8. Receipts in financing activities	**39,400,000**	**0**	**39,400,000**	
a. Receipts from paid-in capital	0	0	0	
b. Receipts from increase in financial liabilities	39,400,000	0	39,400,000	
9. Expenditure in financing activities	**-31,552,285**	**-846,524**	**-32,398,809**	
a. Expenditure for given interest related to financing	-1,574,517	-2,668	-1,577,185	K-5
b. Capital repayment expenditure	0	0	0	K-3
c. Expenditure for repayment of financial liabilities	-28,518,912	-800,000	-29,318,912	
e. Expenditure for payment of dividends and other profit shares	-1,458,856	-43,856	-1,502,712	
10. Positive or negative cash flow from financing activities	**7,847,715**	**-846,524**	**7,001,191**	
Č. CLOSING CASH BALANCE	**51,986**	**318,983**	**370,969**	
X. CASH FLOW FOR THE PERIOD	**-7,500**	**-392,024**	**-399,524**	
Y. Opening cash balance	**59,486**	**711,007**	**770,493**	
Closing cash balance as of 31.12.2025	**51,986**	**318,983**	**370,969**	

Table 114: Cash flow statement according to the Energy Act for the year 2025

9.10 Cash flow statement according to the Energy Act for the year 2024

in EUR

	ED infrastructure and services for SODO	Market activities	Total EP	Criterion for allocating joint activities
A. OPERATING CASH-FLOW				
1. Operating receipts	**83,951,321**	**5,262,558**	**89,213,879**	
a. Receipts from sales of products and services	50,467,829	5,228,862	55,696,691	K-1, K-3, K-4, K-5
b. Other operating receipts	33,483,492	33,696	33,517,188	K-1, K-2, K-3, K-5
2. Operating expenditure	**-67,653,239**	**-3,505,645**	**-71,158,884**	
a. Expenditure for purchase of material and services	-10,516,384	-2,528,230	-13,044,614	K-3, K-4, K-5
b. Expenditure for salaries and employees profit shares	-21,608,713	-695,945	-22,304,658	K-1
c. Expenditure on benefits of all kinds	-2,687,463	-154,881	-2,842,344	K-1, K-3
d. Other operating expenditure	-32,840,678	-126,589	-32,967,268	K-4, K-5
3. Positive or negative cash flow from operating activities	**16,298,082**	**1,756,914**	**18,054,995**	
B. CASH FLOWS IN INVESTING ACTIVITIES				
4. Receipts in investing activities	**69,010**	**153,014**	**222,024**	
a. Receipts from received interest and profit shares	23,652	1,006	24,658	K-1, K-3
b. Receipts from disposal of tangible fixed assets	45,358	152,008	197,367	K-2
c. Receipts from disposals of short-term financial investments	0	0	0	K-1
d. Receipts from disposals of long-term financial investments	0	0	0	
5. Expenditure in investing activities	**-27,668,970**	**-50,976**	**-27,719,945**	
a. Expenses for acquisition of intangible assets	-2,736,272	-17,859	-2,754,132	K-2
b. Expenses for acquisition of tangible fixed assets	-24,932,698	-33,116	-24,965,814	K-2
c. Expenses for acquisition of ST financial investments	0	0	0	
d. Expenses for acquisition of LT financial investments	0	0	0	K-1
6. Positive or negative cash flow from investing activities	**-27,599,960**	**102,039**	**-27,497,921**	
C. CASH FLOWS IN FINANCING ACTIVITIES				
8. Receipts in financing activities	**42,600,000**	**0**	**42,600,000**	
a. Receipts from long-term loans obtained	18,500,000	0	18,500,000	
b. Receipts from short-term loans obtained	24,100,000	0	24,100,000	
9. Expenditure in financing activities		**-1,709,757**	**-33,004,331**	
a. Expenditure for given interest	-1,365,401	-6,997	-1,372,398	K-5
b.Capital expenditure	0	0	0	K-3
c. Expenditure for repayment of long-term loans	-5,541,383	0	-5,541,383	
d. Expenditure for repayment of short-term loans	-22,750,000	-1,650,000	-24,400,000	
e. Expenditure for dividend	-1,637,791	-52,760	-1,690,551	K-1
10. Positive or negative cash flow from financing activities		**-1,709,757**	**9,595,669**	
11. Total surplus of receipts or expenditure		**149,196**	**152,743**	
Č. CLOSING CASH BALANCE	**59,486**	**711,007**	**770,493**	
X. Opening cash balance	**55,938**	**561,811**	**617,749**	
Y. CASH FLOW FOR THE PERIOD	**3,548**	**149,196**	**152,743**	
Closing cash balance as of 31.12.2024	**59,486**	**711,007**	**770,493**	

Table 115: Cash flow statement according to the Energy Act for the year 2024

INDEX OF TABLES

INDEX OF CHARTS

INDEX OF FIGURES

LIST OF ABBREVIATIONS

Abbreviation	Meaning
AE	Energy Agency
ADMS	Advanced Distribution Management System
AKU	accumulator batteries
BIA	Business Impact Analysis
BDO	BDO Revizija d.o.o.
CAPEX	investments
CDWH	central data warehouse
COT	comprehensive risk management
CUO	price of network use
DCV	remote control centre
DE	distribution unit
DEES	distribution power system
DO	distribution operator
D365	Microsoft Dynamics 365
DV	transmission line
DVPLM	remote controlled disconnection point
EBITDA	earnings before interest, taxes, depreciation and amortization
ELES	Elektro-Slovenija, d.o.o.
EP	Elektro Primorska, d.d.
EPOS	network fee calculation
EZ-1	Energy Act
FRS	financial and accounting sector
GIS	geographic information system
GIZ	economic interest grouping
HE	hydroelectric power plant
HEE	electricity storage
IKT	information and communication technologies
ISO	International Organization for Standardization
JR	public lighting
KBV	cable conduit
KKUDD	Corporate Governance Code for Companies with State Capital Investment
NEPN	National Energy and Climate Plan
NN	low voltage
NMS	advanced measurement system
ODS	distribution system operator
OMS	Outage Management System
OVE	renewable energy sources
OPEX	operating costs
PID	authorized investment company
REDOS	development of Slovenia's electricity distribution network
RP	substation
RTP	transformer station
SAIDI	system average interruption duration index
SAIFI	system average interruption frequency index
SCADA	distribution network control system
SDH	Slovenian Sovereign Holding, d.d.
SI-CERT	national cybersecurity response center
SN	medium voltage

SPTE	cogeneration of heat and electricity
SVIV	information security management system
TP	transformer station
UKV	ultra-short waves
URSIV	Information Security office of the Republic of Slovenia
VOC	security operations centre
VZD	health and safety at work
VN	high voltage
ZGD-1	Companies Act
ZInfV-1	Information Security Act
ZSROVE	Act on the Promotion of the Use of Renewable Energy