



KAPITALSKA DRUŽBA

ANNUAL REPORT 2024

Kapitalska družba, d. d.

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LIST OF USED ABBREVIATIONS

AC	Amortised cost
AJPES	Agency of the Republic of Slovenia for Public Legal Records and Related Services
ISA	Insurance Supervision Agency
GDP	Gross domestic product
BVAL	Bloomberg Valuation Service
CBBT	Composite Bloomberg Bond Trader
CRP	Central population register
CSRD	Corporate Sustainability Reporting Directive
VAT	Value-added tax
DMA	Double Materiality Assessment
DORA	Digital Operational Resilience Act
EAD	Exposure at Default
ECB	European Central Bank
ESS	Economic and Social Council
EU	European Union
EUR	Euro
ESG	Environment, Social, and Governance
ESRS	European Sustainability Reporting Standards
EWS	Early Warning System
FED	Federal Reserve
FIFO	First In First Out
FSC certificate	Forest Stewardship Council certification
FURS	Financial Administration of the Republic of Slovenia
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
GAP	Gap analysis
G20	The symbol of the international intergovernmental forum of the Group of 20 largest world economies
G2G	A standardized method of data exchange between individual back-end information systems within the Financial Administration of the Republic of Slovenia and public administration bodies of the Financial Administration of the Republic of Slovenia
IIA	Institute of Internal Auditors
IMF	International Monetary Fund
IRO	Impacts, Risks and Opportunities
JN	Public tender

KDD	Centralna klirinško depotna družba, d. o. o.
TBE	Tick-borne encephalitis
KKUDD	Corporate Governance Code for State-Owned Enterprises
LGD	Loss Given Default
MDDSZ	Ministry of Labour, Family, Social Affairs and Equal Opportunities
MKPS	Life-Cycle Pension Fund (MKPS)
IAS	International Accounting Standards
MSCI	Morgan Stanley Capital International Index
IFRS	International Financial Reporting Standards
OECD	Organisation for Economic Cooperation and Development
OdSUKND	Ordinance on the strategy for the governance of the State's capital assets (Official Gazette of the Republic of Slovenia, No. 53/2015)
OdSUND	Ordinance on the strategy for the governance of the State's assets (Official Gazette of the Republic of Slovenia, No. 59/2024)
IASB	International Accounting Standards Board
IFRIC	The International Financial Reporting Interpretations Committee
OTC	Over The Counter Market
OVP	Abandoned securities
PD	Probability of Default
PDPZ	Voluntary supplementary pension insurance
POCI	Purchased or Originated Credit-Impaired
ROA	Return On Assets
ROE	Return on Equity
RS	Republic of Slovenia
RVP	Securities from registry accounts
SBI TOP	Central Slovenian stock market index
SDG	Sustainable Development Goals
SSH	Slovenian Sovereign Holding, d. d.
SODPZ	Compulsory Supplementary Pension Insurance Fund of the Republic of Slovenia
SPPI	Solely Payments of Principal and Interest
SURS	Statistical Office of the Republic of Slovenia
IMAD	Office of the Government of the Republic of Slovenia for Macroeconomic Analysis and Development
UOMRS	International Accounting Standards Board
USD	U.S. dollar
VaR	Value at Risk
WGI	Worldwide Governance Indicators
ZDUS	Association of Pensioners' Societies of Slovenia
ZGD-1	Companies Act (Official Gazette of the Republic of Slovenia, No. 42- 2006, as amended and supplemented)

ZIPRS2425	Act Regulating the Implementation of the Budgets of the Republic of Slovenia for 2024 and 2025 (Official Gazette of the Republic of Slovenia no. 123/2023, as amended and supplemented)
ZIPRS2526	Act Regulating the Implementation of the Budgets of the Republic of Slovenia for 2025 and 2026 (Official Gazette of the Republic of Slovenia no. 104/2024)
ZNS	Slovenian Directors' Association
ZNVP-1	Book-Entry Securities Act (Official Gazette of the Republic of Slovenia, No. 75-2015, as amended and supplemented)
ZODPol	Organisation and Work of the Police Act (Official Gazette of the Republic of Slovenia, No. 15-2013, as amended and supplemented)
ZPIZ	Pension and Disability Insurance Institute of Slovenia
ZPIZ-1	Pension and Disability Insurance Act (Official Gazette of the Republic of Slovenia, No. 106/1999 as amended and supplemented)
ZPIZ-2	Pension and Disability Insurance Act (Official Gazette of the Republic of Slovenia, No. 96/2012 as amended and supplemented;)
ZPPOGD	Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities (Official Gazette of the Republic of Slovenia, No. 21/2010, as amended and supplemented)
ZPre-1	Takeovers Act (Official Gazette of the Republic of Slovenia, No. 79-2006, as amended and supplemented)
ZSDH-1	Slovenian State Holding Act (Official Gazette of the Republic of Slovenia, No. 25-2014, as amended and supplemented)
ZUJIK	Exercising of the Public Interest in Culture Act (Official Gazette of the Republic of Slovenia, No. 96-2002, as amended and supplemented)
ZZavar-1	Insurance Act (Official Gazette of the Republic of Slovenia, No. 93-2015, as amended and supplemented)
ZZVZZ-T	Act Amending Health Care and Health Insurance Act (Official Gazette of the Republic of Slovenia, No. 78/2023)

1

HIGHLIGHTS OF THE ANNUAL REPORT

THE VALUE OF THE
COMPANY'S ASSETS
reached

EUR 1.6
billion

at the end of
2024

TOTAL COMPREHENSIVE INCOME

for 2024 amounted to

EUR 163.0
million

exceeding total comprehensive income in 2023 by 13.5%.

Excluding the transfer to Pension and Disability Insurance Institute (ZPIZ)
and the one-time write-off of deferred tax assets, it would amount to

EUR 248.5
million

THE RETURN OF THE
COMPANY'S ASSETS

in 2024 amounted to

20,8 %

THE VALUE OF THE
COMPANY'S
CAPITAL

reached at the
end of 2024

EUR 1.4
billion

OPERATING
RESULT

for 2024
amounted to

EUR 5,7
million

THE VALUE OF THE ASSETS OF SODPZ

managed by Kapitalska družba, d. d.,
reached

EUR 1.0
billion

at the end of 2024

At the end of 2024,
there were

50,883
insured members

saving in the
SODPZ

KAPITALSKA
DRUŽBA, D. D.,
paid

EUR 65
million

to ZPIZ in 2024

OPERATING RESULT

Operating result
for 2024 amounted to

EUR 38.8
million

The amendments to ZDDPO-2,
which limited the carry-
forward of tax losses to five
years (previously unlimited), had
a significant impact on the result.

Excluding the transfer
to ZPIZ and the one-time
write-off of deferred
tax assets in the amount
of EUR 20.5 million, the
net result would have
amounted to

EUR 124.3
million

FINANCIAL
REVENUE

reached

EUR 123.4
million

in 2024

NET
SALES

revenue reached

EUR 12.2
million

in 2024



GROWTH.

INTRODUCTION
TO THE ANNUAL REPORT

2

PRESENTATION OF THE COMPANY KAPITALSKA DRUŽBA, D. D.

2.1 GENERAL DATA

2.1.1 Company

Company name	Kapitalska družba pokojninskega in invalidskega zavarovanja, d. d.
Shortened company name	Kapitalska družba, d. d.
The name of the company in English shall read	Pension Fund Management
Registered office	Dunajska cesta 119, Ljubljana
Registration number	5986010000
VAT ID	SI59093927
Entry in company register	District Court in Ljubljana, entry no. 1/28739/00

2.1.2 Ownership Structure and Equity

As at 31 December 2024, the sole shareholder of Kapitalska družba, d. d. is the Republic of Slovenia.

The Company's share capital amounts to EUR 364,809,523.15, and is divided into 874,235 registered no-par value ordinary shares. Each no-par value share shall account for the same proportion and corresponding amount in the share capital.

2.1.3 Activities of the company

The main activity of Kapitalska družba, d. d. (Hereinafter: Kapitalska družba) is the management of its own assets and the management of the Compulsory Supplementary Pension Insurance Fund (SODPZ) with the aim of providing additional funds for pension and disability insurance. Kapitalska družba also performs other activities related to asset management and services related to support to asset management.

The activities of Kapitalska družba are defined by law and by the Company's Articles of Association. According to its Articles of Association, Kapitalska družba carries out the following activities in accordance with its purpose:

- 58.110 Book publishing
- 58.120 Issuing of directories and address books
- 58.130 Newspapers publishing

58.140	Publishing of journals and other periodicals
58.190	Other publishing activities
58.290	Other software publishing
59.200	Recording and publishing of sound recordings and musicals
62.010	Computer programming activities
62.020	Computer consultancy activities
62.030	Computer facilities management activities
62.090	Other information technology and computer service activities
63.110	Data processing, hosting and related activities
63.120	Web portals
64.200	Activities of holding companies
64.300	Activity of trust and other funds and similar financial entities
64.990	Other unclassified financial service activities, except insurance and pension fund activities
65.300	Pension funding
66.210	Risk and damage evaluation
66.290	Other activities auxiliary to insurance and pension funding
68.100	Buying and selling of own real estate
68.200	Renting and operating of own or leased real estate
69.200	Accounting, bookkeeping and audit activities, tax consultancy (except audit activities)
70.100	Company management activities
70.220	Business and other management consultancy activities
73.200	Market research and public opinion polling
85.590	Other education n.e.c.
85.600	Educational support activities

2.1.4 Bodies of the Company

2.1.4.1 Management Board



Bachtiar Djalil, Chairman of the Board



Gregor Bajraktarević, Member

In 2024, Kapitalska družba was run by the Management Board composed of:

- | Bachtiar Djalil, Chairman of the Board
- | Gregor Bajraktarević, Member

The Chairman of the Management Board and a member of the Management Board of Kapitalska družba were appointed by the Supervisory Board on the basis of a public tender, in accordance with the company's Articles of Association and the provisions of the Slovenian Sovereign Holding Act (ZSDH-1). One of the Members is appointed Chairman of the Management Board. The term of office of the Management Board members is four years with the possibility of re-appointment.

The Company's Management Board is not authorised to issue or purchase treasury shares.

2.1.4.2 Supervisory Board

In 2024, the Supervisory Board of Kapitalska družba operated in the following composition:

- | Janez Tomšič, Chairman
- | Boris Žnidarič, Deputy chairman

- | Ladislav Rožič, Member
- | Mirko Miklavčič, Member
- | Boštjan Leskovar, Member
- | Andreja Cedilnik, Member

The procedure for appointing the Supervisory Board of Kapitalska družba is described in Chapter 15.1 *General disclosures under Amendments to the Articles of Association and the Rules on Appointing the Management Board and the Supervisory Board.*

2.1.4.3 General Meeting

The rights of the sole shareholder are exercised by the Government of the Republic of Slovenia.

2.1.5 Diversity policy

In 2023, Kapitalska družba adopted an internal Diversity Policy for the Management and the Supervisory Board, which sets out the main principles for ensuring diversity in the Management Board and the Supervisory Board of Kapitalska družba, with regard to representation in both bodies. The Diversity Policy promotes diversity in the membership of both bodies. Differences in knowledge, experience, professional qualifications, age, gender and other aspects of the members of the Management Board and the Supervisory Board can be used to the benefit of the company by the diverse composition of the bodies. The Diversity Policy aims to achieve greater diversity in the composition of the Management Board and the Supervisory Board, which contributes to the effectiveness of both bodies and has a positive impact on the development of the Company's business and reputation. Ensuring diversity in terms of gender, age, educational and professional background, professional profile, tenure allows for the exchange of different views and perspectives and a good understanding of current developments, with the aim of ensuring the long-term success and sustainability of the Company's business. The Management Board and the Supervisory Board and its human resource committee strive to achieve the goals of the Diversity Policy, each within the scope of their responsibilities. The commitment to implementing the diversity policy is also followed by the sole shareholder and other stakeholders, the latter especially in formulating proposals for members of the supervisory board, as the interest composition of the supervisory board is legally defined based on the provision of the sixth paragraph of Article 51 of the ZSDH-1. The aim shall be to have as equal a gender balance as possible and continuity of orientation so that not all members of the Management Board or Supervisory Board are replaced at the same time. The complementarity of the two bodies is also important. Gender diversity is skewed in favour of the male gender, with a ratio of 83.3% : 16.7% on the Supervisory Board and 100% : 0% on the Management Board.

2.1.6 Other

With the Act amending the Companies Act (ZGD-1M), which entered into force as at 18 December 2024, Kapitalska družba ceased to be classified as a public interest entity. Based on Article 44 of the ZGD-1M, the provisions of Article 55 of the law, which regulate the classification and reclassification of companies, shall begin to apply for the business year starting in 2024. Regardless of the above, in 2024, Kapitalska družba does not meet the criterion regarding the average number of employees according to the provisions of Article 70.c of the Companies Act (ZGD-1), which was in force until 17 December 2024 (i.e. the average number of employees in the business year as at the balance sheet cut-off date is not greater than 500), therefore it is not among those obliged to prepare a statement on non-financial operations according to the previously valid text of the act.

3

STATEMENT BY THE MANAGEMENT BOARD

We have had a successful year. From numerous challenges, we created many opportunities in 2024 and managed to maintain stability and growth. All of this is the result of our dedication, innovation, and the solid foundations we have built over the years. We have focused even more on long-term sustainable goals that support balanced social and economic development. Kapitalska družba successfully pursued its dual mission: to provide additional resources for the public pension and disability insurance system and to effectively perform occupational pension insurance. Responsible corporate governance and transparency represent a constant commitment of Kapitalska družba even in challenging circumstances.

In line with positive developments in financial markets, we generated EUR 163.0 million in total comprehensive income in 2024; excluding the transfer to the Pension and Disability Insurance Institute (ZPIZ) in the amount of EUR 65 million and the write-off of deferred tax assets in the amount of EUR 20.5 million, total comprehensive income would have amounted to EUR 248.5 million. With a balanced and cost-effective management policy, Kapitalska družba achieved a positive operating profit of EUR 5.7 million. Net profit for the financial year amounted to EUR 38.8 million. The amendments to ZDDPO-2, which limited the carry-forward of tax losses to five years (previously unlimited), had a significant impact on the result. Excluding the transfer to ZPIZ and the one-time write-off of deferred tax assets, the net result would have amounted to EUR 124.3 million. The return on the company's assets was also high in 2024, amounting to 20.8%.

Successful operations enable Kapitalska družba, as a demographic reserve fund, to make regular payments into the public pension system, thereby contributing to covering the pension costs of Slovenian pensioners. We transferred EUR 65 million to ZPIZ in 2024.

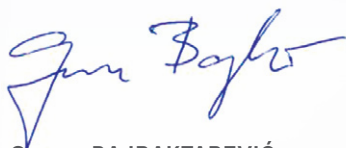
Since our mission is to serve the sustainable development of a long-lived Slovenian society, our efforts are focused not only on the well-being of the public pension system, but also on providing occupational pensions for employees in more demanding jobs. Occupational pension insurance, based on the actual savings of insured persons, replaces pensions that are financed on an ongoing basis over a certain period. It represents a modern form of pension payment, based on capital. Employees who perform particularly difficult and health-damaging work, as well as work that cannot be successfully performed after a certain age, are given early retirement that does not encroach on public finance and budget resources. Due to the unfavourable demographic characteristics of Slovenian society, occupational pensions paid by Kapitalska družba as part of the second pension pillar are becoming increasingly important and represent one of the possible sustainable forms of pension insurance.

The Compulsory Supplementary Pension Insurance Fund, which is the second largest pension fund in Slovenia, has accumulated savings of more than 50,000 insured persons, totalling over a billion euros. The return on their assets in 2024 was 4.43%.

The strong business performance is attributable to our employees and the favourable conditions in the financial markets. We recognise that a key driver that motivates our employees is an inclusive and purpose-driven organisational culture. Our organisational culture is becoming more and more permeated day by day with the holistic aspects of sustainable business practices (ESG), which pursues long-term sustainable positive performance. This means supporting responsible business practices, expanding connectivity, promoting integrity and responsible

business practices, and empowering employees. Empowered and motivated employees, characterised by strong work discipline, knowledge and creativity, are the guarantee for the successful further development of Kapitalska družba and its growing role in the Slovenian pension system. This is how we live our core values: safety, professionalism, accountability, honesty, teamwork and customer focus. Our values help us build trust with our stakeholders and achieve high-set goals. This is reflected in our success in managing the assets (our own and those of the SODPZ) and in the services we provide to our current and future occupational pensioners.

The mission of Kapitalska družba is to co-create Slovenia's pension future. Meeting the expectations of all stakeholders requires a constant transformation of the business model. Based on our rich experience, we will continue to build our advantages on business excellence and dedicated, highly competent employees. Aimed at goals and committed to business integrity, we want to actively participate in shaping the Slovenian pension future. Firmly anchored in the present, but with an eye on the future, we want to co-create the right solutions for a long-lived Slovenian society.



Gregor BAJRAKTAREVIĆ

Member of the Management Board



Bachtiar DJALIL

Chairman of the Management Board

4

2024 REPORT OF THE SUPERVISORY BOARD OF KAPITALSKA DRUŽBA, D. D.

REPORT OF THE SUPERVISORY BOARD OF KAPITALSKA DRUŽBA FOR 2024

Pursuant to Article 282 of the ZGD-1, the Supervisory Board of Kapitalska družba hereby submits the following report to the Company's General Meeting.

a) Report of the Supervisory Board on the method and extent of the verification of the Company's management during the financial year

The Supervisory Board of Kapitalska družba is appointed by the Company's General Meeting. The Supervisory Board comprises six members in accordance with the sixth paragraph of Article 51 of the ZSDH-1. Three members of the Supervisory Board are appointed on the basis of a proposal by SDH, while two members are appointed on the basis of a proposal by national-level federation/organisation of pensioners and one is appointed on the basis of a proposal by national-level trade union federation or confederation. The same conditions and criteria that apply to members of SDH's Supervisory Board apply to the members of Kapitalska družba's Supervisory Board. Members of Kapitalska družba's Supervisory Board serve a four-year term of office and may be reappointed.

The Supervisory Board of Kapitalska družba functioned in the following composition in 2024: Janez Tomšič (Chairman), Dr Boris Žnidarič (Deputy Chairman), Andreja Cedilnik (member), Boštjan Leskovar, MSc (member), Mirko Miklavčič (member) and Ladislav Rožič, MSc (member). All members were actively included in the work of the Supervisory Board, in particular through their regular attendance at sessions, and through their participation in discussions and the adoption of decisions. In connection with the adoption of decisions by the Supervisory Board, the rules of procedure of Kapitalska družba's Supervisory Board include provisions regarding steps to be taken in the event of a potential conflict of interests. In addition to disclosing the fact that he also serves as a member of SDH, d.d.'s Management Board, Chairman of the Supervisory Board Janez Tomšič issued a statement of self-exclusion in accordance with the fourth paragraph of Article 59 of the ZSDH-1 in the statement of independence he provided.

The Supervisory Board met at seven sessions during the 2024 financial year as follows: six regular sessions and one correspondence session. Particular attention in the monitoring of Kapitalska družba's operations in 2024 was given to monitoring the management of the Company's assets and to monitoring the management of the Compulsory Supplementary Pension Insurance Fund of the Republic of Slovenia (SODPZ).

At its 238th session of 16 May 2024, the Supervisory Board approved the annual report of Kapitalska družba for the 2023 financial year, adopted the report on the verification of the Company's annual report for 2023 and approved the proposal on the use of distributable profit for 2023. At the same session, the Supervisory Board was also briefed on the audited annual report of the SODPZ for 2023. At its 239th session of 20 June 2024, the Supervisory Board approved the consolidated annual report of the Kapitalska Družba Group for the 2023 financial year, and adopted the report on the verification of the consolidated annual report of the Kapitalska Družba Group for 2023. At the same session, the Supervisory Board approved the convening of the Company's annual General Meeting, and was briefed on the Company's report on the appropriateness of the investment policy of the SODPZ, which was drawn up based on a General Meeting resolution adopted on 22 November 2023.

The Supervisory Board was regularly briefed on the operations of the subsidiary Modra zavarovalnica, d. d. Special attention was given to that company's management activities, in the scope of which the operations of individual Slovenian investments of significant value (some are defined as strategic or material investments according to the Strategy for Managing State Capital Investments) were discussed quarterly at sessions of the Supervisory Board. With regard to those investments, the Supervisory Board was briefed on the voting positions of the Management Board prior individual general meetings. It was also briefed on the bases for voting at general meetings during the current year. In accordance with the provisions of the Company's Articles of Association, the members of the Supervisory Board also gave the Management Board their consent to conclude transactions for the purchase and sale of securities and participating interests when the value of a specific transaction exceeded the value set out in the relevant Supervisory Board resolution. The range of such transactions was updated in 2024. Amongst such decisions in 2024, the Supervisory Board gave its consent to the extension of the loan rescheduling agreement with Sava, d. d. and to an agreement on the repayment of liabilities, which brought to a conclusion the multi-year financing of the aforementioned company. At its 243rd session of 19 December 2024, the Supervisory Board gave its consent to the Company's revised asset management strategy.

At its 237th session of 14 March 2024, the Supervisory Board adopted the Succession Policy of Kapitalska družba, which is a document drafted jointly by the Management Board and Supervisory Board. The Succession Policy covers senior management and the heads of organisational units. The aim of the Succession Policy is to establish effective and timely measures for the purpose of internal succession in order to ensure the continuity of management, preserve and develop knowledge for the Company's future, and to promote the individual growth and development of employees. At its 240th session of 18 July 2024, the Supervisory Board approved amendments to the Rules on the Internal Organisation of Kapitalska družba. Those amendments relate to the reorganisation of two organisational units from the area of accounting, controlling and settlements, and the reorganisation of the IT Department. At its 242nd session of 7 November 2024, the Supervisory Board gave its consent to Kapitalska družba's business-financial plan for the 2025 financial year. At its 238th session of 16 May 2024, it adopted a decision regarding the variable remuneration of the Management Board and formulated a revision to the methodology for calculating variable remuneration based on the performance and effectiveness of the work of Kapitalska družba's Management Board, which it adopted in 2023.

The Supervisory Board periodically monitored the work of the Internal Audit Department (it discussed the report on the department's work for 2023, the half-yearly report of the department for the period January to June 2024, and the department's annual work programme for 2025 and the strategic work plan of the department for the period 2025 to 2029) and gave its consent to the setting of remuneration for the head of the Internal Audit Department. An external assessment of the quality of internal auditing was carried out at the Company in 2024. The Supervisory Board was then briefed on the report on the quality of internal auditing at its 243rd session of 19 December 2024. At the same session, it was briefed on the entry into force of the Global Internal Audit Standards in January 2025. Those standards served as the basis for the Internal Audit Department's revised charter, to which the Supervisory Board gave its consent.

The Supervisory Board carried out a self-assessment of the effectiveness of its work. In assessing its effectiveness, the Supervisory Board relied on the self-assessment matrix published in the Manual for

Assessing the Effectiveness of Supervisory Boards, adopted by the Slovenian Directors' Association. Based on a self-assessment, the Supervisory Board performed an analysis at its 239th session of 20 June 2024, in the scope of which it determined that there has been notable progress in several areas and that additional measures are not required. Special attention was given to the training of Supervisory Board members, who were briefed on legal and other relevant developments.

Audit and HR committees functioned as advisory bodies to the Supervisory Board in 2024. At its 243rd session of 19 December 2024, the Supervisory Board adopted the rules of procedure of the HR committee. The Supervisory Board finds that it cooperated with the committees, Management Board and the Company's expert departments effectively, properly and professionally.

The earnings of members of the Supervisory Board and the external members of its committees are disclosed in the annual report in Tables 44 and 45.

Work of the Supervisory Board's audit committee

The audit committee of Kapitalska družba's Supervisory Board functioned in the following four-member composition in 2024: Andreja Cedičnik (chair), Boštjan Leskovar, MSc and Mirko Miklavčič (members), and Natalija Stošicki (external member). The members of the audit committee are appointed from the members of the Supervisory Board until the end of the term of office on the aforementioned body, unless otherwise decided in a resolution of the Supervisory Board. The terms of office of independent experts (external members) are not tied to the term of office of Supervisory Board members, and those persons may be replaced by the Supervisory Board at any time. The audit committee met at nine regular sessions.

The audit committee is a permanent working body of the Supervisory Board, and throughout the financial year it closely monitored the operations of the Company and the work of the Management Board for the needs of the Supervisory Board's decisions. In its work, the audit committee complied with the provisions of the ZGD-1 with respect to its competences, as well as the provisions of the rules of procedure of the audit committee as adopted by the Supervisory Board. In addition to its legally prescribed tasks, the audit committee also reviewed the interim reports on the operations of Kapitalska družba, its subsidiary and the SODPZ under Kapitalska družba's management, and it also performed additional tasks by authorisation of the Supervisory Board. It was briefed on information regarding the performance of individual investments of significant value. It also monitored the work of the Internal Audit Department. Based on the results of the report on the external assessment of the quality of internal auditing carried out by an external assessor, the audit committee tasked the Internal Audit Department with drafting a plan for the implementation of recommendations. In addition, the audit committee was briefed on the draft text of the Internal Audit Department's revised charter, and proposed that the Supervisory Board give its consent to the adoption of that document. The audit committee was periodically briefed on activities in the area of sustainable operations. In 2024, the audit committee consented to the conclusion of agreements with the certified auditor that encompassed permitted non-audit services. It also carried out the process of self-assessment of the work performed in the previous year. The audit committee regularly briefed the Supervisory Board on its work during the latter's sessions.

Work of the HR committee

The Supervisory Board's HR committee functioned in the following composition in 2024: Boštjan Leskovar, MSc (chair), and Ladislav Rožič, MSc and Andreja Cedilnik (members). The members of the HR committee, who are also members of the Supervisory Board, are appointed until the end of their term of office on the Supervisory Board, unless otherwise decided in a resolution of the aforementioned body.

The Supervisory Board's HR committee met at three sessions. The main tasks of the HR committee were as follows in 2024: support for the Supervisory Board in the adoption of the Succession Policy of Kapitalska družba in the part relating to the succession of Management Board members; the formulation of a proposal for setting the variable remuneration of members of the Company's Management Board for 2023; the formulation of proposed qualitative objectives for the payment of variable remuneration to the Management Board for 2025; and the formulation of the proposed rules of procedure of the HR committee of Kapitalska družba's Supervisory Board, which the latter later adopted. In addition, the HR committee carried out a self-assessment of its work in 2023 and analysed the results thereof. The HR committee regularly briefed the Supervisory Board on its work during the latter's sessions.

Assessment of the work of the Management Board and Supervisory Board

On the basis of the monitoring and supervision of Kapitalska družba's operations and management during the financial year, and based on a review of the annual report compiled and submitted by the Management Board, the Supervisory Board assesses that the annual report and disclosures contained therein reflect the actual situation and position of Kapitalska družba. The Supervisory Board also assesses that the Management Board of Kapitalska družba successfully managed the Company's transactions during the 2024 financial year and successfully achieved established business objectives. The Management Board prepared materials in a timely manner, which facilitated quality information and the thorough discussion of the most important operational matters at sessions of the Supervisory Board. The Management Board also provided exhaustive responses to the Supervisory Board's additional questions and initiatives. The Management Board's reporting to the Supervisory Board enabled the latter to carry out its supervisory role satisfactorily in 2024. During the adoption of the annual report, the Supervisory Board also reviewed the content of the Company's corporate governance statement, which is an integral part of the annual report, and assessed that the aforementioned statement exhaustively explains the Company's corporate governance framework, including deviations from the provisions of the reference code, which are appropriately explained and are largely the result of the Company's specific legal organisational form. In conclusion, the Supervisory Board finds that Kapitalska družba once again achieved its dual mission in 2024: the effective provision of occupational insurance and the provision of supplementary funding for the public pension and disability insurance system.

b) Supervisory Board's position regarding the audit report

Pursuant to the second paragraph of Article 282 of the ZGD-1, the Supervisory Board reviewed and discussed the audit report relating to the audit of the financial statements of Kapitalska družba for 2024, which was conducted by the audit firm PricewaterhouseCoopers d. o. o., Ljubljana, which issued an unqualified opinion. In the auditor's opinion, the separate financial statements present fairly, in all material aspects, the separate

financial position of the Company as at 31 December 2024, the separate performance and separate cash flows for the year then ended, in accordance with the International Financial Reporting Standards, as adopted by the EU. The Supervisory Board has no remarks regarding the audit report.

c) Resolution on the approval of the annual report for 2024

The audited annual report for 2024 was discussed by the audit committee at its 108th session held on 17 April 2025, and by the Supervisory Board at its 245th session held on 24 April 2025. The audit committee assessed the annual report as appropriate, and proposed that the Supervisory Board approve the annual report. Pursuant to the provisions of Article 282 of the ZGD-I, the Supervisory Board of Kapitalska družba pokojninskega in invalidskega zavarovanja, d. d., approved the annual report for 2024.

Janez Tomšič
Chairman of the Supervisory Board



Ljubljana, 24 April 2025



STABILITY.

BUSINESS
REPORT

5

ORGANISATION OF THE COMPANY KAPITALSKA DRUŽBA, D. D.

The company's organizational structure changed in the second half of 2024. In the area of accounting, controlling and settlements, a reorganization was carried out, namely by transferring the work process from the area of controlling to the Accounting Department, which was transformed into the Accounting and Controlling Sector, while within the Back-office Support Sector, the existing departments were abolished and settlements and risk management activities are performed within a unified sector. The reorganization also transformed the IT Support and Business Process Organisation Department into the IT Sector, as the tasks performed within this organizational unit are becoming increasingly demanding.

The central internal organizational units for implementing all business processes in the company are the sector and the department, while the advisors to the management board are responsible for advising the company's management board on the organization and coordination of work processes in the company. Sectors, departments and advisors to the management board are placed directly under the Company's Management Board.

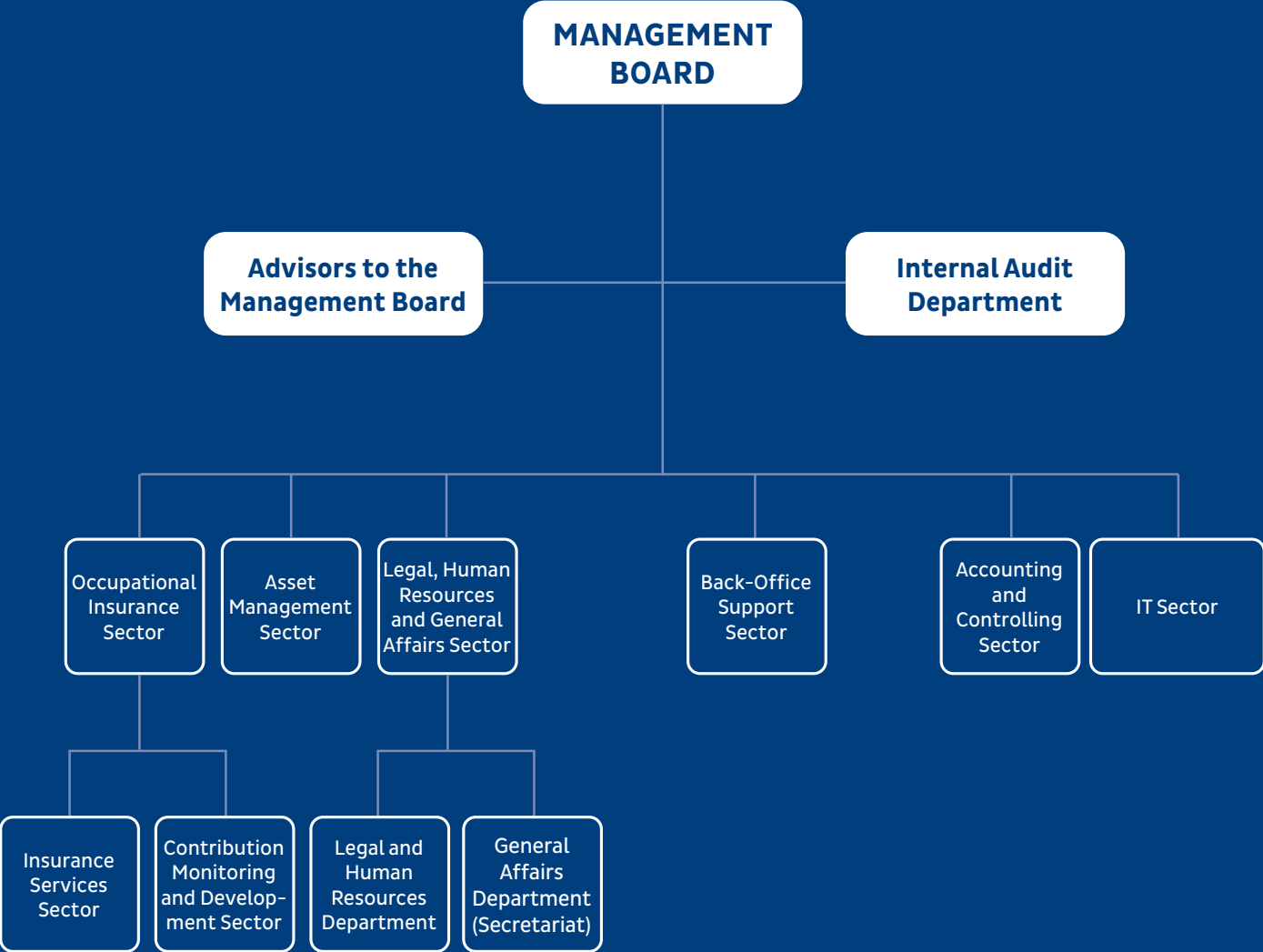
In 2024, the organizational structure by individual sectors and departments was as follows:

- | Asset Management Sector
- | Occupational Insurance Sector:
 - Insurance Implementation Department
 - Contribution Control and Development Department
- | Back-office Support Sector
- | Legal, Human Resources and General Affairs Sector:
 - Legal and Human Resources Department
 - General Affairs Department
- | Accounting and Controlling Sector
- | IT Sector
- | The Internal Audit Department
- | Advisors to the Management Board

The work of a sector is managed by the sector executive director and the work of a department by the department manager, with sector executive directors retaining some of the responsibility and authority for decision-making.

The Management Board has also appointed an Access to Public Information Officer, an Anti-Money Laundering Officer, a Corporate Integrity Officer, a Data Protection Officer and a Human Rights Administrator, who report directly to the Management Board in the performance of their duties.

Figure 1: Organisational structure of Kapitalska družba, d. d.



5.1 REPORTING ON EMPLOYEES

As at 31 December 2024, Kapitalska družba had 57 employees. In 2024, two new or replacement jobs were made, four employees' employment relationships were terminated due to retirement, two due to regular termination of employment, and one due to the expiration of a fixed-term contract.

Table 1: Number of employees by organisational units

Organisational unit	31 Dec 2024	31 Dec 2023
Management Board	2	2
Advisors to the Management Board	2	4
Asset Management Sector	10	10
Occupational Insurance Sector	13	14
Legal, Human Resources and General Affairs Sector	11	13
Back-office Support Sector	7	8
Accounting and Controlling Sector ¹	6	5
IT Sector	4	4
The Internal Audit Department	2	2
Total	57	62

Due to the nature of its work, Kapitalska družba employs mainly highly professional staff. As at 31 December 2024, 45.6% of all employees had a level 7 education, 19.3% had an education level 8/1, and 3.5% had an education level 8/2.

There were 66.7% of women and 33.3% of men. The average length of service of employees, as at 31 December 2024, was 19 years and 6 months for men and 22 years and 5 months for women. The average age for men was 46, and for women 47.

¹ When considering the data for the Accounting and Controlling Sector, it should be noted that it was only formed through the reorganization on 1 August 2024, when the newly formed sector took over controlling in addition to accounting, therefore the number of employees in the then Accounting Department, which was responsible only for accounting, was taken into account in the realization as of 31 December 2023.

6

BUSINESS OPERATIONS OF KAPITALSKA DRUŽBA, D. D.

6.1 MACROECONOMIC OPERATING FRAMEWORK

6.1.1 Gross domestic product, inflation and unemployment

Despite higher interest rates achieved after the intensive tightening of monetary policies by major central banks in 2022 and 2023, the global economy again demonstrated a high degree of resilience at the global level in 2024, but with greater differences between countries. The decline in inflation rates continued in 2024, so the largest central banks, with the exception of Japan, began to lower interest rates. The labour market remained robust in the US and also in Europe. The year 2024 was also important on the political stage, as elections were held in a large number of countries.

The global economy grew at a 3.2% growth rate in 2024². Economic growth surprised positively, especially in the US, while it was weak in Europe and negative in some countries, including Germany. Despite a slightly higher unemployment rate in the US and a brief scare in the summer months regarding the labour market, economic growth in the US was 2.8%. The largest contribution to this was made by household consumption, supported by real wage growth. Economic activity in Europe has been lower than economic activity in the US over the past two decades, and amounted to 0.9% in 2024. The reasons highlighted by Mario Draghi in his Competition Report published in September 2024 are lower productivity and lack of innovation, excessive bureaucracy and regulation, and changed external circumstances that supported economic growth in Europe after the end of the Cold War. These changes are reflected in the decline of free trade, rising energy prices, and in the area of defence and geopolitical stability (the disappearance of the so-called peace dividend).

Governments are facing fiscal pressures from high debt levels, higher expenditures due to an ageing population, increased defence spending, and climate change and extreme weather events.

In the fight against inflation, the European Central Bank (ECB) was more successful than the US Federal Reserve System. Core inflation, which excludes food and energy price increases, gradually decreased in the US from 3.9% in December 2023 to 3.2% in December 2024, and in the euro area from 3.4% to 2.7%. The greatest concern for the euro area countries is service inflation, which remained at 4.0% at the end of 2024.

Both the OECD and the IMF expect the inflation rate to continue to moderate and fall to central bank target levels in 2026. In its December forecast, the OECD reports that inflation in G20 countries will decrease from 5.4% in 2024 to 3.5% in 2025, and in euro area countries from 2.4% to 2.1%.

Unemployment remains at historically low levels in the USA and also in Europe. Financial analysts describe the robustness of the labour market in the US, where the unemployment rate was 4.0% at the end of 2024, and in the euro area countries, where it was 6.4% at the end of 2024.

² OECD estimates, December 2024 and IMF, January 2025.

In Slovenia, economic activity growth was 1.6% in 2024³. This was positively contributed to by final household and government consumption, while negatively contributed to by a decline in gross fixed investment and foreign trade. The unemployment rate stood at 3.5% at the end of 2024 and increased by 0.1 percentage points compared to the previous year. The annual inflation rate has decreased from 4.2% to 1.9% in 2024 and is lower than the average level in the Euro area. The largest contributors to annual inflation in Slovenia were food and soft drinks prices and price increases in the restaurants and hotels group⁴.

In their forecasts for 2025, the OECD and the IMF predict 3.3% global economic growth and weak growth of 1.3% and 1.0% in euro area countries, respectively. In their forecasts, they warn of risks associated with potential geopolitical tensions, fluctuations in commodity prices (especially energy), uncertainty in trade policy, a halt in the trend of decreasing inflation rates, and potential financial turmoil due to the high indebtedness of individual countries and companies, especially in the real estate sector, as well as risks associated with the high valuation of financial assets. The OECD also warns of the risk arising from the growing role of the non-bank financial sector, which is less regulated than the banking sector. Both institutions emphasize the importance of structural reforms to increase long-term economic growth, especially in the areas of innovation, digitalization and productivity gains.

The table below shows the macroeconomic aggregates (gross domestic product, inflation and unemployment rate) for Slovenia and major world countries or regions for 2024.

Table 2: Gross domestic product, inflation and unemployment rate

2024	Annual inflation rate, in %	Annual GDP growth, in %	Unemployment rate, in %
Slovenia	1.90	1.6	3.5
Germany	2.50	-0.2	6.0
Euro area	2.40	0.9	6.4
USA	3.00	2.8	4.0
China	0.10	5.0	5.1

Source: Bloomberg (31 January 2025), IMAD, SURS (27 February 2025).

6.1.2 Interest rates

In 2024, most central banks in developed countries, with the exception of the Bank of Japan, began to lower interest rates. The ECB lowered key interest rates four times in 2024, the deposit rate by a total of 1.0 percentage points and the interest rate on the main refinancing operations by 1.35 percentage points. At its December 2024 meeting, it lowered the deposit interest rate by 25 basis points to 3.0%. The Federal Reserve began cutting interest rates a few months later than the ECB and has cut interest rates three times, by a total of 1.0 percentage points. At its meeting in December, it lowered the key interest rate by 25 basis points to a range of 4.25% to 4.50%.

In 2024, inflation rates decreased in the US and also in Europe, but their levels at the end of 2024 were still higher than the central banks' target values.

³ First SURS assessment.

⁴ SURS data.

Table 3: Basic interest rates of major central banks

The level of the basic interest rate as at 31 Dec 2024	
Euro area	3.0% (deposits interest rate) 3.15% (main refinancing interest rate)
USA	4.25%–4.5%
England	4.75%
Japan	0.25%
Canada	3.25%
China	3.6% (5-year interest rate)

Source: Bloomberg (29 January 2025).

6.2 TRENDS ON FINANCIAL MARKETS

In 2024, equity prices increased significantly, and debt financial instruments also recorded positive returns. The prices of precious metals have also increased sharply.

The six-month Euribor fell from 3.86% at the beginning of the year to 2.56% at the end of 2024, reaching the level of December 2022.

The yield of government bonds, measured by the price movement of a basket of government bonds in the euro area, amounted to +1.8% in 2024 and was lower than the average yield of corporate bonds issued in euros (+4.6%) due to the longer average maturity of these investments and the reduction of credit spreads. In the bond market, the steepness of the yield curve increased in 2024. As central bank interest rates have decreased, yields to maturity on shorter-term bonds have decreased or prices have increased, while yields to maturity on long-term bonds have increased or prices have decreased. The yield to maturity of the 10-year German government bond started 2024 at 2.07%, flirted with 2.7% in May, 2.0% in early December, and ended the year at 2.37%.

The Global Stock Index MSCI World (MSCI Daily TR Gross World) gained 27.4% in euro currency, with the US markets, which represent more than 60% of the total global stock market, contributing the most to the return. The return of US stocks within the global stock market, to which a handful of high-tech companies contributed the most, was more than 30%. The election of a new US president in November brought some additional momentum to the stock markets, while the change in sentiment in the financial markets in the second half of December caused a minor decline in the value of both stock and bond markets.

The index of Slovenian shares of the first listing, together with the dividend yield, achieved a high 42.1% growth in value and was one of the most profitable stock markets in 2024.

Due to weak demand from China, raw material prices did not change significantly in 2024, but precious metals prices increased sharply. Gold has gained as much as 36% in value, measured in euro terms, due to concerns about countries' fiscal policies and increased demand from some central banks.

Table 4: The returns of the most important financial markets

	Returns in 2024, measured in EUR, including dividend yield, in %
Stock indexes	
SBITOP – Slovenia	42.1
DAX – Germany	18.9
Dow Jones – USA	22.9
NIKKEI 225 – Japan	15.7
MSCI World TR – global	27.4
Bond indexes	
IBOXX EUR Sovereigns TR index – government EUR bonds	1.76
IBOXX EUR Corporates TR Index – corporate EUR bonds	4.56
Exchange rate and raw materials	
EUR/USD	-6.9
Crude petroleum – BRENT	-2.4
Gold	36.0

Source: Bloomberg (29 January 2025).

Figure 2: Changes of the Slovenian stock index SBI TOP and some foreign stock indices in 2024, in Euro (index: 31 December 2023 = 100)



Source: Bloomberg (29 January 2025).

Figure 3: Changes of the index of the total yield of European government bonds (IBOXX EUR Sovereigns TR Index), the index of total yield of European corporate bonds (IBOXX EUR Corporates TR Index), the yield to maturity of the 10-year German government bond and the value of the 6-month EURIBOR in 2024



Source: Bloomberg (29 January 2025).

6.3 MANAGEMENT OF INVESTMENTS

Kapitalska družba classifies its financial investments into four groups, namely:

- | Equity investment,
- | Abandoned securities⁵,
- | Securities from registry accounts⁶,
- | Portfolio investments.

The composition of financial assets is presented in the following table, followed by a more detailed description of the mentioned groups.

⁵ Abandoned securities acquired under Article 48a of ZNVP-1.

⁶ Securities from registry accounts acquired under Article 48a of ZNVP-1.

Table 5: Financial assets of Kapitalska družba, d. d

Investment type	Value (in 000 EUR)	Share (in %)	Value (in 000 EUR)	Share (in %)
	31 Dec 2024		31 Dec 2023	
Equity investments	930,572	62.5	780,006	61.3
strategic investments ⁷	201,341	13.5	196,599	15.4
important investments	654,785	44.0	500,250	39.3
portfolio investments	74,446	5.0	83,157	6.5
Abandoned securities	228	0.0	255	0.0
Securities from registry accounts	8,544	0.6	7,736	0.6
Portfolio investments	548,493	36.9	485,298	38.1
Portfolio equity investments	17,865	1.2	17,131	1.3
Portfolio debt investments ⁸	528,458	35.5	437,842	34.4
Cash and cash equivalents	2,170	0.2	1,909	0.1
Investment in financial receivable	0	0.0	28,416	2.2
Total financial assets	1,487,837	100.0	1,273,295	100.0

6.3.1 Composition of capital investments

Capital investments of Kapitalska družba are domestic equity investments, namely investments in shares and business interests of companies, which Kapitalska družba mostly acquired in the procedures of corporate ownership transformation.

The total number of these investments as at the last day of 2024 was 36, comprising 27 investments in stock corporations and 9 investments in limited liability companies.

The value of equity investments as at 31 December 2024 amounted to EUR 930,572 thousand and increased by EUR 150,566 thousand compared to the previous year.

Kapitalska družba classifies equity investments into strategic, important and portfolio investments. As at 31 December 2023, they are classified in accordance with the Ordinance on the strategy for the governance of the State's capital assets (OdsUKND), which was adopted by the National Assembly of the Republic of Slovenia in July 2015. The classification of investments as of 31 December 2024 is based on the new Ordinance on the Strategy for the governance of State's Assets (OdSUND), which was adopted by the National Assembly in July 2024, thus changing the status of certain capital investments.

Table 6: Classification of capital investments of Kapitalska družba, d. d., in accordance with the Ordinance on the strategy for the governance of the State's assets

Investment type	No. of investments	Value (in 000 EUR)	Share in capital investment portfolio (in %)	No. of investments	Value (in 000 EUR)	Share in capital investment portfolio (in %)
		31 Dec 2024			31 Dec 2023	
Strategic investments	9	201,341	21.6	10	196,599	25.2
Important investments	5	654,785	70.4	6	500,250	64.1
Portfolio investments	22	74,446	8.0	22	83,157	10.7
Total capital investment	36	930,572	100.0	38	780,006	100.0

⁷ The classification of strategic, important and portfolio investments is in accordance with the Ordinance on the strategy for the governance of the State's assets.

⁸ Portfolio debt investments also include units of target funds.

Table 7: Ten largest capital investments of Kapitalska družba, d. d. by value as at 31 December 2024

No.	Company name	Share in the issuer's capital (in %)
1.	Krka, d. d.	10.65
2.	Modra zavarovalnica, d. d.	100.00
3.	Petrol, d. d.	8.27
4.	Sava, d. d.	29.05
5.	Telekom Slovenije, d. d.	5.59
6.	Luka Koper, d. d.	4.98
7.	HIT, d. d.	20.32
8.	Loterija Slovenije, d. d.	25.00
9.	Terme Olimia, d. d.	24.79
10.	Terme Čatež d. d.	23.82

The composition of capital investments is dominated by investments in which Kapitalska družba has an ownership interest of less than 20%, i.e. 28 such investments. A more detailed overview of the composition of investments according to the size of the ownership interest can be found in the table below.

Table 8: Composition of company's capital investments according to the size of the ownership interest as at 31 December 2024

Ownership interest in the share capital of companies	Active investments
Up to and including 9.99%	23
From 10.00% up to and including 19.99%	5
From 20.00% up to and including 49.99% (associates)	6
From 50.00% up to and including 100.00% (subsidiary and joint venture)	2
Total number of investments	36

6.3.2 Abandoned securities and securities from registry accounts

On 25 September 2015, Book-Entry Securities Act (ZNVP-1) was adopted, which, in its transitional and final provisions, stipulated that the Central Securities Depository (CSD) would close the registry accounts of legal entities by 30 September 2016 and the registry accounts of other persons by 1 January 2017. The book-entry securities in the registry accounts which have not been transferred to other accounts by the expiry of the deadline for the termination of the registry accounts would be transferred to the account of the competent jurisdiction in accordance with the rules of the CSD, subject to the provisions of the Acts governing the deposit of things with court. Further amendments and supplements to the Book-Entry Securities Act (ZNVP-1A) provided that, notwithstanding the provisions of the Act regulating the court deposit procedure, the book-entry securities that would otherwise have belonged to the Republic of Slovenia belong to Kapitalska družba. On 18 June 2019, the Act was amended for the second time in this respect by the Act amending the Book-Entry Securities Act (ZNVP-1B), which further regulated the transfer of the book-entry securities that remained registered in the closed registry accounts until 31 August 2019, to the credit of a joint dedicated account for the transfer to Kapitalska družba.

The transfer of securities from a joint dedicated account for transfer to Kapitalska družba to a special account of Kapitalska družba is governed by Article 48a of ZNVP-1. Pursuant to Article 48a(3) of ZNVP-1, the persons whose book-entry securities have been transferred to the joint dedicated account for transfer to Kapitalska družba maintained by the KDD, or other beneficiaries, had until 31 December 2021 to request that the transferred book-entry securities, or the book-entry securities that replaced them, be transferred to an account with a member of the central securities depository company. After the expiry of this deadline, the securities for which no claim had been made by the beneficiaries were transferred from the joint dedicated account for transfer to Kapitalska družba to a special account of Kapitalska družba.

As of 1 January 2022, Kapitalska družba thus became the legal holder of these securities, entitling it to exercise all rights attaching to the securities so acquired. As of that date, the former holders lost all rights under these securities. Kapitalska družba acquired shares in 153 companies in 2022 based on the Article 48a of ZNVP-1.

In addition to the above, the Central Securities Depository, pursuant to Article 48a(5) of ZNVP-1, delivered to Kapitalska družba within 15 days from the date of transfer of the book-entry securities, all returns, pay-outs and monetary compensations received in respect of the book-entry securities transferred to the credit of the joint dedicated account for transfer to Kapitalska družba, pursuant to Article 48a(2) of ZNVP-1, without any additional interest up to the expiry of the aforementioned 15-day period.

Revenue from the acquisition of the aforementioned securities amounted to EUR 10,506 in 2024 and is recognized in the profit or loss statement as financial revenue from shares.

As at 31 December 2024, Kapitalska družba holds investments in abandoned securities and securities from registry accounts acquired based on the Article 48a of ZNVP-1 in 115 issuers. These investments are divided into two portfolios (some of the investments are in both portfolios), 77 in abandoned securities and 100 in securities from registry accounts, of which 4 investments are in liquidation and 9 investments are in bankruptcy. The total value of both portfolios as at 31 December 2024 was EUR 8,772 thousand.

6.3.3 Sales and de-registrations of companies

In order to ensure transparency of the sale procedures and equal treatment of bidders, sales of equity investments were conducted through public announcements of invitations to bids. In 2024, Kapitalska družba, for its assets, published three public invitations to make offers for the purchase of shares and business shares, namely for the sale of shares acquired on the basis of Article 48a of ZNVP-1, for the sale of shares of the company Komet Metlika, d. d., for the sale of shares in the company Center Cvetličarna, d. o. o., and a joint public solicitation of bids with Slovenian Sovereign Holding (hereinafter: SSH) in two lots (joint investments in the ownership of SSH or RS and KAD and investments in the ownership of KAD).

In the 2024 financial year, Kapitalska družba was entitled to a purchase price or compensation in the amount of EUR 5,851,410.90 from sales, squeeze-outs, takeovers and liquidations.

In total, Kapitalska družba disposed of 30 investments from its own assets, OVP and RVP portfolios, of which one was a merger of the parent company with a subsidiary (M1, d. d.), one sale (Center Cvetličarna, d. o. o.), two exclusions of shareholders (CVS Mobile, d. d., and Elma TT, d. d.), one acceptance of a takeover bid (Nama, d. d., Ljubljana), two payments upon liquidation (Union hotels Collection, d. d. – in liquidation and Vipra Holding, d. d. – in liquidation) and six de-registrations from the register (Finap, d. d. – in liquidation, Delo Prodaja, d. d., Meja Šentjur, d. d., Gardenia Ars Florae, d. d. –

in bankruptcy and Pomorska družba, d. d.). For one of the disposed investments, Kapitalska družba received a compensation, for which a court procedure is underway to examine the appropriate payment (Kompas Shop, d. d.).

6.3.4 Acquisitions of companies

Kapitalska družba did not receive any offers from sellers to purchase shares or interests in 2024.

In 2024, Kapitalska družba made two investment purchases, the first by exchanging shares of the company Komet Metlika, d. d., for shares of the company Tekstil, d. d., and the second by recapitalizing the company Sava, d. d.

6.3.5 Dividends of domestic companies

In 2024, Kapitalska družba achieved EUR 45,221 thousand in revenue from dividends of domestic companies, including dividends of investments of abandoned securities and securities from registry accounts, which is EUR 9,456 thousand more than in 2023, when they reached a total of EUR 35,765 thousand. Here, the top ten equity investments in terms of dividends received accounted for 98% of the total dividends of domestic companies held by Kapitalska družba.

The payment of dividends in 2024 was voted on at the general meetings of 61 equity investments in which Kapitalska družba has an ownership interest (2023: 43 equity investments).

Table 9: 10 highest receipts from dividends

No.	Issuer	2024		2023	
		Dividend per share (in EUR)	Total dividend (in 000 EUR)	Dividend per share (in EUR)	Total dividend (in 000 EUR)
1.	Krka, d. d.	7.5	26,309	6.6	23,152
2.	Petrol, d. d.	1.8	6,288	1.5	5,240
3.	Modra zavarovalnica, d. d.	0.02628	4,000	0.0216	3,298
4.	Telekom Slovenije, d. d.	6.2	2,267	0	0
5.	Loterija Slovenije, d. d.	85	1,578	85	1,578
6.	Luka Koper, d. d.	2	1,405	2.5	1,756
7.	Cetis, d. d.	52.5	832	0	0
8.	Terme Olimia, d. d.	3.5	612	0	0
9.	Equinox, d. d.	1.69	573	1.43	485
10.	Hotelske nepremičnine, d. o. o.	10,000.00	500	0	0

In 2023, the top ten equity investments by the amount of dividends received included also Zavarovalnica Triglav, d. d., Alfi PE, d. o. o, SIS, k. d., Alfi PE Growth SIS, d. o. o. and SŽ - ŽGP Ljubljana, d. d.

6.3.6 The Code of Management of Capital Investments and the Enforcement of Ownership Rights at General Meetings of Companies

In the period from 1 January 2024 to 31 December 2024, Kapitalska družba reasonably applied the Corporate Governance Code for Companies with State Capital Investment (hereinafter: the Code) adopted by Slovenian Sovereign Holding on 19 December 2014 and amended several times thereafter in relation to the management of its capital investments.

Kapitalska družba, as an active participant in the Slovenian capital market, is striving to introduce modern corporate governance methods into practice, with the aim of ensuring that the principles, procedures and criteria for the exercise of its ownership rights are clearly and publicly defined in advance. Therefore it applied its own Corporate Governance Code of Kapitalska družba from 2009 to December 2014. This code set out the policy and procedures for the exercise of Kapitalska družba's management rights in companies in which it had an ownership interest. In December 2014, following the adoption of the Code, Kapitalska družba also started to apply the Code in a reasonable way, due to unification with the SSH. The text of the Code currently in force is published on the website of the Slovenian Sovereign Holding.

In addition to the Code, Kapitalska družba has also taken into account its own Guidelines for Voting Positions at General Meetings in 2024 when managing its capital (equity) investments. Kapitalska družba, every year before the start of the general meeting season, updates the starting points for voting at general meetings of companies. These starting points define, inter alia, the remuneration policy for supervisory boards, boards of directors and management boards, the dividend policy, the use of distributable profit, recapitalisation with authorised share capital, the acquisition of own shares and the introduction of a one-tier management system. The document is published on the website of Kapitalska družba.

With regard to the remuneration of the members of the Supervisory Boards and Management Boards, Kapitalska družba, reasonably complied with the recommended levels of remuneration for the performance of functions and the amount of attendance fees set out in the Code. With regard to the receipts and other rights of the management boards, executive directors and management of companies, it complied with the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities (ZPPOGD).

The company acted in accordance with the adopted Code at all general meetings attended by its representatives in 2024. Disclosures of the activities of Kapitalska družba at general meetings of companies are published on the website of Kapitalska družba.

6.3.7 Attendance at general meetings of companies

In 2024, Kapitalska družba was entitled to attend 148 general meetings of shareholders or members of companies in its name and on behalf of the pension fund under management. Representatives of Kapitalska družba independently exercised their voting rights at 21 general meetings. They also attended 7 general meetings where Kapitalska družba did not exercise its voting rights. In accordance with Article 53 of the ZSDH-1, voting rights were exercised by SSH on behalf of and for the account of Kapitalska družba at 34 general meetings, while at three general meetings, SSH did not exercise voting rights, as the shares were not eligible for voting. Employees of the Kapitalska družba were authorized to participate and exercise all shareholder rights, except for the exercise of voting rights. Kapitalska družba did not attend the 78 general meetings in respect of the investment in abandoned securities and securities from registry accounts, as there were no business reasons in the interest of Kapitalska družba in addition to the insignificant share in the capital. Five general meetings were cancelled before the start of the meeting.

Table 10: Attendance at general meetings of companies in 2024

Form of attendance	Number of the general meetings
Attendance and voting by employees of Kapitalska družba	21
Participation of Kapitalska družba without voting rights	7
Attendance of employees of Kapitalska družba, voting by SSH	34
Participation of employees of Kapitalska družba without voting rights of SSH	3
Total	65

6.3.8 Corporate governance of the Kapitalska družba Group

In addition to Kapitalska družba, the Kapitalska družba Group also includes the subsidiary Modra zavarovalnica, d. d. (hereinafter: Modra zavarovalnica) and the joint venture Hotelske nepremičnine, d. o. o. (hereinafter: Hotelske nepremičnine). Kapitalska družba manages the group in accordance with the Corporate governance of the Kapitalska družba Group, which represents the minimum standard for all companies included in the Group.

The Group Code defines the content, deadlines and methods of reporting by a subsidiary to the parent company in the group.

6.3.9 Governance in relation to systemic regulation

At the end of April 2014, The Slovenian Sovereign Holding Act (ZSDH-1) came into force. With the implementation of ZSDH-1, the management of the Republic of Slovenia's investments on behalf of and for the account of the Republic of Slovenia remained the responsibility of SSH. The latter also on behalf of Kapitalska družba exercises voting rights and conducts sales procedures in the case of joint investments.

ZSDH-1 defined the maximum annual liability of Kapitalska družba for the provision of ZPIZ funds. Namely, Kapitalska družba, on the basis of the provisions of the third paragraph of Article 52 of ZSDH-1, is obliged to transfer, every year by September 29 at the latest, EUR 50 million to ZPIZ, primarily for the purpose of indexing pensions, or a proportionally lower amount, if the amount for indexation of pensions is lower. Kapitalska družba, based on the Act Regulating the Implementation of the Budgets of the Republic of Slovenia for 2024 and 2025 (ZIPRS2425), regardless of the third paragraph of Article 52 ZSDH-1, had to transfer EUR 65 million to ZPIZ in 2024.

SSH manages investments in accordance with ZSDH-1, OdsUND, investment management policy, corporate governance code and based on the annual investment management plan. The adopted OdsUND also contains the so-called classification of investments (definition and classification of capital investments into strategic, important and portfolio investments). The annual investment management plan, which must be adopted no later than the end of November for the following calendar year, defines the detailed goals of SSH in the management of individual investments and measures and guidelines for achieving these goals.

6.3.10 Management of portfolio investments

In managing its portfolio investments, Kapitalska družba uses an active and passive management strategy, using a combination of top-down and bottom-up approaches. Decisions on the composition of the portfolio by investment class (top-down approach) are made based on a proposal from

the portfolio management investment committee, which meets at least twice a year. The benchmark equity portfolio index represents an index of a globally diversified share portfolio, while the benchmark securities portfolio indices (government and corporate) are indices of diversified European government and corporate bonds issued in the euro currency.

The total value of portfolio managed investments increased by EUR 63.2 million in 2024 as a result of rise in the prices in both debt and equity investments, with equity investment returns well outpacing those of debt investments. The majority of investments in equity securities are investments in equity investment funds, the value of which grew the most in 2024. With interest rates falling in 2024, the share of cash remained at similar levels to 2023, while the share of investments in treasury bills, bonds and bond investment funds increased.

The five largest portfolio-managed investments as at 31 December 2024 are an equity index fund that tracks the US S&P 500 index (SPY US), an equity index fund that tracks the US Technology sector index (XLK US), index funds that track the MSCI World stock index (IWDA LN and SMSWLD GY), and an equity index fund that tracks the emerging markets stock index (IEMG US). The five largest bond investments as at 31 December 2024 are two bonds of the Republic of Slovenia, two bonds of the Kingdom of Spain and a bond of the Republic of France. The five largest investments among stocks are investments in the shares of Novo Nordisk A/S, Cie de Saint Gobain, ABB Ltd, Astrazeneca Plc and Unicredit SPA.

Table 11: Composition of portfolio-managed financial investments

Investment type	Value (in 000 EUR)		Share (in %)	
	31 Dec 2024		31 Dec 2023	
Investment funds	444,234	81.0	355,912	73.3
Bonds	70,271	12.8	76,059	15.7
Shares	17,865	3.3	17,131	3.5
Investment in financial receivable	0	0.0	28,416	5.9
Treasury bills	13,953	2.5	5,871	1.2
Cash	2,170	0.4	1,909	0.4
Total portfolio managed financial investments	548,493	100,0	485,298	100,0

6.4 INVESTMENT PROPERTY

In 2024, Kapitalska družba, d. d. held investment property in the following business premises:

- | Stekleni dvor, Dunajska cesta 119, Ljubljana,
- | Glavarjeva rezidenca, Pegamova ulica G, Ljubljana,
- | Bežigrajski dvor, Dunajska cesta 56, 58 and Kržičeva ulica 3, Ljubljana,
- | Nebotičnik, Štefanova ulica 1, 3 in 5, Ljubljana.

As at 31 December 2024, all business premises were leased except for one storage space in the Nebotičnik business facility and one parking space in the Bežigrajski dvor business facility.

6.5 RISK MANAGEMENT

Risk management is explained in the accounting report of the Annual Report of Kapitalska družba, d. d., in chapters 15.2 *Important information on Accounting policies* and 15.3.3 *Risk management of financial assets*.

6.6 MANAGEMENT OF SODPZ

6.6.1 SODPZ operations

Kapitalska družba has been, based on the Pension and Disability Insurance Act (ZPIZ-1), the manager of SODPZ since its establishment in 2001. SODPZ is a mutual pension fund that provides occupational pension insurance in accordance with the provisions of the Pension and Disability Insurance Act (ZPIZ-2), the Organisation and Work of the Police Act (ZODPol) and Exercising of the Public Interest in Culture Act (ZUJIK).

Occupational pension insurance, which in 2001 replaced the calculation of the insurance period with an increase, includes insured persons who perform particularly difficult and health-damaging work, as well as insured persons who perform work that cannot be successfully and professionally performed after a certain age. Occupational pension insurance is a part of compulsory social insurance.

SODPZ comprises the assets financed by the funds collected through the payment of occupational pension insurance contributions, as well as the returns generated by the management of these assets. The assets of the SODPZ are owned by the insured members of the occupational pension insurance scheme and are intended exclusively for the purpose of covering liabilities towards the insured members or other beneficiaries. The SODPZ is managed by Kapitalska družba on behalf and for the account of the insured members and other beneficiaries.

Occupational insurance is implemented based on the Occupational insurance pension scheme, prepared based on the provisions of ZPIZ-2, approved by the Minister of Labour, Family, Social Affairs and Equal Opportunities.

As at 31 December 2024, 50,883 insured members were included in SODPZ, which is 261 more than at the end of 2023. The actual return of SODPZ in 2024 was 4.43% and the guaranteed return of SODPZ was 1.54%. The balance of solidarity reserves as at 31 December 2024 amounts to EUR 6,328 thousand, of which unallocated solidarity reserves amount to EUR 6,121 thousand and allocated solidarity reserves to EUR 206 thousand. As at the last cut-off date in 2024 (31 December 2024), the net asset value of the SODPZ amounted to EUR 1,001,289 thousand, exceeding the guaranteed asset value of the SODPZ of EUR 931,746 thousand by EUR 69,543 thousand.

Based on the pension plan, Kapitalska družba is entitled to reimbursement of entry and exit fees, the annual management fee of the SODPZ and the costs of occupational pensions payout. Entry fees, which are calculated as a percentage of the paid-in amount, amounted to 2.0%. Exit fees, which are calculated as a percentage of the paid-out amount, amounted to 0.5%. Exit fees are not charged when transferring to supplementary insurance and in the case of purchasing additional pension benefits. The costs of paying occupational pensions amounted to 0.5% of the monthly amount of the occupational pension. The annual management fee, taking into account the net asset value of SODPZ, amounted to 0.85% of the average annual net asset value of SODPZ. The amount of the SODPZ management fee depends on the monthly net asset value of the SODPZ.

The revenue of Kapitalska družba from the management of SODPZ was higher in 2024 compared to the revenue of the previous year. Compared to the previous year, the amount of the management fee increased due to the higher net asset value of SODPZ, and entry fees also increased due to the higher premium paid.

Table 12: Revenue of Kapitalska družba, d. d., from SODPZ management

	in EUR 000	
Income from managing	2024	2023
Management fee	8,139	7,664
Entry fee	1,571	1,369
Exit Fee	16	10
Occupational pension payout costs	32	26
Total	9,758	9,069

6.6.2 SODPZ investments

The fund manager manages the fund's assets in such a way as to provide at least a guaranteed re-turn with minimum risk and subject to liquidity criteria. The fund manager directs the fund's investments so that they are appropriately diversified.

The primary management objective in 2024 was to maximise the excess of the actual value of assets over the guaranteed value of assets, while at the same time maximising the amount of the expected excess at the target risk level.

The manager has used an active management strategy to achieve its objectives at the whole-fund level and a combination of active and passive investment strategies at the investment class level. A top-down approach is used in the management of the fund's assets.

In evaluating the performance of the fund's asset management, the manager compared the performance of the fund with its guaranteed rate of return, with benchmarks by investment class, and also with the performance of other mutual pension funds managers with guaranteed rates of return, adjusted for the solidarity reserve built up.

The value of SODPZ assets amounted to EUR 1,013,418 thousand as at 31 December 2024 and increased by 8.8% compared to 2023. The portfolio consists of a globally diversified portfolio of equity and debt investments, and the largest part of the assets consists of investments in debt securities (bonds and units of bond investment funds).

Table 13: Composition of SODPZ investments

Investment type	31 Dec 2024		31 Dec 2023	
	Value (in 000 EUR)	Share (in %)	Value (in 000 EUR)	Share (in %)
Shares	13,634	1.3	8,981	1.0
Debt securities	447,220	44.1	341,146	36.6
Deposits and Loans	44,995	4.4	80,017	8.6
Investment funds	479,231	47.3	472,745	50.8
Cash	13,383	1.3	6,879	0.7
Money-market instruments	14,923	1.5	21,420	2.3
Receivables	32	0.0	32	0.0
Total	1,013,418	100.0	931,220	100.0

6.6.3 Activities in the provision of occupational pension insurance in 2024

Amendments to the Occupational insurance pension scheme came into force on 1 January 2024, which brought an extension of the transitional period, during which the new differentiated contribution rate applies, the extension of the transitional period during which the proportion of the net asset value of the SODPZ up to which unallocated solidarity reserves are built up is taken into account, and the introduction of a compulsory health contribution for occupational pensioners.

In 2024, Kapitalska družba continued to implement and improve the processes already in place to control the payment of occupational pension insurance contributions. Regular monthly reminders were issued to payers who calculate their contributions but do not pay them within the prescribed deadlines, and to payers who have registered employees but do not send and pay their contributions. The exchange of information on the contribution bases with the FURS was ongoing, as was the preparation of the manager's accounts by Kapitalska družba. For non-payers who did not respond to reminders, enforcement proposals were submitted to FURS and enforcement orders initiated. In 2024, data exchange between FURS and Kapitalska družba took place exclusively via the G2G online service. Since some processes and tools that are important for monitoring the correctness of calculated contributions were upgraded, a mass comparison was also carried out for the first time in 2024, although only on a narrower segment of payers. Kapitalska družba will continue its activities to improve these processes and tools to enable more efficient, faster and thorough control over the payment of contributions as well as the correctness of the contributions charged.

In 2024, Kapitalska družba also ensured regular and effective communication with stakeholders of occupational pension insurance, namely by receiving clients in the contact centre, by answering questions from insured members on a toll-free telephone number or by e-mail, and by preparing and conducting presentations of occupational pension at the request of the insured. In accordance with ZPIZ-2, the audited annual report of the SODPZ and the summary of the annual report of the SODPZ for the financial year 2023 were published on the website, while the audited annual report of the SODPZ and the summary of the annual report of the SODPZ for the financial year 2024 will be published no later than 15 June 2025. The SODPZ committee, which held four sessions in 2024, was regularly informed about occupational pension insurance activities.

6.7 INFORMATICS

The IT Sector, in cooperation with the management, successfully pursued the tasks and objectives stemming from the company's business strategy. Strengthening the link between strategy and IT operations has further enabled the effectiveness in implementing the necessary changes and adjustments. Kapitalska družba successfully continued the provision of services in the field of information technologies for the Kapitalska družba Group in 2024. Through high-quality maintenance and updating of the information infrastructure, it ensured a high level of availability and reliability of information systems. Real-time support, optimization and computerization of work processes are still important guides on the way to achieving the company's set business goals and to maintaining and improving the company's competitive position. At the same time, it began preparations for the introduction of organizational and technical measures to ensure compliance with the Digital Operational Resilience Act (DORA) in the area of information services provided to the subsidiary Modra zavarovalnica.

In the area of providing software support for business processes, Kapitalska družba has begun upgrading its software for advanced information exchange between SODPZ taxpayers and the back-end information system. IT continued the digitisation of important business processes using the

document system, which, in addition to paperless environment and optimisation of business processes, also allows for optimisation of operating costs and increased security in the area of document management.

In addition to ensuring the availability and reliability of information systems, informatics is increasingly paying attention to cybersecurity. In addition to training and ongoing awareness-raising of employees about cyber threats and regular security reviews, in 2024, IT continued to introduce additional security measures with which it aims to reduce the risks associated with cyber threats.

6.8 IMPORTANT BUSINESS EVENTS AFTER THE END OF YEAR 2024

New Occupational insurance pension scheme applies from 1 January 2025. The amendments and supplements relate to the newly determined share of the net value of SODPZ assets up to which unallocated solidarity reserves are formed, which is valid for a transitional period of one year. This share increased by 0.2 percentage points and now amounts to 0.8% of the net value of SODPZ assets. The second paragraph of Article 51 of the Occupational insurance pension scheme has also been amended, which now stipulates that the compulsory health contribution is deducted from the monthly amount of the occupational pension. Based on the amended provision, the compulsory health contribution is deducted from the gross amount of the occupational pension.

There was a change in the composition of the Supervisory Board, namely on 16 February 2025, the term of office of Supervisory Board member Ladislav Rožič ended due to his death. The Supervisory Board will operate with five members until a new member is appointed.

7

EXPECTED DEVELOPMENT OF KAPITALSKA DRUŽBA, D. D., IN 2025

Kapitalska družba fulfils its mission as a demographic reserve fund: by making regular annual payments into the public pension system, it enables the relief of the state budget, and by paying out occupational pensions, it implements second-pillar pension insurance. Because it creates long-term value for the first pension pillar and for insured persons and occupational pensioners in the second pillar, Kapitalska družba represents an important building block for the stability of the Slovenian pension system. Kapitalska družba Group, with its subsidiary Modra zavarovalnica, is also the largest provider of voluntary supplementary pension insurance in Slovenia.

Uncertainty is often an inevitable part of doing business, but 2025 looks set to be particularly challenging due to a wide range of different risks. If 2024 was a year of several elections, 2025 may be a year of divergent expectations, as well as risks and opportunities. It is impossible to predict the actions of European and other world leaders. However, geopolitical tensions and rapid technological development will certainly require a quick and effective response to changes. Despite uncertain business conditions, Kapitalska družba is firmly determined to fulfil its mission in 2025. This guides it in dealing with an extremely demanding external environment while ensuring its focus on important stakeholders. At the same time, it is aware that short-term measures in the field of corporate responsibility for society and the environment are no longer enough. The strategic, long-term perspective of sustainably responsible business operations ensures a positive social impact and the creation of long-term value for the company's stakeholders, especially ZPIZ, insured persons and their employers and employees.

The primary objective of Kapitalska družba's asset management is to pay the statutory liabilities that define the overall investment strategy. The contribution to the public pension system in 2025 will amount to EUR 81.5 million.

Kapitalska družba wants to operate as a socially responsible and sustainable company, focused on achieving business excellence. By agilely responding to changes in an extremely risky external environment, it will continue to contribute to the strengthening and modernization of the Slovenian pension system. That is why it will accelerate the digitization of business and paperless environment and improve new forms of communication. Comprehensive risk management combined with cost efficiency will ensure a successful, sustainable business in 2025. In doing so, Kapitalska družba will pay even greater attention to cyber security and the challenges associated with the ever-increasing level of digitization of business. Risk management is integrated into daily decision-making processes.

The company's goal is to accelerate innovation and business changes that generate a holistic, sustainable and long-term sustainable ecosystem. It involves all stakeholders, from the owner, through the partner organisations and supervisory and regulatory systems, to insured persons and their employers, to current and future pensioners, social partners and employees. The sustainability agenda guides the company's leadership and operations and remains a key priority at a time when the entire world is facing difficult geopolitical, macroeconomic and climate challenges. Although many new approaches have been introduced that ensure sustainable and future-oriented operations, in 2025 Kapitalska družba will pay even greater attention to the environmental, social and management aspects of business.

A significant emphasis will be placed on the further development of data analytics. Effective connection and co-ordination of data from different sources and their analytical processing enable greater business efficiency. The

goal of Kapitalska družba is that data and its advanced analyses become part of the business strategy, operating systems, daily business processes and organizational culture. Successful technological solutions, enhanced with artificial intelligence (AI), will be embedded in strategic directions and work processes.

As a result, good practices, innovative approaches and techniques in the field of portfolio management will be introduced into daily operations, and Kapitalska družba will actively participate in the further development of occupational pension insurance. The business goals of the SODPZ Fund in 2025 are focused on the process of optimal management of insured persons' assets, where an important part of the focus will be on security and liquidity. The primary objective will be to achieve a return higher than the guaranteed return at an acceptable level of risk. That is why Kapitalska družba will continue to strive to be among the most successful managers of pension savings in Slovenia, and to ensure that systemic pension solutions are aimed at higher quality and security of insurance. This will make a major contribution to improving the pension stability of occupational pensioners and pensioners.

Kapitalska družba can play a very important role in solving Slovenia's demographic challenges. It has the right objectives, a successful business model and many years of experience in asset management and supplementary pension insurance. That's why the company sets long-term strategic goals that, with the cooperation of key stakeholders, lead to a fairer and sustainable pension future.

The company will achieve the set goals and the outlined business and financial plan with the joint work and knowledge of its employees. With targeted development of their competences and high motivation, it will use all potentials and internal resources of the company even more successfully. All this ensures that Kapitalska družba remains a well-capitalised and stable company in 2025, which is a reliable and trustworthy partner for its stakeholders.

The company is aware of the risky geostrategic and macroeconomic circumstances. Through partnership and information capabilities, with the dedicated work of all employees, it will capitalize on the momentum achieved in recent years. Despite the extreme uncertainty, the company also recognizes opportunities in 2025. This obliges it to work hard to achieve its goals and create added value for pensioners in the public system and occupational insurance pensions. It firmly believes that together they can achieve more and thus positively influence the Slovenian pension system and Slovenian society as a whole.

8

SUSTAINABLE BUSINESS PRACTICES

The business model of Kapitalska družba, which operates as a demographic reserve fund, is long-term. Therefore, sustainable and viable operations, in which the company perceives major challenges and new business opportunities, are built into the very mission of Kapitalska družba.

At Kapitalska družba, understanding environmental, social and governance (ESG) issues goes hand in hand with an approach to reducing negative impacts, optimizing positive effects, and improving risk management and exploiting opportunities in all areas of business, with the aim of considering and using the most relevant information for decision-making. In recent years, when many gaps and weaknesses in society have become apparent, both in the global economic system and in social norms, and in the relationship between man and the environment, such efforts have become even more important. Mainstreaming sustainability supports the core business of Kapitalska družba and ensures the fulfilment of the company's values, demonstrating responsibility in decision-making, and the involvement of important stakeholders. Kapitalska družba does not see sustainable business as a "hygiene factor", but as a key element of successful future development, necessary to effectively cope with fundamental changes in the business and geopolitical environment. Understanding the effects of business activities on society and the environment is becoming a greater challenge every day, which requires the identification of sustainable risks and their effective management. Achieving social, economic and environmental sustainability, which includes all stakeholders and contributes to the positive development of the entire society, is becoming the biggest challenge of modern times.

With the aim of integrating sustainable practices throughout the organization, from management goals to business operations, an ESG project was established and came to life intensively in 2024. The project covers the implementation of sustainable regulations with a focus on areas such as climate change, social impact, responsible investment, human rights and governance. This approach includes assessing impacts, risks and opportunities, setting goals, measuring and reporting progress, engaging stakeholders and integrating sustainability issues into all of Kapitalska družba's operations.

The following presents the activities that Kapitalska družba, as a sustainably oriented and socially responsible organization, carried out in 2024.

8.1 RESPONSIBILITY TO THE BROADER SOCIAL COMMUNITY

Kapitalska družba is an important building block of the Slovenian pension system. Through its role in providing funds for compulsory pension insurance, SODPZ ensures a secure retirement for pensioners. The mission of Kapitalska družba is to provide additional funds for compulsory pension and disability insurance.

In 2024, Kapitalska družba paid occupational pensions to 525 occupational pensioners in the SODPZ and as of 31 December 2024, it managed the assets of 50,883 insured members.

8.2 RESPONSIBILITY TOWARDS EMPLOYEES

8.2.1 Concern for employee training and education

Kapitalska družba is aware that employees are the company's key share capital and that qualified and motivated employees contribute the most to the company's successful operations. Existing work areas and the development of new business functions at Kapitalska družba are also upgraded through various forms of pre-planned training, tailored to the requirements of individual jobs, the specific areas of knowledge required by each employee and the company's development tasks. In 2024, employees received additional trainings by attending live lectures, workshops and seminars, by participating in online seminars (webinars) and by internal training, which is regularly provided for all employees. Special emphasis is placed on training for obtaining and maintaining licenses, especially in the field of asset management and valuation.

In 2024, employees attended training courses in finance, accounting, corporate governance, portfolio asset management, pensions and disability insurance, personal data protection, public procurement, anti-money laundering, terrorist financing and fraud prevention, quality management systems, legal, human resources, management skills, document management, data management and data analytics, sustainable business, the use of artificial intelligence, information and cybersecurity, risk management and business communication. They also participated in various conferences (pension and disability conference, IIA, financial conference, risk management conference, internal auditors conference and corporate governance conference). Employees also receive training in the use of software tools through the Coursera platform. Members of the Workers' council participated in a professional excursion abroad.

In 2024, in accordance with the training plan, Kapitalska družba also conducted internal training in the areas of (anti) money laundering and terrorist financing prevention, corporate and portfolio management, business compliance, communication skills, whistleblower protection and fraud prevention, pension system, management of the company's documentary material, and the area of ordering goods and services. All employees also participated in training in the field of cybersecurity and information security in the workplace.

A total of 1,900 teaching hours of training were conducted in 2024. On average, each employee received thirty-three teaching hours of training, with the average cost of training per employee amounting to EUR 961.80. The quota of training hours also includes internal training.

Kapitalska družba encourages the continuation of studies to obtain a higher level of professional education and the acquisition and maintenance of various licenses that are in the interest of the employer. Employee training enables better quality implementation of work processes and increases the qualifications of employees for work in individual workplaces, thereby ensuring their professional development. Two employees successfully completed their studies to obtain a higher level of professional education in 2024.

8.2.2 Caring for a safe and healthy working environment

Kapitalska družba takes care of a safe, flexible and healthy working environment and in doing so complies with all regulations in the field of occupational safety and health and thus ensures adequate working conditions. It regularly carries out tasks in the fields of occupational safety and health, fire protection and health management at work. Among the most important tasks carried out in this area are the regular training of employees in occupational safety and health, the participation in risk assessments of the workplace and the working environment, the regular periodic preventive medical check-ups, the revision of the occupational safety declaration and the monitoring of compliance with fire protection measures.

Kapitalska družba is aware that maintaining and improving the health of employees is important, because only healthy and satisfied employees who work in a safe and stimulating work environment can be efficient and innovative and less likely to go on sick leave. Therefore it implements systematic targeted activities and measures to maintain and strengthen the physical and mental health of employees. This is achieved through a combination of improving work organisation and the working environment, with good interpersonal relations at the top of the agenda, as these have a decisive impact on employees' health and well-being. The company encourages employees to participate in activities for health protection and enhancement, including the option of organized kinesiological exercise for office workers. They also promote personal development of employees through educational programs.

Another important aspect of ensuring and enhancing the future social security of employees is collective supplementary pension insurance, which Kapitalska družba as a responsible company that cares for its employees, provides to all employees on equal terms by paying monthly premiums for all employees into the Life-Cycle Pension Fund (MKPS) operated by Modra zavarovalnica. Among employees, this is considered one of the most valued forms of motivation.

In 2024, Kapitalska družba paid all employees a maximum collective supplementary pension insurance premium in the amount of 5.844% of the gross salary, or a maximum of EUR 241.97 per month.

The cost of premiums paid to employees for voluntary supplementary pension insurance in MKPS for 2024 reached EUR 143 thousand.

A good 91% of employees are included in voluntary collective healthcare insurance, and 95% of employees are included in collective accident insurance.

Family friendly company

Kapitalska družba is aware of the importance and benefits of an active, family-friendly policy in the company that enables work-life balance of employees. They represent a diverse workforce, the average age of employees is 48, including parents with young children and school-age children, who benefit most from the effects of the certificate. Balancing career development and family life has become part of the company's organizational culture, which is often a challenge today, as business and private life are increasingly intertwined. Kapitalska družba received the Family Friendly Company certificate in 2010, upgraded it with a full certificate, and after a successful audit of the three-year period since obtaining the full certificate, it received a special certificate of appreciation for spreading the culture of a family-friendly company in Slovenia. With the measures taken, the company wants to ensure short-term and long-term positive effects on the lives of employees. Kapitalska družba has adopted 13 measures within the framework of the Family Friendly Company certificate: communication with employees, opinion polls among employees, public relations, time account, children's time bonus, additional leave, management philosophy and concept, reintegration plan after a long absence from work, socialising between employees and management board,

participation of relatives in the company's occasional work, gifting of a newborn child, children's New Year's gifts, and training for managers in the area of work-life balance. Among the most popular measures are the time account, children's time bonus (a day off on the first day of school in the first triad of primary school), gifting children and measures that have a direct immediate effect.

8.3 ENVIRONMENTAL RESPONSIBILITY

Electricity from renewable resources

The tender for the supply of electricity in 2024 was carried out in accordance with the Decree on green public procurement. Kapitalska družba has concluded a contract for the supply of electricity produced 100% from renewable resources, subject to the provisions of the Decree. Energy obtained from environmentally friendly, renewable resources does not use fossil fuels in its production, and the capture of renewable energy sources does not deplete the resource. Thus, the environment is less burdened with greenhouse gases, harmful emissions and radioactive waste.

Procurement of material

When purchasing goods, Kapitalska družba strives to comply with the provisions of the Decree on green public procurement, not only in procurement procedures but also in record-keeping procedures. Accordingly, it designs tendering conditions for the purchase of goods in a way that the purchased goods have a lower environmental impact over their entire life cycle compared to conventional goods, that conserve natural resources, materials and energy, and that have the same or better functionalities. In 2024, when purchasing sanitary materials, Kapitalska družba ordered environmentally friendly products. It also makes every effort to ensure that the paper the company buys is as environmentally friendly as possible (FSC-certified). In order to reduce paper consumption, Kapitalska družba introduced digitalization of operations, with the goal of fully implementing paperless environment. The biggest step towards achieving this goal is the use of software support for the document system and archiving, which was introduced in early 2021 and is constantly being upgraded. Kapitalska družba also supports electronic business by electronically confirming and signing documents, thereby not only reducing paper consumption, but also optimizing certain processes and reducing the carbon footprint.

8.4 COOPERATION WITH STAKEHOLDERS

Kapitalska družba places particular emphasis on cooperation with its main stakeholder groups: the Republic of Slovenia as an owner, SSH, trade unions, pensioners' associations, employers' associations, professional associations, investments, and also employees.

In the area of pension insurance, Kapitalska družba in cooperation with stakeholders such as the Ministry of Labour, Family, Social Affairs and Equal Opportunities, Economic and Social Council, trade unions, employers' associations, the Government of the Republic of Slovenia, FURS, the CRP and the ZPIZ, sets standards for quality and reliability. In the field of asset management, the company works closely with stakeholders: SSH, companies with capital investments of Kapitalska družba, the Slovenian Directors' Association, regulators and various financial institutions. The Government of the Republic of Slovenia also plays a special role as the legal representative of the owner, the Republic of Slovenia. The Company strives to maintain constructive relationships with all these stakeholders, based on professionalism, flexibility, punctuality and transparency. Kapitalska družba strives to maintain smooth operations and to foster relations with all stakeholders in a secure and accessible manner, including by conducting meetings of the company's bodies and other meetings via video conference calls and by introducing electronic business.

Stakeholders are involved in the operation of the company at various levels, including in the company's supervisory board and its commissions and the SODPZ board. Kapitalska družba strives to establish mutually beneficial relationships based on a high level of trust with stakeholders, partners and suppliers. The most important stakeholders were included in the assessment of positive and negative impacts in 2024 as part of the dual materiality assessment. Based on the systematic monitoring of the responses of key partners and suppliers, Kapitalska družba introduces improvements and corrective measures.

8.5 SOCIALLY RESPONSIBLE INVESTING ACTIVITIES

In managing its assets, Kapitalska družba also takes into account, to a reasonable extent in the process of selecting financial investments, the sustainability aspect of the activities of the issuers of financial investments, i.e. long-term sustainable operations with a positive attitude towards the environment, towards social issues and/or towards corporate governance.

For investments in shares or debt securities of companies and financial institutions, Kapitalska družba takes into account the sustainability analyses or indicators of recognised institutions professionally engaged in the assessment or ranking of companies according to their level of sustainability in order to assess compliance with the sustainability criterion. When investing in government debt securities, Kapitalska družba takes into account, from a sustainability perspective, the level of governance of the issuing country, as expressed by the Worldwide Governance Indicators (WGI).

The sustainability aspect is taken into account in the case of purchases of financial investments, provided that an external source is available to Kapitalska družba to measure it. If several different investments with similar characteristics and expected returns are available, when choosing an investment, priority is given to the investment with a better indicator of sustainable development, or in the case of the purchase of units of collective investment undertakings, to the undertaking which, as part of its investment policy, defines that it also takes into account sustainable development aspect.

8.6 CORPORATE INTEGRITY AND WHISTLEBLOWER PROTECTION

By adopting the Corporate Integrity Plan in July 2021, Kapitalska družba is committed to the highest standards of corporate integrity. With the plan, it rounded off the integrity system, which it started building in 2019 by establishing a system for preventing, detecting and investigating fraud and other harmful practices and whistleblower protection.

In 2023, after becoming subject to the Whistleblower Protection Act, Kapitalska družba upgraded its corporate integrity system with legislative requirements on whistleblower protection, internal whistleblowing channels for fraud, misconduct and other harmful practices, and the appointment of a trustee to receive and handle internal reports.

In the design and implementation of corporate integrity activities Kapitalska družba in addition to the Whistleblower Protection Act and the Code of Management of Governance Code for Companies with Capital Assets of the State, is also guided by reference documents, namely the guidelines of the Commission for the Prevention of Corruption, the Slovenian Corporate Integrity Guidelines and anti-corruption principles for state-owned companies.

By identifying corporate integrity risks specific to the company's business, defining measures to mitigate these risks, appointing a Corporate Integrity Officer and putting in place measures to protect whistleblowers, including the appointment of a trustee to receive and deal with internal fraud, the company demonstrates zero tolerance for corruption and illegal and unethical conduct by its employees, the company's management and members of the Supervisory Board.

Kapitalska družba has also upgraded its operations as a socially responsible company by signing the Commitment to Respect Human Rights in Business operations.

8.7 DEMONSTRATION OF THE IMPLEMENTATION OF THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Kapitalska družba perceives both great challenges and new business opportunities in sustainable business practices. As a responsible financial institution, it is committed to promoting sustainable business and creating long-term value for stakeholders. The company is aware that its actions have an impact on the environment, society and the economy, so it wants to manage these impacts in a responsible and transparent manner. It prioritizes the eight United Nations goals throughout its operations: SDG 13, SDG 7, SDG 17, SDG 8, SDG 5, SDG 4, SDG 3 and SDG 16, which are described below.

Table 14: Demonstration of the implementation of the United Nations Sustainable Development Goals (SDGs)

Environmental Aspect (E – Environment) – Pollution Prevention and Control



ESG activities	Comment
Carbon footprint	In 2024, the carbon footprint in scope 1 and 2 was measured for the third time.
Digitalization and paperless operations	Conditions established for a gradual transition to paperless environment.
Compliance with the Green Procurement Decree	Ordering environmentally friendly products. Using paper made from responsibly sourced wood fibres.
Consistent separation of waste	Waste collection and separation by raising employee awareness.
Energy consumption	Taking into account the Decree on green public procurement, a contract has been concluded for the supply of electricity produced 100% from renewable sources.

Social aspect (S – Social) – Accountability towards stakeholders, those liable for payment, insured persons, employees and the wider environment



ESG activities	Comment
Responsible attitude towards the Broader Social Community	Co-financing of the public pension system. Providing occupational pensions and other rights to occupational pensioners. Contribution to the strengthening and further development of the second pension pillar.
Responsible attitude towards external stakeholders and insured persons	Cultivating good relations with partner institutions: trade unions, the Association of Pensioners' Societies (ZDUS), those liable for payment, insured and professional pensioners, and the Slovenian Directors' Association - ZNS. Ensuring professionalism, efficiency and transparency and establishing interactive communication channels.

Responsible attitude towards employees	<p>Adapting to the various needs and career expectations of employees and in this way enable the holistic development of their skills.</p> <p>The prevailing form of permanent employment ensures high employee security.</p> <p>Dialogue with employees is carried out through the Workers' Council and the Company's trade union, as well as quarterly meetings with all employees.</p> <p>Activities within the framework of the full „Family Friendly Company“ certificate.</p> <p>“Open Doors Day“ for employees' children.</p> <p>Maintaining contact with retired colleagues.</p>
	<p>Flexible working hours and the possibility of remote working (hybrid working method).</p>
Designing current and future financial security	<p>Equal treatment and equal opportunities regardless of gender and other personal circumstances.</p> <p>Compliance with the Collective Agreement for Insurance.</p> <p>Stimulating and fair remuneration regardless of gender.</p> <p>Adoption of the „Diversity Policy for the Management and the Supervisory Board of Kapitalska družba, d. d.“.</p>
	<p>Inclusion of all employees in supplementary pension insurance and payment of the highest tax-deductible premium.</p>
Diversity and equal opportunities	<p>Promoting lifelong learning, functional and holistic education, knowledge sharing among employees and intergenerational cooperation.</p> <p>Pre-planned training tailored to the requirements of individual jobs, the specific areas of knowledge required by each employee, and the development tasks set.</p>
Safety and health of employees	<p>A wide range of occupational health and safety measures.</p> <p>Promoting a healthy and sustainable lifestyle and implementing activities and measures to maintain and strengthen the physical and mental health of employees through the „Workplace Health Promotion Plan“.</p> <p>Emphasis on good interpersonal relationships, which have a decisive influence on the health and well-being of employees.</p>
	<p>Regular preventive medical examinations with a wide range of tests and the possibility of additional examinations.</p>
	<p>Implementing measures to strengthen health, including organized recreation for employees and organizing trainings about a healthy lifestyle.</p> <p>Inclusion of employees in collective supplementary healthcare insurance.</p> <p>Free vaccination of employees against influenza and tick-borne encephalitis (TBE).</p>

Management aspect (G - Governance) - Business compliance and integrity



ESG activities	Comment
High standards of corporate governance	<p>The management of Kapitalska družba is based on: Corporate Governance Code for Companies with Capital Assets of the State, Recommendations and Expectations of SSH, Corporate Governance Code of the Kapitalska družba Group, Guidelines of the Commission for the Prevention of Corruption, Slovenian Corporate Integrity Guidelines and Anti-Corruption Principles for State-Owned Companies.</p> <p>Adoption of the Corporate Integrity Plan.</p> <p>Identification of specific corporate integrity risks for the company's operations, definition of measures to mitigate these risks and appointment of a corporate integrity officer.</p> <p>Zero tolerance for corruption and illegal and unethical behaviour by employees, company management and members of the supervisory board.</p> <p>Accession to the Agreement on cooperation in the organization of the International Fraud Awareness Week in 2021, 2022, 2023 and 2024, whereby the company participates in the exchange of good practices and awareness-raising of all stakeholders with the common goal of all signatories to reduce corruption, financial crime and fraud in the Republic of Slovenia.</p> <p>Kapitalska družba has also been participating for many years as a sponsor of the corporate governance conference of the Slovenian Directors' Association.</p>
Effective risk management	<p>Risk management is integrated into business decision-making at all levels and takes place in accordance with the Rules on risk management of the Kapitalska družba Group.</p>
Non-discrimination and respect for human rights and ethical principles and values of society	<p>Kapitalska družba operates in accordance with its values. Creativity and innovation of employees to solve challenges related to sustainable development.</p>

9

REPORT ON RELATIONS WITH SUBSIDIARIES

Kapitalska družba is the parent company in the insurance group, which includes the subsidiaries Modra zavarovalnica and Hotelske nepremičnine⁹. Kapitalska družba as the controlling company, is the 100% owner of Modra zavarovalnica. In the year 2024, there were no transactions between the controlling company and the subsidiary carried out under unusual market conditions. Kapitalska družba as the controlling company, is the 50% owner of the company Hotelske nepremičnine. In the year 2024, there were no transactions between the controlling company and the joint venture under unusual market conditions.

Leases of business premises

Modra zavarovalnica is a tenant of business premises owned by Kapitalska družba. The lease was signed in 2024 and runs until September 2029.

Provision of services in the field of information technology

Modra zavarovalnica and Hotelske nepremičnine use system infrastructure (servers, communication equipment, printing devices, system software, disk capacities, etc.) owned by Kapitalska družba. In addition, Kapitalska družba provides services related to information technology to its subsidiaries. The rental of system infrastructure and the provision of services in the field of information technology management are regulated in the contract on the provision of services in the field of information technology.

Pension plan funding contract

Kapitalska družba has a contract with Modra zavarovalnica on the financing of the pension plan for collective supplementary pension insurance implemented by the open-ended Life-Cycle Pension Fund (MKPS).

⁹ The company Hotelske nepremičnine is 50% owned by Kapitalska družba, while the remaining 50% is owned by Modra zavarovalnica. In the separate financial statements of Kapitalska družba, it is treated as a joint venture.

10

INDICATORS¹⁰

in 000 EUR

31 Dec 2024

31 Dec 2023

a) Equity financing ratio

The indicator is calculated as the ratio between the equity balance and the balance of all liabilities.

Numerator:

Equity	1,441,103	1,274,968
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Denominator:

Liabilities	1,659,562	1,458,709
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Equity financing ratio	0.87	0.87
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b) Operating efficiency ratio

Operating efficiency ratio indicator is calculated as the ratio between generated operating revenues and expenses.

Numerator:

Operating revenues	12,964	18,800
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Denominator:

Operating expenses	7,228	6,841
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Operating efficiency ratio	1.79	2.75
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c) Net return on equity

The indicator shows net profit per unit of equity or ROE (Return On Equity) and is calculated as the ratio between annual profit and average equity balance.

Numerator:

Net profit or loss for the period	38,773	49,927
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Denominator:

Average equity	1,358,036	1,202,796
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Return on equity (ROE)	2.86%	4.15%
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d) Net return on equity before ZPIZ transfer

The indicator shows net profit per unit of equity or ROE (Return On Equity) before the ZPIZ transfer and is calculated as the ratio between annual profit and the average equity balance before the ZPIZ transfer.

Numerator:

Net profit or loss for the period before the ZPIZ transfer	103,773	114,927
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Denominator:

Average equity before ZPIZ transfer	1,423,036	1,260,296
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Return on equity (ROE) before ZPIZ payment	7.29%	9.12%
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¹⁰ Indicators are not audited.

e) Total comprehensive return on equity

The indicator is calculated as the ratio between the total comprehensive income of the financial year and the average equity for the year.

Numerator:

Total comprehensive income/(loss) for the year	162,964	143,537
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Denominator:

Average equity	1,358,036	1,202,796
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Total comprehensive return on equity	12.00%	11.93%
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f) Total comprehensive return on equity before ZPIZ transfer

The indicator is calculated as the ratio between the total comprehensive income of the financial year and the average equity for the year before ZPIZ transfer

Numerator:

Total comprehensive income for the financial year before ZPIZ transfer	227,964	208,537
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Denominator:

Average equity before ZPIZ transfer	1,423,036	1,260,296
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Total comprehensive return on equity before ZPIZ transfer	16.02%	16.55%
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CORPORATE GOVERNANCE STATEMENT

Pursuant to the sixth paragraph of Article 70 of the Companies Act (ZGD-1) and point 3.6 of the Corporate Governance Code for State-owned Companies, Kapitalska družba hereby declares the corporate governance statement for the period from 1 January 2024 to 31 December 2024.

I. Kapitalska družba, as a public limited company in which the Republic of Slovenia is a 100% shareholder, voluntarily complies with the Corporate Governance Code for State-owned Companies (hereinafter: the Code), which contains principles, procedures and criteria for the conduct of members of management and supervisory bodies of companies in which the Republic of Slovenia is a stakeholder. In addition, Kapitalska družba follows the valid Recommendations and expectations of Slovenian Sovereign Holding.

Kapitalska družba provides a declaration of compliance with the Code adopted by SSH and valid in 2024. The Code contains the principles and recommendations of good practice for the corporate governance code for companies with capital assets of the state. The text of the Code currently in force is publicly available on the website of Slovenian Sovereign Holding [SDH - Key SSH Asset Management Documents](#).

Management and Supervisory Board of Kapitalska družba declare that they voluntarily comply with the Code in their work and operations. Deviations from the individual recommendations of the Code are indicated and explained below:

Article 3.3 of the Code: The SOE shall set clear strategic objectives for its business and development, which must be long-term and sustainable.

Explanation: Given the specific purpose of its establishment and the envisaged transformation into a demographic fund, and taking into account the Ordinance on the Strategy for the governance of State Assets in the performance of its activities, Kapitalska družba is primarily responsible for fulfilling the legal obligation to provide funds to the ZPIZ and for the management of the SODPZ.

Article 3.4 of the Code: The Executive Management of a large and medium-sized enterprise with state capital assets shall formulate and approve their Corporate Governance Policy as a separate document which should contain at least the following elements:

- | a description of all principal governance policies of the company, which reflect the company's objectives, values, and obligations towards the wider social environment;
- | the indication of which corporate governance code has been adopted by the company as its reference code, and if or to what extent this code is applied;
- | a precise identification of stakeholder groups and relevant stakeholders, and a policy for communicating and engaging with each stakeholder group (owners, creditors, suppliers, customers, employees, the media, analysts, government authorities, local and wider community, etc.);
- | the process for informing subsidiaries, shareholders or company members of the Group's strategy, goals and governance standards;
- | the policy on transactions between the company and its related companies, including their members of the management and supervisory bodies;

- | a commitment by the Supervisory Board to establish a system for identifying conflicts of interest and dependencies among members of the management body and supervisory body, which includes actions proposed for instances when changes in circumstances materially affect their relationship with the company;
- | the commitment that the Supervisory Board will assess its own effectiveness and, based on this, adopt measures to improve its efficiency;
- | an intention to create any committees of Supervisory Board and a definition of their roles;
- | a clear system for the allocation of responsibilities and powers between members of the company's management and supervisory bodies;
- | definition of the company's communication policy, which includes high-quality standards for the creation and disclosure of accounting, financial, and nonfinancial information. The communication policy can be a separate document. In such a case, the Corporate Governance Policy of the company refers to it in an appropriate manner;
- | safeguarding the interests of employees in the company by defining the manner, content, and standards of employee operations and ensuring an adequate level of ethical conduct in the company, including the prevention of discrimination;
- | areas of operation where the company adopts measures to respect human rights and equal opportunities.

Explanation: Kapitalska družba in which SSH does not exercise a dominant influence, has not yet adopted the Corporate Governance Policy as an independent document in 2024. Regardless of that, Kapitalska družba materially respects all essential guidelines of the provision in question regarding the management of the company.

Article 6.7 of the Code: The President of the Supervisory Board shall coordinate the Board's activities, ensure that timely and regular convening of meetings, lead the meetings, and represent the Supervisory Board in relations with other stakeholders. Each decision communicated by the President of the Supervisory Board to Executive Management, or third parties shall be preliminary dealt with by the Supervisory Board, or the Audit Committee and a relevant resolution in its regard shall be adopted. This includes signing contracts with members of Executive Management, external auditors, or external experts, where the President of the Supervisory Board represents the company.

Subsection 6.7.2 of the Code: The President of the Supervisory Board should not serve as the President of the Audit Committee. If a Nomination Committee is formed, the President of the Supervisory Board shall be a member or the President of that committee.

Explanation: The company partially complies with the provision of subsection 6.7.2 of the Code, namely it complies with the wording of the first sentence regarding the chairman of the audit committee. The composition of the Human Resources Committee deviates from the recommendation of the Code, as the Chairman of the Supervisory Board is not a member of this committee, because when the current composition of the Human Resources Committee was appointed in 2023, the provision of the second sentence of this subsection was not yet an integral part of the text of the Code.

Article 6.10: The Supervisory Board shall prepare the Competence Profile for Supervisory Board members. Such Competence Profile shall reflect the Board's overall composition and be published on the company's web site. This profile shall define at least the necessary professional backgrounds and may also include additional competencies. The Board should periodically review and update this profile, especially prior to any expected appointments or alterations in the Supervisory Board's composition.

Explanation: Kapitalska družba applies the aforementioned provision *mutatis mutandis*, taking into account the mandatory provisions of the sixth paragraph of Article 51 of ZSDH-1 and the Articles of Association of the Company, which regulate the specific composition of the Supervisory Board of Kapitalska družba. Taking into account the aforementioned legal restrictions, the supervisory board could not prepare a competence profile for the members of the supervisory board from the point of view of the composition of the supervisory board, and the Diversity Policy also pursues the goal of complementarity of knowledge and experience and heterogeneity of the composition of the supervisory board.

Article 6.17 of the Code: If the General Meeting elects Supervisory Board members based on the Supervisory Board's proposal, the Board, in justifying its nomination, shall include information required by law and details about the candidate's memberships in other companies' management or supervisory bodies. The Supervisory Board shall also disclose any circumstances which might lead to a conflict of interest for the member, considering, among others, the circumstances listed in Annex 1 of CGCSOE. In its justification for nominating a candidate, the Supervisory Board must clearly disclose whether the individual meets the independence criteria set forth in CGCSOE and confirm that the candidate selection process adhered to the procedures outlined within CGCSOE.

Subsection 6.17.1 of the Code: In the justification for its (voting) proposal, the Supervisory Board shall also include the description of the competency profile of a Supervisory Board member and details about the candidate which enable the shareholders to assess how well the candidate meets the desired profile.

Explanation: The Company does not fully comply with the above provisions of article 6.17 and sub-section 6.17.1 of the Code due to the mandatory provisions of ZSDH-1 and the Company's Articles of Association, which provide for a special nomination procedure for members of the Company's Supervisory Board in the case of Kapitalska družba, as explained in the Transitional Explanatory Note under article 6.10.

Article 6.20 of the Code: All public companies with state capital assets and large non-public companies with states capital assets with more than one shareholder or company member and where SSH exercises less than the majority of all voting rights, should establish a Nomination Committee (permanent or temporary) as a special committee of the Supervisory Board. This committee should ensure appropriate mechanisms for the evaluation and selection of candidates for members of the Supervisory Board, and adequately address/manage any conflicts of interest which the Supervisory Board may have in preparing proposals for its composition. The Nomination Committee shall carry out the candidate selection procedures and propose a selection of candidates to the Supervisory Board. In other companies where the Nomination Committee is not required, the Supervisory Board itself may, if necessary, carry out the procedures for evaluating and selecting candidates for its members. In one-person companies, the Supervisory Boards shall not create voting proposals for members of the company's Supervisory Board, even if the terms of the members are expiring. In these companies, the founder shall make the appointment decision.

Subsection 6.20.8 of the Code: Immediately following the announcement of the General Meeting that will vote on new members of the Supervisory Board of the SOE based on the Board's recommendation, the President or Secretary of the Supervisory Board shall promptly invite nominees to submit their applications to the SSH Nomination Committee for accreditation and nomination. The SSH Nomination Committee may also invite nominees to submit their application for accreditation and nomination. This recommendation shall not apply if the SSH's candidate proposal was the only recruitment channel and the candidates have already been nominated by the SSH Nomination Committee.

Explanation: Kapitalska družba does not fully comply with the recommendations from subsection 6.20.8 of the Code, since the general meeting of Kapitalska družba is represented by the Government of the Republic of Slovenia. In accordance with the provisions of ZSDH-1, three members of the supervisory board are appointed at the proposal of SSH, therefore, in accordance with the articles of association, the candidates for SSH representatives are proposed by the Management Board of the Slovenian Sovereign Holding, which informs the Supervisory Board about the selection. Two members are appointed on the proposal of national federations or organizations of pensioners and one member on the proposal of trade unions or confederations representative of the country. The procedure for the selection of shareholder candidates and their proposers is set out in detail in the Company's Articles of Association.

Article 6.23 of the Code: The company should take out Directors and Officers (D&O) liability insurance for the members of the Supervisory Board to protect the company's interests. The insurance should cover an extent that ensures the maximum possible compensation for any costs the company may incur due to events caused by the actions of the Supervisory Board members.

Explanation: Kapitalska družba did not implement the recommendations from this point in 2024 due to the unclear tax treatment of premium payouts and due to changes in personal income tax legislation that were underway. In December 2024, amendments to the Personal Income Tax Act were adopted, which defined the bases for calculat-

ing the taxable benefits of group liability insurance for management or members of supervisory bodies. Therefore, in 2025, Kapitalska družba will carry out the procedure for concluding a contract for liability insurance for members of management and supervisory bodies of companies from the Kapitalska družba Group.

Article 7.7 of the Code: At least in large companies, a culture of talent recognition and skill development should be actively fostered not only at the second level but also throughout the deeper layers of the organization. Individual employee development plans should define career directions and identify critical competencies needed for current and future success of the organization. Executive Management shall be responsible for motivating employees, fostering a sense of responsibility among the employees and reinforcing desired behaviours. The remuneration system should be based on knowledge, performance, education, and the complexity of work.

Explanation: Kapitalska družba partially complies with the stated provision of the Code, as it has not yet adopted a development plan for all employees, but respects the other essential directions of the provision in question. In 2024, Kapitalska družba adopted a succession policy in the form of a single document for the company's management and leadership personnel, which will be intended to identify, record and train potential candidates within its employees who may be suitable candidates to take over management and leadership positions in the company (key personnel).

Article 7.9 of the Code: Executive Management should articulate the company's mission and vision, providing a clear explanation of how the company generates long-term value for its owners, how it contributes to stakeholders, and how it benefits the broader society and the environment. Executive Management shall formulate a comprehensive long-term business strategy by considering the company's fundamental objectives, the purpose of its establishment, and its vision. This strategy should describe methods and ways of involving stakeholders in realizing the company's vision. A section of the company's business report should also be dedicated to reporting on the realization of the company's vision.

Subsection 7.9.2: The company's strategy should include relevant principles from the National Action Plan of the Republic of Slovenia for the respect of human rights in business. Based on a thorough review of operations, Executive Management should define goals and implementation measures to ensure respect for human rights across the company's entire operation.

Subsection 7.9.3: Based on the formulated long-term strategy of the company, Executive Management shall prepare an annual business plan for the company.

Explanation: Kapitalska družba partially complies with the aforementioned provision of the Code and its subsection 7.9.2 and 7.9.3, as it does not have a multi-year company strategy, but only an annual business plan that contains all the required elements. Regardless of the above, the company has adopted strategies for the management of its own assets and for the management of SODPZ.

Article 8.7 of the Code: SOEs shall establish a financial calendar prior to the onset of the new financial year, or no later than January of the current financial year. This calendar shall detail the projected dates for significant company announcements throughout the year, including shareholder meetings, dates for dividend distributions, and the release of annual and interim reports. The financial calendar shall be published and accessible to the public on web site of the company. The company shall design the financial calendar to meet the key expectations of SSH regarding reporting deadlines, particularly concerning the assessment of business performance in the current year and plans for the coming year.

Explanation: The Company cannot comply with this provision of the Code due to the specifics provided for Kapitalska družba by the ZSDH-1 (in accordance with Article 52(2) of the ZSDH-1, the Company's distributable profit cannot be used for distribution to shareholders, and the duties of the Company's General Meeting are performed by the General Meeting of SSH i.e., the Government of the Republic of Slovenia, in accordance with Article 51 of the ZSDH-1). In addition to the above, Kapitalska družba is not a company managed by SSH, but rather by the Government of the Republic of Slovenia. Considering the above, it participates in the preparation and aligns the Annual Capital Investment Governance Plan of the Republic of Slovenia with the Ministry of Finance.

The requirement from the third indent of Article 3.6.1 of the Code: Description of the company's business compliance and integrity system in accordance with the KKUDD and the SSH Recommendations and Expectations:

The company has adopted a Corporate Integrity Plan, which identifies risks in the area of corruption and unethical and illegal activities, and has appointed a Corporate Integrity Officer. It also has a system in place to prevent, detect and investigate fraud and other harmful practices, as well as to protect whistleblowers. In 2023, after becoming subject to the Whistleblower Protection Act, this system includes all legal requirements regarding whistleblower protection, internal reporting channels for fraud, violations and other harmful conduct, and the appointment of a confidant for receiving and processing internal reports.

In the design and implementation of corporate integrity activities Kapitalska družba in addition to the Whistleblower Protection Act and the Code of Management of Governance Code for Companies with Capital Assets of the State, is also guided by reference documents, namely the guidelines of the Commission for the Prevention of Corruption, the Slovenian Corporate Integrity Guidelines and anti-corruption principles for state-owned companies.

By identifying corporate integrity risks specific to the company's business, defining measures to mitigate these risks, appointing a Corporate Integrity Officer and putting in place measures to protect whistleblowers, including the appointment of a trustee to receive and deal with internal fraud, the company demonstrates zero tolerance for corruption and illegal and unethical conduct by its employees, the company's management and members of the Supervisory Board.

II. Description of the company's main characteristics of internal control and risk management systems relating to the accounting reporting procedure

Explanation: Kapitalska družba manages risks and carries out internal control procedures at all levels. The purpose of internal controls is to ensure the accuracy, reliability, transparency and clarity of all processes and risk management related to accounting reporting.

Controls carried out in the Accounting and Controlling Sector (until 31 July 2024 in the Accounting Department), which is in charge of keeping books of account and compiling financial statements pursuant to the applicable accounting, tax and other regulations, include procedures ensuring:

- | accuracy, reliability and completeness of accounting records,
- | recording business events and preparing financial statements and reports in accordance with applicable legislation,
- | reliable system for business and decision support,
- | true and fair financial reporting.

The financial statements of Kapitalska družba for each financial year are also examined and audited by an external audit. Pursuant to the resolution of the General Meeting as at 26 August 2022, the company's financial statements for 2024 are audited by the audit company PricewaterhouseCoopers d. o. o., Ljubljana, which has been appointed as the company's auditor for the financial years 2022, 2023 and 2024.

There are certain operational risks in the implementation of financial reporting, primarily in connection with employees, which are mostly assessed as materially insignificant risks or some as materially weak risks. They are managed through measures such as regular training, knowledge transfer between employees, ensuring replacements and successions of key personnel, and appropriate information flow. The risk of compliance with external regulations is also assessed as a low risk, which is also adequately managed by ongoing monitoring of legal and regulatory provisions and, if necessary, by obtaining appropriate explanations regarding unclear regulations from the legislator or external consultants.

The internal audit department is located in the organizational structure of the company as an independent organizational unit, directly subordinate to the management board, but also functionally subordinate to the audit committee and the supervisory board. This provides the independence of its operations and separation from executive functions that are the subject of audit. The fundamental focus of Internal Auditing is to examine and provide assur-

ance on the operations of the Company's internal control systems. An internal auditor assesses the efficiency of internal controls in terms of the management of risks that the Company is exposed to. In accordance with the annual work program adopted by the company's management and supervisory board, the internal audit carries out audits for individual areas of the company's operations. By proposing improvements to business processes and procedures in the company, the internal audit contributes to increasing the performance of the company's operations.

III. Important direct and indirect ownership of the Company's securities in terms of achieving a qualifying holding as laid down by the act regulating takeovers

Explanation: The sole shareholder of Kapitalska družba, d. d., is the Republic of Slovenia, which is the holder of all 874,235 ordinary registered no-par value shares (100% holding in the share capital).

IV. Holders of securities that carry special control rights

Explanation: The company does not have any securities that would grant special control rights.

V. Restrictions on voting rights

Explanation: The sole shareholder of Kapitalska družba is the Republic of Slovenia, which is the holder of all 874,235 ordinary registered no-par value shares and has no restrictions on voting rights.

VI. The company rules on the appointment or replacement of members of the management/supervisory bodies and amendments to Articles of Incorporation

Explanation: The company's rules on the appointment and replacement of the members of the management and supervisory bodies and amendments to articles of association are set out in the company's Articles of Association.

The Supervisory Board of Kapitalska družba is appointed by the General Meeting of the Company. In compliance with Article 51(6) of ZSDH-1, the Supervisory Board is composed of six members. Three members of the Supervisory Board are appointed on the proposal of Slovenian Sovereign Holding – SSH, two members on the proposal of the pensioners' organisations at the state level and one member on the proposal of trade union associations or confederations which are representative of the area of the country. If stakeholders do not formulate a proposal for the appointment of Supervisory Board members as defined below, the missing members of the Supervisory Board are appointed at the discretion of the General Meeting of the company. The candidates from among the representatives of SSH are proposed by the Management Board of the Slovenian Sovereign Holding, which informs the Supervisory Board about the selection. The candidates from among the representatives of the pensioners are proposed by the pensioners' organisations and associations at the state level, which inform the Supervisory Board about the selection. The candidates from among the representatives of the trade unions are elected by the representatives (electors) of the representative government-level trade union associations or confederations, which inform the Supervisory Board about the selection. Any representative association or confederation has the number of representatives equal to the number of the representative trade unions it comprises. In addition to the representatives referred to in the previous sentence, the association or confederation elects another representative for every ten thousand members. The term of office of the Supervisory Board members is four years with the possibility of reappointment.

Members of the Management Board are appointed by the Supervisory Board on the basis of a public tender. One of the Members is appointed Chairman of the Management Board. The term of office of the Management Board members is four years with the possibility of re-appointment. The Management Board or one of its Members may be dismissed early, solely for the reasons laid down in paragraph 2 of Article 268 of the Companies Act (ZGD-1). The breach of the Articles of Association of Kapitalska družba representing a severe dereliction of duties may constitute cause for dismissal.

The Articles of Association and its amendments and supplements are adopted by the Annual General Meeting of Kapitalska družba at the proposal of the Management Board and the Supervisory Board.

VII. Authorisations to the Management, particularly authorisations to issue or purchase own shares

Explanation: The powers held by members of the management are laid down in the Company's Articles of Association. The Company's Management Board is not authorised to issue or purchase treasury shares.

VIII. Information on the operations and key competences of the Company's General Meeting and a description of the shareholders' rights and method of their enforcement

Explanation: The sole shareholder of the company exercises its rights arising from the ownership of shares at the company's general meeting. The General Meeting is the highest body of the company and acts pursuant to the provisions of ZGD-1, ZSDH-1 and company's Articles of Association. The General Meeting is convened by the company's management board, as laid down to by the law and Articles of Association when it is in the interest of the company. The General Meeting may also be convened by the Supervisory Board. The General Meeting must also be convened by the Management Board at the request of the shareholder. A shareholder's request to convene a general meeting shall be submitted in writing, accompanied by the agenda, a draft resolution for each proposed agenda item on which the general meeting is to make a decision, or, if the general meeting does not take a decision on a particular agenda item, by a statement of the reasons for the agenda item. The convening of the general meeting must be published at least 30 days before the day of the general meeting. The convocation of the General Meeting is published on the website of the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES) and on the website of Kapitalska družba. The published convocation of the General Meeting must also contain proposals for resolutions and an indication of the place where the entire material to be submitted for decision-making at the General Meeting must be made available at the same time the convocation is published. The right to participate in the general meeting and exercise the voting rights belongs to a shareholder who, as a holder of shares, is registered in the central register of book-entry securities at the end of the fourth day before the gathering of the general meeting.

The General Meeting decides on the fundamental affairs of Kapitalska družba and in particular: adopts the company's Articles of Association and its amendments; adopts the annual report in the event that the Supervisory Board has not approved it or if the Supervisory Boards leaves the decision on the adoption of the annual report to the General Meeting; takes decisions regarding the use of distributable profit at the proposal of the Management and Supervisory Boards; takes decisions on discharging members of the Management and Supervisory Boards; appoints and dismisses members of the company's Supervisory Board; appoints the company's auditor; takes decisions regarding measures to increase or decrease share capital, unless laid down otherwise by the Articles of Association or the law; takes decisions on the dissolution of Kapitalska družba and its status changes, as well as on other matters in line with the law and Articles of Association.

IX. Information about the composition and operations of the management and supervisory bodies and their committees

Explanation: The governance and management of Kapitalska družba are based on legal provisions and the provisions of the Articles of Association. The company has a two-tier governance system, with the Management Board managing the company and the Supervisory Board supervising its operations.

a) Supervisory Board

The powers of the Supervisory Board are laid down in the Company's Articles of Association, while the method of its work is governed by the Supervisory Board's Rules of Procedure. A detailed description of the activities and the method of Supervisory Board operations in 2024 is provided in the Report of the Supervisory Board. In 2024, the Supervisory Board of Kapitalska družba operated in the following composition:

- | Janez Tomšič, Chairman
- | Boris Žnidarič, Deputy chairman
- | Ladislav Rožič, Member
- | Mirko Miklavčič, Member
- | Boštjan Leskovar, Member
- | Andreja Cedilnik, Member

In 2024, two Supervisory Board committees operated (Audit and Human Resources Committees), whose work is presented in the Supervisory Board Report.

The Audit Committee of the Supervisory Board of Kapitalska družba operated in 2024 in the following composition: Andreja Cedilnik, Chairman, Boštjan Leskovar, Member, Mirko Miklavčič, Member, and Natalija Stošicki, External member. The members of the Audit Committee appointed from among the members of the Supervisory Board shall be appointed for the period until the expiry of the term of office of the member of the Supervisory Board, unless the Supervisory Board decides otherwise by resolution. The term of the independent expert (external member) is not tied to the term of office of the members of the supervisory board, and the supervisory board can replace them at any time.

Human Resources (HR) Committee of the Supervisory Board of Kapitalska družba operated in 2024 in the following composition: Boštjan Leskovar, Chairman, Ladislav Rožič, Member, and Andreja Cedilnik, Member. Members of the Human Resources Committee, all of whom are also members of the Supervisory Board, are appointed for the period until the expiry of the term of office of the member of the Supervisory Board, unless the Supervisory Board decides otherwise by resolution.

b) Management Board

In accordance with ZSDH-1 and the company's articles of association, the management board has a minimum of two and a maximum of three members. Members of the Management Board are appointed by the Supervisory Board on the basis of a public tender for the period of four years. In 2024, Kapitalska družba was run by the Management Board composed of:

- | Bachtiar Djalil, Chairman of the Board
- | Gregor Bajraktarević, Member

The Chairman of the Management Board and a member of the Management Board of Kapitalska družba were appointed by the Supervisory Board on the basis of a public tender, in accordance with the company's Articles of Association¹ and the provisions of ZSDH-1.

The Management Board runs the company for the good of the company, independently and at its own responsibility. The members of the Management Board shall represent the Kapitalska družba independently and without limitation. The company's Articles of Association lay down the transactions and decisions for which the Management Board must obtain the approval of the Supervisory Board. The Management Board of Kapitalska družba is accountable to the Supervisory Board and the General Meeting, and in the conduct of its business it must act with the professional care of a good businessperson, protect business secrets of Kapitalska družba and comply with the non-competition clause.

In 2024, the Management Board exercised its responsibilities in accordance with the Management's Rules of Procedure, reported regularly to the Supervisory Board and, in accordance with the Articles of Association, fulfilled its obligations towards the shareholder, as defined by ZGD-1 in ZSDH-1.

Table 15: Management's composition in the financial year 2024

Name and surname	Function (chairman, member)	Areas of work within the Management Board	First appointment to the function	Completion of the function/term of office	Gender	Citizenship	Year of birth	Education	Professional profile	Membership in the supervisory boards of companies not related to the Company
Bachtiar Djalil	Chairman	Legal and Human Resources, Internal Audit, Risk Management, Finance and Accounting, General Affairs	1 January 2010	4 January 2027	M	RS	1975	BSc (Law), LL.M. (Groningen)	Corporate governance, pension and investment fund management, commercial and financial law	/
Gregor Bajraktarević	Member	Asset Management, IT and Business Processes, Pension Fund Management	6 February 2017	9 February 2027	M	RS	1975	MSc (Science)	Asset management, corporate governance, investment banking and corporate restructuring	/

Table 16: Composition of the Supervisory Board and committees in financial year 2024

Name and surname	Function (chairman, deputy chairman, member of the SB)	First appointment to the function	Completion of the function/term of office	Representative of capital/employees	Attendance in SB meetings compared to the total number of SB meetings (e.g. 5/7)	Gender	Citizenship	Year of birth	Education	Professional profile	Independence under point 6.6 of the Code (YES/NO)	Existence of a conflict of interest during the financial year (YES/NO)	Membership in supervisory bodies of other companies	Membership in committees (audit, HR, remuneration committee, etc.)	Chairman/Member	Attendance in committee meetings compared to the total number of meetings (e.g. 5/7)
Janez Tomšič	Chairman	21 October 2021	20 October 2025	Representative of capital	7/7	M	RS	1979	BSc (Law)	corporate governance, real estate management, commercial law	Yes	No	SID, d. d.	/	/	/
Boris Žnidaršič	Deputy	1 February 2015	1 February 2027	Representative of pensioners	7/7	M	RS	1948	Sc.D.	Master of Laws and PhD in Social Sciences, qualified university teacher	Yes	No	Krka, d. d.,	/	/	/
Ladislav Rožič	Member	31 January 2011	1 February 2027	Representative of the trade unions	5/7	M	RS	1957	MSc (Science)	finance, corporate governance	Yes	No	/	HR	Member	3/3
Mirko Miklavčič	Member	2 February 2019	1 February 2027	Representative of pensioners	7/7	M	RS	1947	BSc in labour relations	finance, corporate governance, insurance	Yes	No	/	Audit	Member	9/9
Boštjan Leskovar	Member	21 October 2021	20 October 2025	Representative of capital	7/7	M	RS	1973	MSc (Science)	finance, governance systems, corporate governance	Yes	No	/	HR Audit	Chairman Member	3/3 9/9
Andreja Cedilnik	Member	31 August 2022	31 August 2026	Representative of capital	7/7	F	RS	1974	BSc (Economics)	finance, accounting, Yes controlling, corporate governance	No	/	Audit	HR	Chairman Member	9/9 3/3

Table 17: External members of Supervisory Board committees in the financial year of 2024

Name and surname	Committee	Attendance in committee meetings compared to the total number of meetings (e.g. 5/7)	Gender	Citizenship	Education	Year of birth	Professional profile	Membership in the supervisory boards of companies not related to the Company
Natalija Stošički	Audit	7/9	F	RS	BSc (Economics)	1966	financial services expert	/

X. Description of the diversity policy regarding representation in the company's management and supervisory bodies

Kapitalska družba has a diversity policy with regard to representation in the company's management or supervisory bodies in terms of gender and other aspects such as age or education and professional experience. The Diversity Policy of the Management Board and Supervisory Board sets out the main principles for ensuring diversity in the Management Board and Supervisory Board of Kapitalska družba. The Diversity Policy promotes diversity in the membership of both bodies. Differences in knowledge, experience, professional qualifications, age, gender and other aspects of the members of the Management Board and the Supervisory Board can be used to the benefit of the company by the diverse composition of the bodies. The Diversity Policy aims to achieve greater diversity in the composition of the Management Board and the Supervisory Board, which contributes to the effectiveness of both bodies and has a positive impact on the development of the Company's business and reputation. Ensuring diversity in terms of gender, age, educational and professional background, professional profile, tenure allows for the exchange of different views and perspectives and a good understanding of current developments, with the aim of ensuring the long-term success and sustainability of the Company's business. The Management Board and the Supervisory Board and its human resource committee strive to achieve the goals of the Diversity Policy, each within the scope of their responsibilities. The commitment to the implementation of the Diversity Policy is also followed by the sole

shareholder and other stakeholders, in particular when proposing the members of the Supervisory Board, as Article 51(6) of the ZSDH-1 provides for a legally defined interest-based composition of the Supervisory Board, according to which, out of a total of six members of the Supervisory Board, three members are appointed on the proposal of SSH, two members are appointed on the proposal of national pensioners' federations or organisations, and one member is appointed on the proposal of trade union federations or confederations, representative of the country. The aim shall be to have as equal a gender balance as possible and continuity of orientation so that not all members of the Management Board or Supervisory Board are replaced at the same time. The complementarity of the two bodies is also important.



Gregor BAJRAKTAREVIĆ

Member of the Management Board



Bachtiar DJALIL

Chairman of the Management Board

Ljubljana, 3 April 2025



TRUST.

ACCOUNTING
REPORT

12

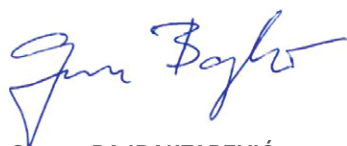
STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board of Kapitalska družba pokojninskega in invalidskega zavarovanja, d. d. hereby confirms the Company's financial statements for the year ending 31 December 2024 and the accompanying notes and disclosures to the financial statements.

The Management Board also confirms that the appropriate accounting policies were consistently applied in compiling the financial statements, that accounting estimates were made according to the principle of prudence and the diligence of a good manager, and that the financial statements present a true and fair view of the Company's financial assets and operating results for 2024.

The Management Board is also responsible for ensuring that accounting is conducted correctly and that appropriate measures are taken to secure property and other assets, and confirms that the financial statements, together with the notes, have been compiled on a going concern basis and in line with current legislation and the International Financial Reporting Standards (IFRS) as adopted by the EU.

The tax authorities may audit the Company at any time in the five years following the end of a year in which tax must be paid, which can result in an additional tax liability, default interest and fines for corporate income tax or for other taxes and levies. The Management Board is not aware of any circumstances which could lead to any material liabilities in this regard.



Gregor BAJRAKTAREVIĆ

Member of the Management Board



Bachtiar DJALIL

Chairman of the Management Board

Ljubljana, 3 April 2025

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AUDITOR'S REPORT



Independent Auditor's Report

To the Sole Shareholder of Kapitalska družba pokojninskega in invalidskega zavarovanja d.d.

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Kapitalska družba pokojninskega in invalidskega zavarovanja d.d. (the "Company") as at 31 December 2024, and the the Company's financial performance and separate cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Company's separate financial statements comprise:

- the separate statement of financial position as at 31 December 2024;
- the separate statement of profit or loss for the year then ended;
- the separate statement of other comprehensive income for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the separate statement of cash flows for the year then ended; and
- the notes to the separate financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and with the ethical requirements that are relevant to our audit of the separate financial statements in Slovenia. We have fulfilled our other ethical responsibilities in accordance with those requirements and with the IESBA Code.

PricewaterhouseCoopers d.o.o.,
Cesta v Kleče 15, SI-1000 Ljubljana, Slovenia
T: +386 (1) 5836 000, F: +386 (1) 5836 099, www.pwc.com/si
Matriculation No.: 5717159, VAT No.: SI35498161

The company is entered into the company register at Ljubljana District Court under Insert no. 12156800 per resolution Srg. 200110427 dated 19 July 2001 and into the register of audit companies at the Agency for Public Oversight of Auditing under no. RD-A-014/94. The registered share capital is EUR 34,802. The list of employed auditors with valid licenses is available at the company's registered office.

Translation note:

This version of our report is a translation from the original, which was prepared in Slovenian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.



Reporting on other information including the Business Report

Management is responsible for the other information. The other information comprises the Business Report, which is a constituent part of the Annual Report of the Company (but does not include the separate financial statements and our auditor's report thereon).

Our opinion on the separate financial statements does not cover the other information, including the Business Report.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Business Report, we also performed procedures required by the Slovenian Companies Act. Those procedures include assessing whether the Business Report is consistent with the separate financial statements and whether the Business Report was prepared in accordance with legal requirements.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Business Report for the financial year for which the separate financial statements are prepared is, in all material respects, consistent with the separate financial statements; and
- the Business Report has been prepared, in all material respects, in accordance with the requirements of the Slovenian Companies Act.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Translation note:

This version of our report is a translation from the original, which was prepared in Slovenian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate 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.

For and on behalf of PricewaterhouseCoopers d.o.o.:

Refer to the original signed Slovenian version

Primož Kovačič, Certified auditor
April 3, 2025
Ljubljana, Slovenia

Translation note:

This version of our report is a translation from the original, which was prepared in Slovenian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

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SEPARATE FINANCIAL STATEMENTS FOR 2024

14.1 SEPARATE STATEMENT OF PROFIT OR LOSS

in 000 EUR

Item	Note	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
1. Net sales revenue	1	12,203	11,413
2. Other operating revenue	2	761	7,387
Total operating revenue		12,964	18,800
3. Costs of materials and services	3	-1,892	-1,732
4. Labour costs	4	-4,262	-3,936
5. Write-downs in value	5	-1,060	-1,123
6. Other operating expenses	6	-14	-50
Total costs		-7,228	-6,841
Results from operating activities		5,736	11,959
7. Financial revenue			
a) Financial revenue from shares and interests in group companies	7. 1	4,000	3,298
b) Financial revenue from shares in associates	7. 1	3,144	1,578
c) Financial revenue from shares in other companies	7. 1	110,011	86,706
d) Financial revenue from other investments and from loans	7. 2	6,084	7,888
Total financial revenue	7	123,239	99,470
8. Financial expenses			
b) Financial expenses due to impairment and write-down of other investments	8.1	-2,289	-5,726
c) Financial expenses from financial liabilities	8.2	-65,010	-65,010
Total financial expenses	8	-67,299	-70,736
Profit/loss before tax		61,676	40,693
9. Corporate income tax	9	-2,293	-618
10. Deferred tax	10	-20,610	9,852
11. Net profit or loss for the period		38,773	49,927

The disclosures and notes to the financial statements form an integral part of the financial statements.

14.2 SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

in 000 EUR

	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Net profit or loss for the period	38,773	49,927
Other comprehensive income for the financial year	124,191	93,610
Items not to be reclassified subsequently to profit or loss	124,357	93,462
Actuarial gains/losses within defined employee benefits plans	12	-44
Gains/losses in relation to changes in fair value of investments in equity instruments, measured at fair value through other comprehensive income	141,972	113,083
Tax on items subsequently not to be reclassified to profit or loss	-17,627	-19,577
Items that may be reclassified subsequently to profit or loss	-166	148
Gains/losses in relation to investments in debt instruments, measured at fair value through other comprehensive income	-212	195
Tax on items that may be reclassified subsequently to profit or loss	46	-47
Total comprehensive income for the year	162,964	143,537

The disclosures and notes to the financial statements form an integral part of the financial statements.

14.3 SEPARATE STATEMENT OF FINANCIAL POSITION

in 000 EUR			
Item	Note	31 Dec 2024	31 Dec 2023
ASSETS			
A. Non-current assets			
I. Intangible assets and non-current deferred costs and accrued revenue	11	65,129	65,084
II. Property, plant and equipment	12	2,025	2,224
III. Investment property	13	14,708	15,424
IV. Long-term financial investments			
1. Long-term financial investments, except loans			
a. Shares and interests in group companies	14	152,200	152,200
b. Shares and interests in associates	14	84,720	73,413
c. Joint ventures	14	5,963	5,963
d. Other shares and interests	15	1,158,559	929,336
e. Other long-term financial investments	15	65,515	58,781
Total long-term financial investments, excluding loans		1,466,957	1,219,693
Total long-term financial investments		1,466,957	1,219,693
V. Non-current operating receivables	16	1,347	280
VI. Deferred tax assets	10	5,292	25,772
Total non-current assets		1,555,458	1,328,477
B. Current assets			
III. Short-term financial investments			
1. Short-term financial investments, excluding loans	15	18,709	51,693
Total short-term financial investments		18,709	51,693
IV. Current operating receivables			
1. Current operating receivables due from group companies		34	33
2. Current trade receivables		1,029	1,106
3. Current operating receivables due from others		599	10,430
4. Other current operating receivables		81,563	65,061
Total current operating receivables	16	83,225	76,630
V. Cash and cash equivalents	17	2,170	1,909
Total current assets		104,104	130,232
Total assets		1,659,562	1,458,709

in 000 EUR

Item	Note	31 Dec 2024	31 Dec 2023
EQUITY AND LIABILITIES			
A. Equity			
I. Called-up capital	18	364,810	364,810
II. Capital surplus	19	218,905	218,801
V. Reserves arising from valuation at fair value	20	527,727	403,536
VI. Retained earnings		290,888	237,894
VII. Net profit or loss for the year		38,773	49,927
Total equity		1,441,103	1,274,968
B. Provisions			
I. Provisions for pensions and similar obligations		307	326
II. Other provisions		54	583
Total provisions	21	361	909
C. Non-current liabilities			
I. Non-current financial liabilities		65,000	65,000
II. Non-current operating liabilities		50	2
Total non-current liabilities	22	65,050	65,002
III. Deferred tax liabilities	10	69,235	51,524
Total non-current liabilities		134,285	116,526
D. Current liabilities			
II. Current financial liabilities	22	81,483	65,000
III. Current operating liabilities			
2. Current trade payables		197	151
5. Current liabilities to the state		28	27
7. Other current operating liabilities		469	510
Total current operating liabilities	22	694	688
IV. Current tax liabilities	9	1,636	618
Total current liabilities		83,813	66,306
Total equity and liabilities		1,659,562	1,458,709

The disclosures and notes to the financial statements form an integral part of the financial statements.

14.4 SEPARATE CASH-FLOW STATEMENT

in 000 EUR

1 Jan – 31 Dec 2024 1 Jan – 31 Dec 2023

A. Cash flows from operating activities		
a) Net Profit or loss and adjustments		
Net profit or loss	38,773	49,927
Tax adjustment	22,903	-9,234
Adjustments for depreciation of property, plant and equipment, amortisation of intangible assets, and depreciation of investment property	1,060	1,122
Adjustments for financial income	-123,239	-99,470
Adjustments for financial expenses	67,299	70,736
Operating profit before changes in net current assets and taxes	6,796	13,081
b) Changes in net current assets and provisions		
Opening less closing operating receivables	-7,662	-3,370
Closing less opening operating liabilities	1,024	711
Closing less opening operating provisions	-548	-7,255
Cash generated from operating activities	-7,186	-9,914
c) Net cash (disbursements) from operating activities	-390	3,167
B. Cash flows from investing activities		
a) Net receipts from investing activities		
Receipts from interest	3,434	1,412
Receipts from dividends	49,041	39,130
Receipts from decrease of long-term financial investments	38,017	18,728
Receipts from decrease of short-term financial investments	158,326	71,687
Total receipts from investing activities	248,818	130,957
b) Cash disbursements from investing activities		
Disbursements to acquire intangible assets	-2	-34
Disbursements to acquire property, plant and equipment	-61	-158
Disbursements to acquire investment property	-38	-13
Disbursements to acquire long-term financial investments	-183,165	-3,961
Disbursements to acquire short-term financial investments	-5	-73,758
c) Total cash disbursements for investing activities	-183,271	-77,924
Cash from investing activities	65,547	53,033
C. Cash flows from financing activities		
a) Cash receipts from financing activities		
Cash receipts from paid-in capital	104	754
Total cash receipts from financing activities	104	754
b) Cash disbursements for financing activities		
Disbursements for payment of obligations to ZPIZ	-65,000	-65,000
Total cash disbursements from financing activities	-65,000	-65,000
c) Cash from financing activities	-64,896	-64,246
D. Closing balance of cash		
a) Net cash flow for the period	261	-8,046
b) Opening balance of cash	1,909	9,955
c) Total closing balance of cash	2,170	1,909

The disclosures and notes to the financial statements form an integral part of the financial statements.

14.5 SEPARATE STATEMENT OF CHANGES IN EQUITY

in 000 EUR

	Share capital	Capital surplus	Reserves arising from valuation at fair value	Retained earnings	Net profit or loss for the current period	Total
Notes	18	19	20			
A. 1. Balance as at 31 December 2023	364,810	218,801	403,536	237,894	49,927	1,274,968
A. 2. Balance as at 1 January 2024	364,810	218,801	403,536	237,894	49,927	1,274,968
B. 1. Changes in equity – transactions with owners	0	104	0	0	0	104
d) Entry of additional paying-up of the capital (Note 19)	0	104	0	0	0	104
B. 2. Total comprehensive income for the period	0	0	124,191	0	38,773	162,964
a) Net profit or loss for the reporting period	0	0	0	0	38,773	38,773
d) Changes in reserves arising from valuation of financial investments at fair value (Note 20)	0	0	124,179	0	0	124,179
e) Other components of the comprehensive income for the period (Note 20)	0	0	12	0	0	12
B. 3. Changes in equity	0	0	0	52,994	-49,927	3,067
a) Distribution of the remaining part of the net profit of the comparative reporting period to other components of equity	0	0	0	49,927	-49,927	0
f) Profits/losses from derecognition of equity investments measured at fair value through other comprehensive income (Note 15)	0	0	0	3,085	0	3,085
g) Other (Note 20)	0	0	0	-18	0	-18
C. Closing balance as at 31 December 2024	364,810	218,905	527,727	290,888	38,773	1,441,103

The disclosures and notes to the financial statements form an integral part of the financial statements.

in 000 EUR

	Share capital	Capital surplus	Fair value reserves	Retained earnings	Net profit or loss for the current period	Total
Notes	18	19	20			
A. 1. Balance as at 31 December 2022	364,810	218,046	309,926	306,827	-68,986	1,130,623
A. 2. Balance as at 1 January 2023	364,810	218,046	309,926	306,827	-68,986	1,130,623
B. 1. Changes in equity – transactions with owners	0	755	0	0	0	755
d) Entry of additional paying-up of the capital (Note 19)	0	755	0	0	0	755
B. 2. Total comprehensive income for the period	0	0	93,610	0	49,927	143,537
a) Net profit or loss for the reporting period	0	0	0	0	49,927	49,927
d) Changes in reserves arising from valuation of financial investments at fair value (Note 20)	0	0	93,654	0	0	93,654
e) Other components of the comprehensive income for the period (Note 20)	0	0	-44	0	0	-44
B. 3. Changes in equity	0	0	0	-68,933	68,986	53
a) Distribution of the remaining part of the net profit of the comparative reporting period to other components of equity	0	0	0	-68,986	68,986	0
f) Profits/losses from derecognition of equity investments measured at fair value through other comprehensive income (Note 15)	0	0	0	55	0	55
g) Other (Note 20)	0	0	0	-2	0	-2
C. Closing balance as at 31 December 2023	364,810	218,801	403,536	237,894	49,927	1,274,968

The disclosures and notes to the financial statements form an integral part of the financial statements.

14.6 STATEMENT OF DISTRIBUTABLE PROFIT

	in 000 EUR	
	2024	2023
Net profit or loss for the year	38,773	49,927
Retained net profit/loss	290,888	237,894
Distributable profit	329,661	287,821

As at 31 December 2024, the company disclosed EUR 329,661 thousand in distributable profit (31 December 2023: EUR 287,821 thousand), the allocation of which will be decided by the general meeting of the company. In line with Article 52(2) of ZSDH-1 distributable profit of Kapitalska družba cannot be distributed to the shareholders.

15

NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS

15.1 GENERAL DISCLOSURES

Company Profile

Kapitalska družba is organised as a public limited company. The company is headquartered at Dunajska cesta 119 in Ljubljana, Slovenia. The sole shareholder is the Republic of Slovenia. The Company's share capital amounts to EUR 364,809,523.15, and is divided into 874,235 registered no-par value ordinary shares. Each no-par value share shall account for the same proportion and corresponding amount in the share capital. The rights of the sole shareholder, i.e. the Republic of Slovenia, are exercised by the Government of the Republic of Slovenia.

The activities of Kapitalska družba are defined by law and by the Company's Articles of Association. On the basis of the Standard Classification of Activities, according to the Company's Articles of Association and entry in the Companies Register, the main activity performed by Kapitalska družba is pension funding and it also performs other activities related to asset management and services related to support to asset management: other financial intermediation, activities ancillary to pension funding, trade in own property, lease of own property, software supply and consultancy, data processing, network data services, other computer related activities, accounting and bookkeeping services, tax consultancy, market research and public opinion polling, business and other management consultancy, activities of holding companies, publishing of journals and periodicals, and other educational services.

Amendments to the Articles of Association and the Rules on Appointing the Management Board and the Supervisory Board

The Articles of Association and its amendments and supplements are adopted by the Annual General Meeting of Kapitalska družba at the proposal of the Management Board and the Supervisory Board.

Members of the Management Board are appointed by the Supervisory Board on the basis of a public job announcement. One of the Members is appointed Chairman of the Management Board. The term of office of the Management Board members is four years with the possibility of re-appointment. The Management Board or one of its Members may be dismissed early, solely for the reasons laid down in paragraph 2 of Article 268 of the Companies Act (ZGD-1). The breach of the Articles of Association of Kapitalska družba representing a severe dereliction of duties may constitute cause for dismissal.

The Company's Management Board is not authorised to issue or purchase treasury shares.

The Supervisory Board of Kapitalska družba is appointed by the General Meeting of the Company. In compliance with Article 51(6) of ZSDH-1, the Supervisory Board is composed of six members. Three

members of the Supervisory Board are appointed on the proposal of Slovenian Sovereign Holding – SSH, two members on the proposal of the pensioners' organisations at the state level and one member on the proposal of trade union associations or confederations which are representative of the area of the country. If stakeholders do not formulate a proposal for the appointment of Supervisory Board members as defined below, the missing members of the Supervisory Board are appointed at the discretion of the General Meeting of the Company. The candidates from among the representatives of SSH are proposed by the Management Board of the Slovenian Sovereign Holding, which informs the Supervisory Board about the selection. The candidates from among the representatives of the pensioners are proposed by the pensioners' organisations and associations at the state level, which inform the Supervisory Board about the selection. The candidates from among the representatives of the trade unions are elected by the representatives (electors) of the representative government-level trade union associations or confederations, which inform the Supervisory Board about the selection. Any representative association or confederation has the number of representatives equal to the number of the representative trade unions it comprises. In addition to the representatives referred to in the previous sentence, the association or confederation elects another representative for every ten thousand members. The term of office of the Supervisory Board members is four years with the possibility of reappointment.

Information about the controlling company

Kapitalska družba does not have a controlling entity.

Subsidiaries

Basic information about Modra zavarovalnica, d. d.

As the parent company, Kapitalska družba consolidates Modra zavarovalnica.

Name: Modra zavarovalnica, d. d.

Registered seat: Dunajska cesta 119, Ljubljana

Registration number: 6031226

Tax number: SI21026912

As at 31 December 2024, the sole shareholder of Modra zavarovalnica is Kapitalska družba. The Company's share capital amounts to EUR 152,200,000, and is divided into 152,200,000 registered no-par value ordinary shares. Each share represents an equal stake and an associated amount in the share capital.

Modra zavarovalnica is performing the activities within the group of life insurance products pursuant to the Insurance Act (ZZavar-1) and the decision issued by the Insurance Supervision Agency (AZN) allowing the company to perform insurance transactions for the following types of insurance:

- | accident insurance – Article 7, paragraph 2, item 1 of ZZavar-1,
- | life insurance – Article 7, paragraph 2, item 19 of ZZavar-1

The activities of Modra zavarovalnica are determined by law and the company's Articles of Association. According to the Articles of Association and in line with its purpose, Modra zavarovalnica performs the following activities:

- 65.110 Life insurance
- 65.120 Non-life insurance (only the insurance business under the classes of insurance involving accident and health insurance)
- 65.300 Pension funding

- 66.210 Risk and damage evaluation
- 66.220 Activities of insurance agents and brokers
- 66.290 Other activities auxiliary to insurance and pension funding
- 66.300 Fund management activities

Kapitalska družba is not subject to any restrictions related to the payment of dividends to which it is entitled as the controlling company. Kapitalska družba is also not obligated to provide financial support to the company in the future. Kapitalska družba is not exposed to any additional risks arising from its interests in the subsidiary.

Basic information about the company FINAP, storitve in posredovanje, d. d. – in liquidation

Kapitalska družba owned a 66.08% stake in the company FINAP, storitve in posredovanje, d. d. – in liquidation, which it acquired on the basis of Article 48a of the ZVNP-1. The company was based on the decision ref. no. Srg 2024/8280 as at 7 March 2024 deleted from the court register of the registration court. FINAP, storitve in posredovanje, d. d. – in liquidation was not consolidated in the group financial statements by Kapitalska družba.

Joint venture information

As the parent company, Kapitalska družba consolidates Hotelske nepremičnine.

Basic information about Hotelske nepremičnine, d. o. o.

Name: Hotelske nepremičnine, d. o. o.

Registered seat: Dunajska cesta 119, Ljubljana

Registration number: 8290130000

Tax number: SI86977334

As at 2 October 2018, Kapitalska družba and Modra zavarovalnica founded Hotelske nepremičnine. The share capital of the latter equals EUR 25,000.00 and each founder holds a 50% interest. The company was founded for the purchase of property, namely of the San Simon resort.

Data on consolidation

Kapitalska družba is, as the controlling company, obligated to prepare consolidated financial statements. The consolidated financial statements of the Kapitalska družba Group for 2024 have not yet been prepared as of the date of approval of the separate financial statements. When they are prepared and approved, they will be presented in a special document, the Consolidated Annual Report of the Kapitalska družba Group for 2024.

The Annual Report of Kapitalska družba for 2024 has to be read in conjunction with the Consolidated Annual Report of the Kapitalska družba Group for 2024, which will be prepared upon the drafting of the Annual Report of Kapitalska družba for 2024 and the annual report of its subsidiary (Modra zavarovalnica) for 2024.

The consolidated Annual Report of the Kapitalska družba Group will be published at <https://www.kapitalska-druzba.si/o-kapitalski-druzbi/letna-porocila/> by the end of August 2025.

Employee data

At the end of 2024, Kapitalska družba had 57 employees inclusive of the two members of the Management Board (31 December 2023: 62). In 2024, the Company had 58.65 employees on average (2023: 58.11).

Table 18: Number of employees by level of education

Education level	Number of employees as at 31 Dec 2024	Number of employees as at 31 Dec 2023
Level 8 (8/1, 8/2)	13	14
Level 7	26	26
Level 6 (6/1, 6/2)	13	16
Level 5	5	5
Level 4	0	1
Total	57	62

15.2 IMPORTANT INFORMATION ON ACCOUNTING POLICIES

Basis for preparation of financial statements

Separate financial statements for 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the Companies Act. The consolidated financial statements of the Kapitalska družba Group for 2024 have not yet been prepared as of the date of approval of the separate financial statements.

In the group financial statements of the Kapitalska družba Group, the companies Modra zavarovalnica and Hotelske nepremičnine will be fully consolidated.

The separate financial statements for 2024 must be read together with the consolidated financial statements when they are published, in order to provide complete information about the financial position of the Kapitalska družba Group as at 31 December 2024 and about its financial performance and cash flows for the year then ended.

The data in the financial statements are based on authentic book-keeping documents and books of account kept in accordance with the prescribed legislation. The following two underlying accounting assumptions were considered in the course of preparing the financial statements: going concern and accrual. The following quality characteristics have been observed in the formulation of accounting policies: comprehensibility, suitability, reliability, and comparability.

The financial statements are prepared under the assumption of a going concern.

Unless stated otherwise, all amounts in the financial statements and notes thereto are expressed in EUR thousand.

Comparative information

Compared to the presentation of the financial statements for the year ended 31 December 2023, the presentation of the current liabilities of Kapitalska družba to ZPIZ has changed. In the previous year's presentation, it was included in the „Current operating liabilities“ section in the statement of financial position, but in this year's presentation it is included in the line item „Current financial liabilities“.

The presentation of comparative data was also adjusted to these changes.

	in 000 EUR		
	Old presentation	New presentation	Change
Statement of financial position			
II. Current financial liabilities	0	65,000	65,000
III. Current operating liabilities	65,027	27	-65,000

The accounting policy for recognizing liabilities to ZPIZ is disclosed in section 15.2 *Important information on Accounting Policies in Financial liabilities*.

Statement of compliance

The financial statements of Kapitalska družba are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

In its financial statements, Kapitalska družba applied all IFRSs and IFRICs required in 2024. It did not apply any standard or interpretation before its application became obligatory in 2024.

Procedure for the Adoption of the Annual Report

The Annual Report is compiled by the Management Board of the Company, which submits it for approval to the Supervisory Board. The Management Board and the Supervisory Board also decide on the use of net profits for creation of the Company's reserves according to the provisions of the Companies Act. Such use of profit is included in the statements for the current year, while the distribution of distributable profit is decided by the Company's General Meeting. In line with Article 52(2) of ZSDH-1 distributable profit of Kapitalska družba cannot be distributed to the shareholders.

Foreign Currency Translation

The financial statements of the Company are presented in the Euro (EUR), which is the functional and reporting currency of the Company. Assets and liabilities originally expressed in foreign currencies are re-translated into the domestic currency at the reference exchange rate of the ECB. Foreign currency transactions are initially recognised in the functional currency, translated at the exchange rate applicable on the transaction date. Monetary assets and liabilities in foreign currency are translated at the exchange rate of the functional currency prevailing on the date of the statement of financial position. Any differences arising from the translation of foreign currencies are recognised in the income statement. Non-monetary assets and liabilities, recognised at historical cost in foreign currency, are translated at the exchange rate applicable on the day of the transaction. Non-monetary assets and liabilities measured at fair value in foreign currency are translated at the exchange rate effective on the day when the fair value was established.

Intangible Assets

Intangible assets are initially recognized at cost, and the cost model is used for subsequent measurement. The useful life of an individual intangible asset is finite, and amortization is recognized in the income statement. Intangible assets generated within the Company, except from development costs, are not capitalised. Costs represent expenses of the period in which they are incurred.

The carrying amount of an intangible asset is reviewed annually for impairment, if the asset has not been put to use, or more frequently when there are indications of impairment. A recognised intangible asset is impaired if its carrying amount exceeds its net recoverable amount. In the event of asset impairment, the carrying amount is decreased to the recoverable amount and the impairment expense is recognised directly in profit or loss.

Asset	Depreciation rate in %
Software	20.00-30.33

The amortisation of intangible assets is accounted for under the straight-line basis over the estimated useful life of the assets, which is three or five years for software.

Gains or losses arising on elimination or disposal of an intangible asset are recognized in the profit or loss statement when the fixed asset is eliminated or disposed.

Property, plant and equipment

Buildings and equipment are carried at cost, less depreciation and impairment losses. Depreciation is accounted for under the straight-line basis over the estimated useful life of the assets:

Asset	Depreciation rate in %
Buildings	3.00-3.33
Equipment	16.67-50.00
Building parts	6.00

Every year an impairment test is carried out on property, plant and equipment. Impairment is made if the asset's estimated recoverable amount is less than its carrying amount. The Company reduces the carrying amount of such assets to their recoverable amount and recognizes the loss in the profit or loss statement.

Land, buildings or equipment are derecognised when the relevant asset is sold or when the Company no longer expects economic benefits from the asset's continuing use. Gains and losses arising from derecognition of the asset are included in the profit or loss statement in the year of derecognition of the individual asset.

The residual value of the assets, their estimated useful lives and/or the amortisation or depreciation method are revised and, if necessary, changed upon the compilation of the financial statements.

An item of property, plant and equipment whose individual value does not exceed EUR 500, may be expensed in the period in which they are incurred.

Maintenance costs and increase in fixed assets value

Maintenance costs relate mainly to buildings. Maintenance costs are the costs arising from the conclusion and execution of transactions required to maintain the conditions allowing the use and the achievement of the primary purpose of the building. Maintenance comprises all works according to the regulations on building of facilities and functioning of fire protection systems and other protection and rescue measures. Maintenance costs are recognised in profit or loss in the period in which they are incurred.

Criteria for distinction between maintenance costs and increase in fixed assets value

Maintenance costs include the costs of maintaining a fixed asset useful during its useful life and represent ongoing maintenance and repairs. Investments in existing fixed assets that increase future economic benefits increase the value of fixed assets.

Investment property

Investment property is property held with the intention of yielding rental income or capital appreciation, or both, but not for:

- | use in the supply of goods or services or for administrative purposes or
- | sales in the ordinary course of business

Investment property is recognised as an asset when it is probable that future economic benefits associated with it will flow to the Company and its cost can be measured reliably.

Investment properties that meet the conditions for recognition are initially measured at cost, and the cost model is used for subsequent measurement. The depreciation rate of investment property is between 3.00 and 3.33 percent annually and the estimated useful life is 33.33 or 30 years. The depreciation rate of parts of investment property is 6.00 percent annually and the estimated useful life is 16.67 years.

Every year an impairment test is carried out on investment property. Impairment is made if the investment property's estimated recoverable amount is less than its carrying amount. The Company reduces the carrying amount of such investment property to its recoverable amount and recognizes a loss due to impairment in the profit or loss statement.

Gains and losses from the disposal or elimination of investment property are recognized in the profit or loss statement.

Investment properties at individual locations represent individual cash-generating units.

Financial assets

Classification and measurement of financial assets

The Company classifies financial assets based on the business model for managing them and the contractual cash flow characteristics of the financial asset. After initial recognition, they are measured by:

- a. amortised cost (AC),
- b. fair value through other comprehensive income (FVOCI) or
- c. fair value through profit or loss (FVTPL)

For equity instruments that the Company does not own for the purpose of trading and that are managed in an active corporate manner due to the size of the ownership interest, the Company makes an irrevocable election at initial recognition to present subsequent changes in fair value in other comprehensive income. It therefore measures such financial assets at fair value through other comprehensive income and only recognizes dividends from these investments in the profit or loss statement.

The Company discloses investments in the equity of other companies that are of the same type and of the same issuer using the weighted average price method, separately for each group of investments. Investments in purchased bonds are stated according to the classification of investments as follows:

- financial assets measured at fair value through profit or loss using the weighted average price method,
- financial assets measured at amortised cost are stated at amortised cost,
- financial assets measured at fair value through other comprehensive income are disclosed using the FIFO method,
- loans are stated at amortised cost.

Assessment of contractual cash flows

The Company classifies a debt instrument based on its contractual cash flow characteristics:

- a. if the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows or
- b. within a business model whose objective is achieved by collecting contractual cash flows as well as selling financial assets.

The Company has to verify if the contractual cash flows from the financial asset are *solely payments of principal and interest* on the principal amount outstanding. For this purpose, it carries out the SPPI test (*Solely Payments of Principal and Interest*).

Gains and losses on financial assets

A gain or a loss on a financial asset that is measured at fair value through profit or loss is recognised in profit or loss. Translations of financial assets expressed in foreign currencies are also recognised in profit or loss.

Gain or a loss on debt instruments measured at fair value through other comprehensive income are recognised directly in equity as increases or decreases in the fair value reserve. Translation effects on debt instruments denominated in foreign currencies are recognised in profit or loss. Upon derecognition of a debt instrument, the profit or loss accumulated in the reserves arising from fair value measurement is recognized in the profit or loss statement.

Profit or loss from financial investments in the equity of other companies that are measured at fair value through other comprehensive income is recognised directly in equity as an increase or decrease in fair value reserves, including the translation of investments denominated in foreign currencies. Upon derecognition of a financial investment, the profit or loss accumulated in fair value reserves is recognised in retained earnings.

For financial assets, measured at amortised cost, a gain or loss is recognised in profit or loss when such assets are revalued for impairment or derecognised. Translation effects on financial assets denominated in foreign currencies are also recognised in profit or loss.

Investments in subsidiary companies

A consolidated subsidiary is an entity in which the controlling company holds a controlling interest or a controlling influence associated with other reasons, and which is a member of the group for which the consolidated financial statements are prepared.

The Company measures subsidiaries at cost, less any impairments.

Investments in associated companies

An associate is a company in which the company has significant influence.

The Company measures associates at fair value through other comprehensive income.

Investments in joint ventures

Joint control is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Company measures joint ventures at cost, less any impairments.

Investments in abandoned securities

Kapitalska družba may not exercise the voting rights arising from dematerialised securities acquired in line with Article 48. as of the Book-Entry Securities Act (ZNVP-1) that represent, in accordance with the Act on Takeovers, the target company's securities as at the day of transfer in line with paragraph 2 of Article 48.b of the said act. Due to the above, investments in these companies are not consolidated.

Investments in securities from registry accounts

Pursuant to paragraph 5 of Article 48.a of ZNVP-1, as at 1 January 2022, the Company became the owner of the securities that the beneficiaries did not request to be transferred to their trading accounts with a member of the central securities depository by 31 December 2021. In accordance with and under the conditions referred to in Article 48.b of ZNVP-1, when establishing the share of voting rights of Kapitalska družba and persons who, in compliance with the law governing takeovers, act in coordination with Kapitalska družba in the target company, the voting rights deriving from the shares of the target company, which Kapitalska družba acquired in accordance with the first and fifth paragraphs of Article 48.a of ZNVP-1, are not taken into account. Kapitalska družba may also not exercise voting rights arising from the shares of target companies which it acquires in accordance with the first and fifth paragraphs of Article 48.a of ZNVP-1. Kapitalska družba is entitled to exercise voting rights from all those dematerialised securities of companies acquired in accordance with the first and fifth paragraphs of Article 48.a of ZNVP-1, for which, taking into account the balance given on the date of transfer of the dematerialised securities to a special account of Kapitalska družba from the first paragraph of Article 48.a of ZNVP-1, the provisions of the Takeovers Act (ZPre-1) do not apply. Based on the above, investments in which Kapitalska družba is not allowed to exercise voting rights, are consequently not consolidated.

Modification of cash flows and derecognition of a financial asset

The Company derecognises a financial asset only when:

- a. the contractual rights to the cash flows from the financial asset expire or
- b. it transfers a financial asset and the transfer meets the conditions for derecognition.

If a new agreement has been concluded on the contractual cash flows of a financial asset or these have been modified in some other way and the renegotiation or changes do not lead to derecognition, the Company must recalculate the gross carrying amount of the financial asset and recognise modification gain or loss in the profit or loss.

Measurement and grouping of exposures for credit loss assessment

The requirements for estimating credit losses apply to:

- | financial assets measured at amortised cost,
- | debt financial assets measured at fair value through other comprehensive income,
- | off-balance sheet exposures from assumed credit liabilities and financial guarantee contracts;

taking into account:

- a. exposures where no significant increase in credit risk has yet occurred and for which value adjustments or provisions for credit losses are measured on the basis of expected credit losses over a 12-month period (stage 1),
- b. exposures in which the credit risk has significantly increased in the period from initial recognition to the date for which the entity reports and for which value adjustments or provisions for credit losses are measured on the basis of expected credit losses over the entire duration period (stage 2),

- c. exposures in the position of significantly decreased solvency and default, for which value adjustments or provisions for credit losses are measured on the basis of expected credit losses over the entire duration period (stage 3).

Stage 3 includes purchased or originated credit-impaired financial assets (POCI). All other exposures are classified in stage 1 at initial recognition.

In defining the increase in credit risk, the Company classifies operating receivables into stages based on the number of days past due. A receivable is automatically classified in stage 2, when the payment is more than 30 days past due; a receivable is automatically classified in stage 3, when the payment is more than 90 days past due.

Upon subsequent measurement, the Company assesses whether the credit risk of exposure has increased significantly since initial recognition until the reporting date.

If the credit risk has not increased significantly or in the case of low credit risk exposure, the exposure remains classified in stage 1.

If the credit risk has increased significantly and the exposure has not yet been designated unpaid, the Company classifies it in stage 2.

The Company assesses significant increase in credit risk considering all reasonable and supportable information at the level of an exposure. A significant increase in credit risk can also be assessed by the Company at the exposure group level, but only when appropriate and demonstrable information (factors or indicators) cannot be obtained at the individual exposure level without excessive cost and effort, or cannot be assessed at the individual exposure level.

The assessment of a significant increase in credit risk is based on clearly defined quantitative and qualitative criteria which may vary for individual exposure groups, i.e., relevant portfolios, groups of portfolios, or elements of portfolios.

The basic criterion considered by the Company for classification into stages is the credit rating or internal rating of a particular financial instrument. The internal rating is defined by use of an algorithm in the information system and is based on international credit ratings, or, in the absence of international credit ratings, it is determined internally. The Company uses the Bloomberg Credit Rating as the primary source for determining the internal credit rating.

It regularly checks the international ratings of investment grade financial instruments and financial instruments with non-investment grade rating in the accounting period.

The Company measures the expected losses on a debt financial instrument by using the approach that reflects the following:

- | an unbiased and probability-weighted amount, determined by evaluating the range of possible outcomes,
- | the time value of money and
- | appropriate and demonstrable information about past events, current conditions and forecasts regarding future economic circumstances that are available without excessive cost and effort at the reporting date.

The company classifies exposures by groups according to common credit risk characteristics into the following segments:

- | government,
- | companies and
- | financial institutions.

For classification into stages, the company uses its own methodology for estimating expected credit losses, based on risk parameters:

- | exposure at default (EAD),
- | probability of default (PD) and
- | loss given default (LGD).

The estimates of the risk parameters that the Company takes into account when assessing expected credit losses are based on past events, current conditions and forecasts regarding future economic circumstances.

In the event that the Company does not have sufficient data to provide reliable estimates of the risk parameters for calculating expected credit losses, it can use commercially available data (e.g. data from credit rating agencies) or a combination of own and external data.

In cases where the Company does not have sufficient data about a particular investment or transaction, it may use:

- | parameters of a controlling company,
- | parameters of a comparable financial instrument,
- | parameters of an individual country, if a unit of the central/regional/local level of the country, a public sector entity or a central bank is the issuer of the financial instrument.

The Company uses EAD risk parameters as derived from amortization plans (using contractual cash flows). EAD risk parameters are not adjusted for the impact of macroeconomic risk factors.

EAD risk parameter represents an estimate of exposure at a future default date, taking into account expected changes in exposure after the reporting date, including the repayments of principal and interest. It is the expected credit exposure at a specific time.

The Company applies its own PD risk parameter for each segment (country, company, financial institutions) and for each credit rating.

For the calculation of PD risk parameters, the Company uses data obtained from the reports of the credit rating agency S&P, separately for governments, companies and financial institutions. Historical PD by individual rating (credit rating) is used for the calculation.

For exposures to central governments and central banks, financial institutions, regional governments or local governments, and to public sector entities, the Company uses Moody's issuer-weighted average recovery rates (LGD – country). For exposures to companies, the Company uses Moody's issuer-weighted average recovery rates (LGD – companies).

The company has experienced an increase in credit risk and a deterioration in the macroeconomic environment, which has led to an increase in probabilities of default (PD) according to the model used, while losses given default (LGD) for government bonds and banks have slightly decreased.

In order to consider the economic cycles in calculating the probability of default, the Company takes into account forecasts of future economic performance and an adjustment for the economic cycle for the first three years in all classes of investments (government and corporate bonds and bonds of financial institutions).

Determining fair value of financial investments

The fair value of financial investments is the price that would be received for the sale of an asset or paid for a transfer of a liability in an ordinary transaction between market participants at the measurement date. Fair value measurement in case of this type of transaction is based on the assumption that the transaction is executed on the principal market or in the absence of the same on the most advantageous market.

Upon investment acquisition, the Company determines one of the following as the principal market for that investment:

- | stock exchange market (for equity and debt instruments and ETFs), or
- | over-the-counter market or OTC¹¹ (applies to debt investments).

On the date of measurement of the fair value of the financial investment, the company re-examines the principal market identified at the time of purchase and determines whether the market for the financial investment is active.

In case of stock exchange market, the assumption of active market is fulfilled if the average amount of individual investment traded in a day over the last 180 days from the date of fair value measurement exceeds EUR 0.5 million by taking into account the number of trading days (in case of Ljubljana Stock Exchange the average daily turnover of EUR 0.1 million is taken into account). If the stock exchange market is active, the last known listed price is used for fair value measurement. If the stock market is less liquid, the last known listed price not older than 90 days is used for fair value measurement. In other cases, the fair value of an investment is determined using a valuation technique.

In case of an OTC market, the assumption of an active market is met if the CBBT¹² price was published for at least half of the trading days over the last 30 days up to the valuation date. If the OTC market is active, the last known CBBT price is used for fair value measurement. If the OTC market is less liquid, the last known CBBT price not older than 90 days is used for fair value measurement. If the CBBT price is not available, the BVAL price, if available, is used for¹³ fair value measurements. In other cases, the fair value of an investment is determined using a valuation technique.

For bonds, a valuation model is used which includes benchmark against the current fair value of another instrument with similar main characteristics.

Treasury and commercial bills of Slovenian issuers for which no (active) market exists and which pass the SPPI test are measured at amortised cost, considering the effective interest rate.

Value of shares can be estimated using the following valuation techniques: market based valuation approach, income approach and, in certain cases, asset approach. Valuation is based on the most recent information on a company's performance, which must not be older than 6 months from the fair value measurement date to which the value estimate will be applied. Market data and parameters used in the valuation process must include the most recent information and must be compliant with the date the estimated value will be applied to. If 6 months old information on the Company's performance cannot be obtained, or if the information does not suffice for valuation, the value can be exceptionally estimated by using older data, which however must not be older than 12 months. When applying the market approach, comparative companies should be selected taking into account their comparability in the context of industry, size, growth potential, the availability of historical data on operations and other possible elements affecting comparability of individual companies.

In measuring fair value, the Company uses the unadjusted quoted price when an active market exists.

For valuation, the Company uses as unadjusted, quoted price exclusively the closing quote on stock exchange or closing CBBT or BVAL price.

¹¹ OTC (Over-The-Counter) market, transactions involving securities and agreed bilaterally between two parties outside the organised market.

¹² Composite Bloomberg Bond Trader is Bloomberg's real-time data on individual bond prices. Bloomberg calculates the price of an individual bond based on a weighted average of prices (indicative as an undertaking) from a large number of quote providers.

¹³ Bloomberg Valuation Service is Bloomberg's data on the end-of-day value of an individual bond. Bloomberg calculates the value of the bond based on trade price data and binding quotes, with most BVAL prices determined using a model.

Criteria for classification of financial investments into the levels of the fair value hierarchy

Financial investments measured at fair value are classified into fair value levels based on the inputs and assumptions used in measuring fair value, namely:

- | level 1 inputs are quoted (unadjusted) market prices in active markets for the investments which the company can access as at the measurement date;
- | level 2 inputs are inputs that are not quoted prices included in level 1 and which can be directly or indirectly observed; level 2 inputs include the following:
 - quoted prices for similar investments in active markets,
 - quoted prices for identical or similar investments in less liquid markets,
 - inputs other than quoted prices that are observable for the asset or liability, for example: interest rates and yield curves observable at commonly quoted intervals (implied volatiles, credit spreads, etc.),
 - inputs corroborated by market;
- | level 3 inputs are unobservable inputs:
 - BVAL price (the Bloomberg Valuation Service),
 - fair values obtained based on internal or external valuations taking into account level 3 inputs.

Financial investments are classified into levels based on the characteristics of the input used to determine fair value of investments and on the assessment whether the principal market is active.

Classification of Equity Investments

Table 19: Classification of equity investments when the stock market is the principal market (listed equity investments)

Level 1	Equity investments with fair value measured on the basis of the quoted prices in active markets
Level 2	Equity investments with fair value measured on the basis of the quoted prices in less liquid markets
	Equity investments for which quoted prices are not available and their fair value is measured using a valuation technique (taking into account level 2 inputs)
Level 3	Equity investments for which quoted prices are not available and their fair value is measured using a valuation technique (taking into account level 3 inputs) or based on the prices provided by third parties
	A quoted price older than 90 days can be used if the materiality criterion is not met

Table 20: Classification of unlisted equity investments

Level 1	-
Level 2	Equity instruments with fair value measured using a valuation technique (taking into account level 2 inputs)
Level 3	Equity investments with fair value measured using a valuation technique (taking into account level 3 inputs) or based on the prices provided by third parties

Classification of Debt Investments

Debt security investments that are not measured at fair value in the statement of financial position are also classified into the levels of the fair value hierarchy. These normally include bonds at amortised cost measured at fair value for disclosure purposes. The same rules as for debt securities measured at fair value in the statement of financial position apply to these securities.

Table 21: Classification of target funds

Level 1	Target funds with fair value measured on the basis of quoted prices in active markets or on the basis of the published value of the asset unit, which is determined on the basis of market prices
Level 2	Target funds with fair value measured on the basis of quoted prices in less liquid markets
Level 3	Target funds for which the stock market price is not achievable and whose fair value is measured on the basis of the published asset unit value, which is not determined on the basis of market prices

Table 22: Classification of debt financial investments if the stock market is the principal market

Level 1	Debt investments with fair value measured on the basis of quoted prices in active markets
Level 2	Debt investments with fair value measured on the basis of the quoted prices in less liquid markets Debt securities measured using a valuation technique (taking into account level 2 inputs)
Level 3	Debt securities measured using a valuation technique (taking into account level 3 inputs) or prices provided by third parties Quoted price older than 90 days may be used if the materiality criterion is not fulfilled

Table 23: Classification of debt financial investments if the OTC market is the principal market

Level 1	Debt investments with fair value measured on the basis of CBBT price in active markets
Level 2	Debt investments with fair value measured on the basis of CBBT price in less liquid markets Debt investments with fair value measured on the basis of transaction price in less liquid markets Debt securities without a CBBT price in (in)active markets and for which the fair value is measured using a valuation technique (taking into account level 2 inputs)
Level 3	Debt securities without a CBBT price in (in)active markets and for which the fair value is measured at BVAL price, using a valuation technique (taking into account level 3 inputs) or prices provided by third parties

In exceptional cases, debt securities whose principal matures in the current year and for which there is no market price, CBBT price or BVAL price that would be less than 90 days old, are valued at the last known price and classified in level 3 of the value hierarchy.

Commercial papers of Slovenian issuers which are measured at the amortized value model, are classified in level 2 of the value hierarchy.

Classification of Loans and Deposits

Bank deposits are disclosed at amortised cost in the statement of financial position unless they do not pass the SPPI test. Deposits with the maturity of up to 1 year are measured using the initial or contractual interest rate for the purposes of disclosing fair value and are classified within Level 2. For the purposes of disclosing fair value of deposits with the maturity of over 1 year, their fair value is estimated using the reference yield curve and they are classified within Level 2.

Non-current assets (disposal groups) held for sale

Non-current assets (disposal groups) held for sale are those whose carrying amount is justifiably expected to be settled predominantly through selling and not through further use. This is the case when the asset (or disposal group) is available for immediate sale in its present condition, subject only to normal conditions for the sale of such assets (or disposal groups), and the sale must be high-

ly probable (including, but not limited to, the sale being expected to be completed within one year after the asset or disposal group is classified).

When an asset is designated as held for sale or classified as a disposal group held for sale or when the asset is derecognised, depending on the order of the events, the asset is no longer amortised or depreciated. Such a non-current asset or disposal group classified as held for sale is measured at the lower of its carrying amount before classification and its fair value less costs to sell.

Operating receivables

Operating receivables are recognised in the amount of issued invoices and decreased by potential impairments. The calculation of impairments is described in the subchapter *Measurement and grouping of exposures for credit loss assessment*.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances, call deposits and short-term deposits with agreed maturity of up to three months.

Equity

The company's total equity consists of called-up capital, capital reserves, profit reserves, retained earnings, reserves arising from fair value valuation, and net profit or loss for the period.

The Company's share capital in the amount of EUR 364,810 thousand is made up entirely of ordinary shares. It is divided into 874,235 ordinary registered no-par value shares, each of which has an equal share and corresponding amount in the share capital.

The sole shareholder of Kapitalska družba is the Republic of Slovenia. Kapitalska družba has no treasury shares.

Profit reserves are designed according to ZGD-1. In line with Article 52(2) of ZSDH-1 distributable profit of Kapitalska družba cannot be distributed to the shareholders.

The costs directly related to the issue of new shares, net of tax effects, are charged to capital.

Fair value reserves

Reserves from valuation at fair value arise from the effects of valuation of financial assets at fair value through other comprehensive income and actuarial gains and losses arising from severance pay upon retirement. In the statement of financial position, the amounts of these reserves are adjusted for the amount of deferred tax.

Provisions

Provisions are recognised for current liabilities (legal or constructive) arising from past events when it is likely that an outflow of assets that generate economic benefits will be required to settle such an obligation, and when the amount of the liability can be reliably estimated. The amount recorded as a provision is the best estimate of expenses required to settle existing liabilities on the date of the statement of financial position. When the time value of money is significant, provisions are determined on the basis of a discounted cash-flow using a discount rate (before taxes) which reflects the value of money over time and, where appropriate, includes potential risks associated with an individual liability. If provisions are made on the basis of a discounted cash-flow, an increase in the net present value is recognised over the years as financial expenses.

Where some or all of the expenditure required to settle a provision can be expected to be reimbursed by other parties, the reimbursement is recognised as a special asset, but only when it is virtually certain that reimbursement will be received. In this case the costs of provisions are decreased by expected reimbursement.

The Company establishes non-current provisions:

- | when the guaranteed value of assets of the SODPZ fund exceeds the actual value of assets belonging to an individual insured member of SODPZ, namely in the amount of the established deficit, i.e. the sum of differences between the guaranteed assets of the insured member and the actual value of the assets of the insured member,
- | if a legal action is filed against Kapitalska družba or if the Company estimates a claim is very probable and it is more likely than not that the Company will be unsuccessful in the claim,
- | for termination benefits upon retirement and jubilee awards, calculated on the basis of assumption on the expected employee fluctuation, years of service and expected years until retirement, taking into account individual and collective employment contracts as well as the Company's internal regulations.

Provisions for jubilee rewards and termination benefits upon retirement are made at the value of the estimated future payments for termination benefits and jubilee rewards discounted at the reporting date. The projected unit method is used in the calculation.

Provisions are derecognised when the options that led to the creation of the provisions have been used up, or there is no longer a need for them. Provisions can only be used for items of the type for which they were originally recognised.

Operating liabilities

Operating liabilities comprise trade payables for acquired assets or services, and liabilities to employees, the state, etc. Liabilities are recognised if it is probable that an outflow of resources embodying economic benefits will result from their settlement and the amount at which the settlement will take place can be measured reliably.

Financial liabilities

Obligation to pay ZPIZ

ZSDH-1 defines the maximum annual liability of Kapitalska družba for the provision of ZPIZ funds. Namely, Kapitalska družba, on the basis of the provisions of the third paragraph of Article 52 of ZSDH-1, is obliged to transfer, every year by September 29 at the latest, EUR 50 million to ZPIZ, primarily for the purposes of indexing pensions, or a proportionally lower amount, if the amount for indexation of pensions is lower. Notwithstanding the third paragraph of Article 52 of the ZSDH-1, on the basis of the Act Regulating the Implementation of the Budgets of the Republic of Slovenia for 2025 and 2026 (ZIPRS2526), Kapitalska družba must transfer each year to the ZPIZ - in the years 2025 and 2026 - an amount that equals 50 percent of the total comprehensive income, as derived from the audited financial statements for the previous financial year, but not less than EUR 65 million. The obligation to pay ZPIZ is recognized as a financial liability, namely for 2025 as a short-term financial liability in the amount of 50 percent of total comprehensive income in 2024, and for 2026 as a long-term financial liability in the amount of EUR 65 million. At the same time, current and non-current deferred costs and accrued revenue are recognized in the same amount.

Notwithstanding the third paragraph of Article 52 of the ZSDH-1, Kapitalska družba was required to transfer EUR 65 million to ZPIZ in 2024 based on the Act Regulating the Implementation of the Budgets of the Republic of Slovenia for 2024 and 2025 (ZIPRS2425) (2023: EUR 65 million based on the Act Regulating the Implementation of the Budgets of the Republic of Slovenia for 2023 and 2024). The ZPIZ transfer is recognized in the statement of profit or loss as a financial expense in the year to which it relates.

Revenue

The Company recognises revenue in an amount that reflects the expected consideration to which the Company will be entitled in exchange for the promised goods or services. The Company considers the terms of the contract and all relevant facts and circumstances.

The company's key revenue streams are as follows:

1. Revenues from fees

Kapitalska družba is entitled to an entry and exit fee, an annual management fee for the management of the SODPZ pension fund and to the costs of paying out occupational pensions.

a. Entry Fee

The Company charges entry fees for the performance of its activities in accordance with the pension scheme. This means that the assets collected and transferred to an individual pension fund are reduced by the amount of the entry fees and the fund manages the assets attributable to the net premium. The entry fees are charged in the percentage of the premium at the time of the payment.

b. Management fee

The Company manages the SODPZ pension fund and charges a management fee, which means that the monthly value of assets of the fund is reduced by the cost of management fees. The management fee is calculated as a percentage of the average value of the fund's net assets, determined as the arithmetic mean of the net value of the fund's assets on the conversion day of the current year.

c. Exit Fee

In accordance with the pension scheme, the Company is entitled to exit fees, whereby the redemption value is reduced by the exit fees and the net value is paid to the individual who terminated the scheme. Exit fees are calculated in a percentage of the redemption value when the policy is paid.

d. Income from costs of paying out occupational pensions

In line with the pension scheme, the Company is entitled to the income arising from the costs of paying out occupational pensions. This income is calculated as a percentage of the monthly amount of occupational pensions.

2. Revenue from lease payments

The revenue from lease of investment property is recognised on a straight-line basis over the duration of individual lease contract.

Financial revenue

3. Interests

Interest income and expense on financial instruments measured at amortised cost and financial assets at fair value through other comprehensive income is recognised in profit or loss statement for all debt instruments using the effective interest method. Interest income on financial assets at fair value through profit or loss is recognised in profit or loss statement using the contractual interest rate. Interest on debt securities is disclosed in the Company's statement of financial position together with financial investments.

4. Dividends

Dividends are recognised in the statement of profit or loss when the Company obtains the right to payment. In the event of any commission refunds by the managers of ETFs in the Company's portfolio or in the event of receiving the so-called adjustment premiums, these are recognised as income similar to dividends.

5. Revenue from sale of investments

Revenue from the sale of financial assets (gains on the disposal of financial assets) is accounted for and recognised as at the trading day.

6. Revenue from revaluation of financial investments

Investment revaluation gains relate to financial investments measured at fair value through profit or loss from increases in fair value or reversals of impairment.

Costs

Costs of materials and services

Costs of materials and services are classified by primary types and are recognised in the period in which they are incurred. The Company does not classify costs by functional type, because the entire Company represents a single functional type.

Employee benefits

Labour costs include gross wages and salaries payable to employees, gross wage and salary compensation charged to the enterprise, benefits in kind, gifts and gratuities to employees, termination benefits paid to employees, and all benefits charged to the payer in respect of the items listed above. The Company recognises these costs as current period expenses.

Expenses

Expenses are recognised if a decrease of economic benefits in the accounting period relates to a decrease of an asset or an increase of a debt, and this decrease can be measured reliably. Expenses are thus recognised together with decrease of assets or increase of debts.

Financial expenses

Financial expenses comprise expenses for financing, mostly interest expenses. Financial expenses from revaluation arise in association with the revaluation and impairment of financial investments. Expenses from the disposal of financial investments (losses on the disposal of investments) are accounted for and recognised on the trading day. Financial expenses also include expenses from recognised credit losses from financial assets.

Financial expenses also include payments that the company makes to the ZPIZ in accordance with the legislation, namely in the financial year to which they relate (Chapter 15.2 *Important information on Accounting Policies in Financial liabilities*).

Taxes

1. Current tax

Current tax assets and liabilities in respect of present and past periods are recognised at amounts which the Company expects to pay to the tax authorities or receive from them. Current tax assets or liabilities are measured using the tax rates enacted at the date of the statement of financial position.

2. Deferred tax

Deferred income tax assets and liabilities are accounted for using the liability method in the statement of financial position. Only deferred tax assets and liabilities arising from temporary differences are recognised.

A deferred tax asset is recognised also for 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.

On the date of the statement of financial position, 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 and unused tax credits can be utilised.

Deferred tax assets and liabilities are recognised using the tax rate applicable when the asset is expected to be realised or liabilities settled. Tax rates (and tax legislation) enacted or close to enactment at the date of the statement of financial position are used.

Deferred tax assets and liabilities may be offset if, and only if, the company has a legal right to offset the assessed tax assets and liabilities and these assets and liabilities relate to the income tax attributable to the same tax jurisdiction.

Deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

Cash flow statement

The cash flow statement is compiled under the indirect method (Format II) from the data included in the statement of financial position on the first and last days of the financial year, profit or loss statement data, and additional data necessary for the adjustment of revenue and expenditure and for the appropriate breakdown of significant items.

Significant accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires the use of certain estimates and assumptions by management that affect the value of the company's assets and liabilities and the amount of revenue and expenses.

The adequacy of the used assumptions and estimates is checked annually at the end of the financial year.

Significant judgements relate to:

- | expected credit loss model for financial assets,
- | determining the fair value of non-marketable financial and non-financial assets.

Expected credit loss model for financial assets

For assessment of credit losses, the company uses the expected credit loss model meaning that an impairment is recognised even before the loss occurs. The expected credit loss model incorporates the historical data on the recoverability and the macroeconomic forecasts as well as other internal and external factors indicating the debtor's future solvency.

The basis for the formation of impairments is the data on the probability of default – PD, loss given default – LGD and exposure at default – EAD. Data are obtained from international statistics publications of the Moody's and S&P credit agencies (PD and LGD) as well as the internal IT system holding current data on EAD.

For the purposes of impairment, all financial assets are classified into three stages or phases that describe the credit quality of the financial asset (subsection *Measurement and grouping of exposures for credit loss assessment*).

The company classifies individual financial assets into stages based on international or internal credit ratings and the number of days overdue. In addition, investments in portfolios are regularly monitored with an internal Early Warning System (EWS).

In order to determine the expected credit losses (ECL) based on forward-looking information, the company calculates the correlation coefficients for a period of three years that it obtains based on international macroeconomic indicators for the following three years and the data on the default rate provided by S&P. Select macroeconomic indicators were selected for the calculation, i.e. those with the maximum statistical information value and are relevant for economic cycle forecasting. The company observes the average historical PD value for the period longer than three years because it is difficult to explain deviations from average PD values over a longer time period.

Fair value measurement of non-marketable financial and non-financial assets

Financial assets

The Company classifies investments in the fair value hierarchy as described in the note Criteria for classification of financial investments into the levels of the fair value hierarchy. Management pays particular attention to assessing the fair value of investments in the second and third levels of the fair value hierarchy. The second level mainly includes equity instruments (31 December 2024: EUR 93,674 thousand or 31 December 2023: EUR 145,276 thousand) and units of target funds (31 December 2024: EUR 50,798 thousand or 31 December 2023: EUR 52,757 thousand), while the third level includes equity instruments (31 December 2024: EUR 88,477 thousand or 31 December 2023: EUR 75,133 thousand).

The estimates of asset fair value mainly depend on the current and expected macroeconomic situation in the EU and other relevant markets where the Company operates and that affect the future cash flow projection, the interest rates influencing the required return both on debt and equity capital, and the stock prices, which also influence the estimated fair value of the financial instruments.

The entire fair value hierarchy of financial assets and the valuation methods and discount rates or capitalization rates used in the valuation of individual equity instruments are disclosed in Note 15. g) Fair value hierarchy.

For investments in target funds where the main market is not a regulated market, the source of fair value may be information on the value of the unit or net asset value of the share of assets sent or published by the target fund manager. In the event that additional payments (for example, capital calls) or payouts (for example, distributions) have occurred in the period from the last receipt or publication of the value of the unit or the net asset value of the share to the valuation date and the

latest new value of the unit or the net asset value of the share was not shown in the notification of the target fund manager for these payments, the new value of the unit or the net asset value of the share shall be determined by adjusting the obtained or last published value of the unit or the net asset value of the share for additional payments and payouts.

Non-financial assets

As at the date of statement of financial position, the management assesses whether there is objective evidence that a non-financial asset or a group of non-financial assets should be impaired.

The Company establishes the existence of impartial evidence of impairment for a non-financial asset based on an assessment of signs of impairment from publicly available data and information from internal reporting on:

- | a significant increase in the cash requirements to operate and maintain it,
- | a significant deterioration of actual net cash flows or operating profit,
- | a significant decrease in the planned net cash flows or operating profit or a significant increase in the planned loss,
- | operating losses or net cash outflows from the asset, if the amounts for the period under consideration are combined with the projected amounts for the future.

The impairment test in 2024 and 2023 showed that no impairment of non-financial assets was required. The key assumptions used in estimating the fair value of investment property are disclosed in Note 13. *Investment property*.

Amendments to standards and interpretations

Standards or interpretations of the International Accounting Standards Board (IASB), which were approved by the EU and implemented by Kapitalska družba

- | **Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback** (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- | **Classification of liabilities as current or non-current – Amendments to IAS 1** (originally issued on 23 January 2020 and subsequently amended as at 15 July 2020 and 31 October 2022, effective for annual periods beginning on or after 1 January 2024).
- | **Amendments to IAS 7 Statement of cash flows and IFRS 7 Financial instruments: Disclosures: Supplier Finance Arrangements** (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024).

The changes had no significant impact on the company's separate financial statements.

IASB standards or interpretations that were approved by the EU and not early implemented by Kapitalska družba

- | **Amendments to IAS 21 Lack of Exchangeability** (issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025).

The Company estimates that the change will not have a significant impact on the company's separate financial statements.

IASB standards or interpretations not yet approved by the EU

- | **Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7** (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026). On 30 May 2024, the IASB issued interpretations to IFRS 9 and IFRS 7 for:

- a. clarification of the date of recognition and derecognition of certain financial assets and liabilities, with a new exception for certain financial liabilities settled through an electronic funds transfer system,
- b. clarifying and adding further guidance for assessing whether a financial asset meets the SPPI criteria (Solely Payments of Principal and Interest),
- c. adding new disclosures for certain instruments with contractual terms that may modify cash flows (such as certain instruments with features related to the achievement of environmental, social and governance (ESG) objectives) and
- d. updating disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

| IFRS 18 – Presentation and Disclosure in Financial Statements (issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). In April 2024, the IASB issued IFRS 18, a new standard on presentation and disclosure in financial statements, with a focus on updates to the profit or loss statement. The key new concepts introduced in IFRS 18 relate to:

- Structure of profit or loss statement,
- the required disclosures in the financial statements for certain performance measures that are reported outside the entity's financial statements (that is, performance measures determined by management); and
- enhanced principles on aggregation and disaggregation that apply to primary (basic) financial statements and disclosures in general.

IFRS 18 will replace IAS 1; many other existing principles in IAS 1 are retained with limited changes. IFRS 18 will not affect the recognition or measurement of items in financial statements, but it may change what a company reports as its “operating profit or loss.” IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

| Annual Improvements to IFRS Accounting Standards (issued in July 2024 and effective from 1 January 2026).

| Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (issued on 18 December 2024 and effective from and including 1 January 2026).

| IFRS 19 – Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027).

Given that the aforementioned standards are not yet in force, the company is still assessing the potential impacts of the aforementioned changes on the company's separate financial statements.

Risk Management

Risk management is a key element in the execution of Kapitalska družba's activities. Particularly in the economic crisis, risk management proved to be a very important area, since successful and stable operations are conditional on efficient risk management. The use of standard methodologies of risk management ensures the qualitative evaluation of all types of risk, a timely response and the reduction of risk exposure.

Kapitalska družba observes legal regulations in the forefront while also regulating risk management through internal acts such as the Rules on risk management, which include in addition to individual risk description, internal risk management organisation, measures and methods used to mitigate the risks, as well as procedures of control and responses to individual risks. Coordination and monitoring of the risk management process at Kapitalska družba is carried out within the Back-office Support. On the basis of the risk inventory and updated risk assessments as well as the assessment of consequences of loss events, the Company in 2024 updated the register of risks to which the Com-

pany is or could be exposed in the course of operations. As part of the risk register, the Corporate Integrity Plan of Kapitalska družba, d. d. ("Načrt korporativne integritete Kapitalske družbe, d. d.") has been established, detailing the risks of corruption and illegal and unequal conduct.

In the course of its operations, Kapitalska družba is exposed to financial, operational and strategic risks. Financial risks, described in more detail in section 15.3.3 *Risk management of financial assets*, include the important market risks (the risk of changes in securities prices, interest rate risk and currency risk) as well as credit and liquidity risk.

Risk of securities price change

The risk of securities price change is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the regulated markets in financial instruments. The risk of securities price change is managed by regular monitoring of the financial position of the issuers, the market situation and macroeconomic indicators that affect the movement in the general level of market prices and by maximum possible dispersion of investments to eliminate most of the non-systematic risk. The dispersal of a part of investments abroad decreases the dependence of Kapitalska družba's portfolio of long-term investments on the movement of prices on the Slovenian capital market.

The monitoring and measurement of risk is carried out on a weekly basis through the calculation of value at risk (VaR) applied to the portfolio as a whole as well as separately for equity and debt securities portfolios. The beta indicator is also calculated for equity securities, as a measure of systematic risk.

Interest rate risk

The very nature of investments in debt instruments exposes Kapitalska družba to interest rate risk resulting from the risk that investment values will fluctuate due to changes in market interest rates. The exposure to interest rate risk is regularly measured by the modified duration indicator. The Company's internal committees monitor the fluctuation in interest rates and market forecasts and analysis on a weekly basis, providing investment recommendations on this basis.

Kapitalska družba endeavours to minimise risks arising from interest rates by restructuring the portfolio based on market conditions, by reducing the average maturity of debt portfolios, by classifying investments in the group of investments at amortised cost, by disposing of debt securities with fixed interest rates and by purchasing securities with variable rate of interest, or vice versa, depending on the expected movement in market interest rates.

Currency risk

In managing a portion of its underlying assets invested in foreign currencies, Kapitalska družba is also exposed to the risk of changes in foreign exchange rates. Currency risk is monitored and managed on a daily basis. The basis for measuring currency risk is the monitoring and calculation of exposure to individual currencies by taking into account the currency in which the underlying instrument is denominated initially, and also monitoring changes in the exchange rates of the securities that make up a particular instrument or investment fund.

Credit risk

Credit risk refers to debt securities, money-market instruments and deposits and entails the possibility of investments being repaid only in part or not at all. The management of credit risk is implemented by careful selection of business partners, regular monitoring of companies' operations

and by establishing and complying with investment limits with regard to permitted exposure of individual investments. Credit risk is also managed by diversification of investments and by ongoing monitoring of credit spreads and credit ratings of investments or investment issuers or contractual partners. According to internal acts, the business partners' and assets' credit rating is determined by ratings assigned by Standard & Poor's, Fitch and Moody's, and in-house analyses. The maximum permissible exposure to the high yield debt securities and units or shares of open-ended investment funds that invest in these debt securities (in a share greater than 50% of the value of the assets of this fund) is determined.

With regards to investments in deposits, debentures and certificates of deposits, Kapitalska družba has developed an internal model for determination of limits of such investments in individual banks. Internal limits set for individual banks are reviewed and updated quarterly to account for changes in credit ratings and the capital amount.

To identify and monitor credit risk, Kapitalska družba has adopted the Methodology for classifying, measuring and estimating the value of credit losses of financial instruments (subsection *Measurement and grouping of exposures for credit loss assessment*).

Liquidity risk

Liquidity risk includes the risk related to the liquidity of the capital market or investment and the risk of solvency of Kapitalska družba. Due to the low liquidity of the Slovenian capital market, liquidity risk is encountered in a major portion of investments of Kapitalska družba in association with domestic equity and debt securities, with the highest risk posed by non-listed investments. By dispersing a portion of investments abroad, Kapitalska družba is able to reduce liquidity risk by investing only in highly liquid foreign instruments. Investment liquidity requirements have been adopted and an illiquid investment limit has been set. Moreover, liquidity risk is managed by daily monitoring of the inflows and outflows of the Company and precise matching of maturity of assets and liabilities.

Operating risk

Operational risk is the risk of a loss due to inappropriate internal processes or incorrect action by people or defective functioning of systems within the Company or as a result of external events and actions. Operational risk also includes legal and documentary risk as well as the risks arising from trading procedures, settlement and valuation of assets and liabilities.

Kapitalska družba manages operational risk through a system of authority, internal controls and by defining business processes and ensuring the suitable employee qualifications. In order to minimise operational risk, Kapitalska družba established a system of recording loss events and regular monitoring of the implementation of measures adopted. The Internal Audit Department conducts regular audits of business processes and by making recommendations contributes to the improved internal controls and risk mitigation.

Operational risks are mostly assessed as materially insignificant, except for some risks related to the operation of information systems and incorrect actions by people, which are assessed as materially low-risk (possible impact on total equity from 0.2% to 0.5%) and the risk of cyber-attacks, which is assessed as a material moderate risk (possible impact on total equity of 0.5% to 0.7%).

Strategic risk

Strategic risk is the risk of a loss owing to incorrect business decisions, inappropriate organisation and strategy of the Company and insufficient response to the changes in the business environment. Significant strategic risks include legislative, tax and political risks, resulting from the state's dis-

cretionary right to adopt decisions, and may lead to changes in the business and tax environment. These risks also influence the processes involved in the sale of companies where Kapitalska družba holds interests, the amount of liabilities to the pension budget and consequently the management of financial assets.

The Management Board, who is in charge of formulating appropriate organisation and strategy of the Company, must adopt all measures suitable for achieving the strategic goals as well as to preserve and strengthen the Company's reputation. An appropriate supervision system is provided for managing this risk, enabling monitoring of the implementation of business objectives defined in the business strategy. Good communication is ensured with all stakeholders and works in accordance with the contractual provisions. Strategic risks are also managed by regular monitoring and participation in the drafting of legal bases and by outsourcing external consultants (tax consultants, auditors, legal consultants, IT consultants, etc.).

Strategic risks are mostly assessed as materially insignificant, except for some risks related to the Company's organisation and strategy, which are assessed as materially low-risk (possible impact on total equity from 0.2% to 0.3%), and legislative, tax and political risk, which is assessed as a materially moderate (possible impact on total equity of 0.5% to 0.7%).

Risks related to investments where Kapitalska družba holds a significant share

Kapitalska družba devotes special attention to the management of risks, which arise from investments where the Company holds a significant share. Kapitalska družba for the first time adopted the Corporate Governance Code of the Group in March 2012 (hereinafter: the Group Code), which includes the Group's governance policies and as such provides the basis for efficient management of the Group. The adopted Group Code, which defines standards that are complied with and abided by all companies in the Kapitalska družba Group, lays down new guidelines on risk management. Corporate governance of the Kapitalska družba Group is carried out by functional areas. The Group Code precisely defines the types and methods of reporting by subsidiaries and their deadlines. The operations of the companies constituting the Kapitalska družba Group are monitored by the Asset Management Department. The manager may report to the Management Board, at its meeting, or to the Kapitalska družba Group college about any specificities in the operations and/or major deviations from the planned results and, if needed, propose appropriate measures to the Management Board.

In December 2014, SSH adopted and later amended several times the Corporate Governance Code for Companies with State Capital Investment, which is also used by Kapitalska družba in order to standardize its operations. Every year, Kapitalska družba also updates the basis for Kapitalska družba's voting at general meetings of companies. The purpose of these positions is to increase the efficiency and transparency of equity investment management and they form an element of reducing risks arising from equity investments.

15.3 NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS

15.3.1 Notes to the Statement of Profit or Loss

1. Net sales revenue

	in 000 EUR	
	2024	2023
Income from asset management	9,758	9,069
management fee	8,139	7,664
entry fee	1,571	1,369
exit fee	16	10
income from costs of paying out occupational pensions	32	26
Revenue from lease payments	2,325	2,235
Other income	120	109
Total	12,203	11,413

All net sales revenue were generated on the domestic market.

Other sales revenues are mainly revenues from IT services provided to Modra zavarovalnica and Hotelske nepremičnine.

2. Other operating revenue

	in 000 EUR	
	2024	2023
Provisions	529	7,320
for not achieving the guaranteed return (note 21)	529	7,320
Other operating revenue	232	67
Total	761	7,387

In 2024, Kapitalska družba received EUR 147 thousand in additional cash compensation in connection with the minority shareholder exclusion process in 2022. The remaining part of other operating revenue mainly relates to income from compensation received in the amount of EUR 78 thousand (2023: EUR 62 thousand).

3. Costs of materials and services

	in 000 EUR	
	2024	2023
Costs of materials	-139	-148
Energy	-91	-102
Small inventory	-7	-12
Office equipment and specialised literature	-30	-25
Other	-11	-9
Costs of services	-1,753	-1,584
Transport services	-46	-45
Services in relation to maintenance of business premises and fixed assets	-512	-431
Rents	-225	-210
Employees' work-related costs	-64	-50
Payment transactions and bank services, and insurance premiums	-171	-173
Intellectual and personal services	-216	-181
Fairs, advertising and entertainment	-62	-52
Services rendered by individuals	-140	-148
Other services	-317	-294
Total	-1,892	-1,732

Costs of material decreased in 2024 compared to 2023, mainly due to lower energy prices (electricity), while costs of services increased mainly due to higher maintenance costs for business premises and fixed assets, as well as higher costs of intellectual services.

a) Costs of audit

In 2024, the costs of auditing the annual report amounted to EUR 45 thousand including VAT (2023: EUR 46 thousand including VAT). For other assurance and tax advisory services in the financial years 2024 and 2023, Kapitalska družba did not pay any amount to the auditor, and for the provision of other non-audit services, an amount of EUR 3 thousand including VAT was paid in 2024 for the presentation on sustainability reporting (2023: EUR 0).

4. Labour costs

	in 000 EUR	
	2024	2023
Payroll costs	-3,191	-2,949
Compensations for salaries/wages	-75	-41
Supplementary pension insurance	-143	-135
Holiday allowance, reimbursements and other receipts	-313	-315
Employer's contributions on salaries, wage compensation, bonuses, reimbursements and other receipts	-524	-474
Provisions for termination benefits upon retirement and jubilee benefits (<i>Note 21</i>)	-17	-22
Total	-4,262	-3,936

Labour costs were higher in 2024 compared to 2023 mainly due to the adjustment of salaries for all employees and the replacement employments, which were only successfully implemented at the end of 2023 for certain employees whose employment relationship with Kapitalska družba ended in previous years.

The number of employees as at 31 December 2024 according to level of education and the average number of employees in 2024 are shown in section 15.1 *General disclosures under Employee data*.

5. Write-downs in value

	in 000 EUR	
	2024	2023
Amortisation/Depreciation	-1,060	-1,122
Amortisation of intangible fixed assets	-46	-107
Depreciation of buildings	-160	-160
Depreciation of equipment and spare parts	-100	-103
Computers and its equipment	-87	-94
Other equipment	-13	-9
Depreciation of investment property	-754	-752
Commercial property	-663	-663
Parking spots	-39	-39
Parts of investment property	-52	-51
Revaluation operating expenses of fixed assets	0	-1
Total	-1,060	-1,123

Amortisation of intangible fixed assets relates to the amortisation of software.

Depreciation of buildings represents the depreciation of offices owned and used by Kapitalska družba in the "Stekleni dvor" commercial building, which the company uses for its own activities.

6. Other operating expenses

Other operating expenses in 2024 in the amount of EUR 14 thousand represent an additional payment to SODPZ for the pay-out of redemption value of assets whose surrender value is lower than the guaranteed asset value of the insured member of SODPZ (2023: EUR 50 thousand).

The company did not create provisions for not achieving the guaranteed return of the SODPZ in 2024 and 2023, but released them in both years (*note 21*).

7. Financial revenue

	in 000 EUR	
	2024	2023
Financial revenue from shares and interests in group companies, associates and other companies (<i>note 7.1</i>)	117,155	91,582
Financial revenue from other investments and from loans (<i>note 7.2</i>)	6,084	7,888
Total	123,239	99,470

Financial revenue from shares increased in 2024 compared to 2023 mainly due to higher revenue from the valuation of financial investments at fair value through profit or loss.

7.1. Financial revenue from shares and interests in group companies, associates and other companies

	in 000 EUR	
	2024	2023
Dividends and shares in profits	49,228	39,325
Revenue from valuation of investments at fair value through profit or loss	56,318	48,788
Revenue from disposal of investments at fair value through profit or loss	4,704	3,446
Revenue from exchange differences	6,895	0
Revenue from acquisition of abandoned securities	11	14
Revenue from acquisition of securities from registry accounts	0	9
Total	117,155	91,582

Dividends and shares in profits includes dividends from domestic companies in the amount of EUR 45,239 thousand (2023: EUR 35,765 thousand) and dividends from foreign companies in the amount of EUR 3,989 thousand (2023: EUR 3,560 thousand).

Revenue from the valuation of investments at fair value through profit or loss in the amount of EUR 56,318 thousand (2023: EUR 48,788 thousand) is the result of positive trends in the financial markets in 2024.

Revenue from acquisition of abandoned securities amounting to EUR 11 thousand (2023: EUR 14 thousand) is recognised in accordance with Article 48a of ZNVP-1, which stipulates that KDD shall credit all book-entry securities cancelled by the holders to a special account held by Kapitalska družba.

In 2023, revenues from acquisition of securities from registry accounts in the amount of EUR 9 thousand are recognised in accordance with paragraph 5 of Article 48.a of the Book-Entry Securities Act, on the basis of which as at 1 January 2022, Kapitalska družba became the owner of the securities that the beneficiaries did not request to be transferred to their trading accounts with a member of the central securities depository by 31 December 2021.

7.2. Financial revenue from other investments and from loans

	in 000 EUR	
	2024	2023
Interest revenue	4,525	5,919
thereof interest income calculated using the effective interest method	1,558	1,884
Revenue from valuation of investments at fair value through profit or loss	1,037	1,647
Revenue from sales	522	268
at fair value through profit or loss	522	115
at fair value through other comprehensive income	0	153
Revenue from exchange differences	0	54
Total	6,084	7,888

a) *Interest income*

	in 000 EUR	
	2024	2023
Bonds	2,081	2,429
at fair value through other comprehensive income (using effective interest method)	948	1,208
at amortised cost (using effective interest method)	556	544
at fair value through profit or loss	577	677
Other financial investments	2,390	3,358
at fair value through profit or loss	2,390	3,358
at amortised cost (using effective interest method)	54	132
Total	4,525	5,919

8. Financial expenses

	in 000 EUR	
	2024	2023
Financial expenses due to impairment and write-down of investments (<i>note 8.1</i>)	-2,289	-5,726
Financial expenses from financial liabilities (<i>note 8.2</i>)	-65,010	-65,010
Total	-67,299	-70,736

8.1. Financial expenses due to impairment and write-down of investments

	in 000 EUR	
	2024	2023
Interest expenses	-3	-7
thereof interest expenses calculated using the effective interest method	-3	-7
Expenses from valuation of investments at fair value through profit or loss	-1,500	-1,261
Expenses from disposals	-673	-1,043
at fair value through profit or loss	-673	-429
at fair value through other comprehensive income	0	-614
Expenses from credit losses	-46	-2
at fair value through other comprehensive income	-46	-2
Expenses from exchange differences	-66	-3,413
Total	-2,289	-5,726

8.2. Financial expenses from financial liabilities

	in 000 EUR	
	2024	2023
Interest expenses (<i>note 21</i>)	-10	-10
thereof interest expenses calculated using the effective interest method	0	0
Expenses for ZPIZ	-65,000	-65,000
Total	-65,010	-65,010

The company transferred EUR 65 million to ZPIZ in both years presented.

a) Exchange rate gains/losses

	in 000 EUR	
	2024	2023
Exchange differences gains	7,070	369
Exchange differences losses	-242	-3,728
Net exchange rate gains/losses	6,828	-3,359

Net exchange rate gains/losses in 2024 were positive in the amount of EUR 6,828 thousand and are mainly the result of the increase in the value of the US dollar against the Euro, while in 2023 they were negative in the amount of EUR -3,359 thousand due to the decrease in the value of the US dollar against the Euro.

b) Result from financing

	in 000 EUR	
	2024	2023
Financial revenue	123,239	99,470
Financial expenses	-67,299	-70,736
Net result from financing	55,940	28,734

9. Income tax

	in 000 EUR	
	2024	2023
Profit or loss for the period before tax	61,676	40,693
Increases in retained earnings	2,874	77
Decreases in retained earnings	-325	-8
Total	64,225	40,762
Expenses not recognised for tax	2,236	2,025
Provisioning	-32	-53
Untaxed revenue	-45,219	-35,772
Tax relief	-182	-227
Tax losses	-10,605	-3,481
Total	10,423	3,254
Tax rate	22%	19%
Income tax	2,293	618

In both years presented, the largest portion of untaxed revenue is exempt domestic dividends received and paid.

As at 31 December 2024, Kapitalska družba had a liability for corporate income tax of EUR 2,293 thousand (31 December 2023: EUR 618 thousand).

The Management Board believes that the calculation of the tax liability for 2024 is appropriate, based on the views presented below and in accordance with the opinions of tax advisors. It is however possible that the competent tax authorities would have a different position on certain issues, which could result in a difference between the tax liabilities disclosed in the financial statements and the amount assessed by the tax authorities. Kapitalska družba paid EUR 65 million to ZPIZ in

2024. These payments were included under financial expenses from other financial liabilities in the profit or loss statement and as tax allowable expenses in the calculation of tax liability.

The effective tax rate, which is the ratio between the calculated income tax and the profit or loss of the accounting period before taxes, including transfers from retained earnings, is 3.6% for 2024 (2023: 1.5%).

a) Reconciliation of the actual and the calculated corporate income tax expense taking into account the effective tax rate

	in 000 EUR	
	2024	2023
Profit or loss before tax	61,676	40,693
Increases in retained earnings	2,874	77
Decreases in retained earnings	-325	-8
Total	64,225	40,762
Tax calculated at the general tax rate	14,129	7,745
Change in tax based on:		
1. Revenue exempt from the tax base	9,955	6,807
Untaxed dividends received	9,948	6,795
Adjustment of revenue to the level recognised for tax purposes (decrease)	7	12
2. Expenses exempt from the tax base	492	385
Increase in expenses (unrecognised in previous periods)	10	2
Adjustment of expenses to the level recognised for tax purposes (decrease)	482	383
3. Tax reliefs used in current year	40	43
4. Utilisation of tax losses from previous years	2,333	662
Total corporate income tax	2,293	618
Effective tax rate	3.6%	1.5%

10. Deferred tax

Deferred income tax liabilities as at 31 December 2024 include:

	Statement of financial position		Statement of profit or loss	
	31 Dec 2024	31 Dec 2023	2024	2023
Deferred income tax - liabilities	69,683	52,101	0	0
Total deferred income tax liabilities	69,683	52,101	0	0
Deferred income tax assets	5,740	26,349	-20,610	9,852
Loss brought forward to be used as tax allowance	5,274	25,751	-20,478	9,771
Value adjustment of receivables	1	0	1	0
Value adjustment of investments	448	577	-129	79
Provisions	17	21	-4	2
Total deferred income tax assets	5,740	26,349	-20,610	9,852
Netting of assets and liabilities	448	577	-	-
Deferred income tax assets after netting	5,292	25,772	-	-
Deferred income tax liabilities after netting	69,235	51,524	-	-

In November 2024, amendments to the Corporate Income Tax Act were adopted, which, among other things, limited the carry-forward of tax losses to subsequent tax periods to only five years. Previously, the carryforward of tax losses was not limited in time. As a result, when preparing the financial statements for 2024, Kapitalska družba estimated the amount of tax losses that it is expected to be able to use in the next five years and reduced deferred tax assets from tax losses by EUR 20,478 thousand. The deferred tax asset relating to this item as of 31 December 2024 amounts to EUR 5,274 thousand (31 December 2023: EUR 25,751 thousand), and the unused tax loss is EUR 537,072 thousand (31 December 2023: EUR 547,677 thousand).

Other effects in the profit or loss relate to changes in credit losses, provisions and unpaid dividends (in 2023 also an increase in deferred tax assets from tax losses in the amount of EUR 9,852 thousand).

a) Changes in deferred tax recognised directly in equity

	in 000 EUR	
Changes in deferred tax	2024	2023
Balance as at 1 Jan	52,101	32,478
Changes during the year	17,582	19,623
Balance as at 31 Dec	69,683	52,101

The increase in deferred tax liabilities in 2024 in the amount of EUR 17,582 thousand is the result of the revaluation of investments measured at fair value through other comprehensive income (2023: EUR 19,623 thousand).

15.3.2 Disclosures to the Statement of Financial Position

11. Intangible assets and non-current deferred costs and accrued revenue

Table 24: Changes in intangible assets and non-current deferred costs and accrued revenue

	2024			2023		
	Software and licenses	Non-current accrued revenue and deferred costs	Total	Software and licenses	Non-current accrued revenue and deferred costs	Total
Cost						
Cost as at 1 Jan	1,896	65,000	66,896	1,862	65,029	66,891
Additions	44	65,047	65,091	34	65,000	65,034
Disposals	-81	-65,000	-65,081	0	-65,029	-65,029
Cost as at 31 Dec	1,859	65,047	66,906	1,896	65,000	66,896
Value adjustment						
Value adjustment as at 1 Jan	1,812	0	1,812	1,705	0	1,705
Disposals	-81	0	-81	0	0	0
Amortisation/Depreciation (<i>Note 5</i>)	46	0	46	107	0	107
Value adjustment as at 31 Dec	1,777	0	1,777	1,812	0	1,812
Carrying amount						
Carrying amount as at 1 Jan	84	65,000	65,084	157	65,029	65,186
Carrying amount as at 31 Dec	82	65,047	65,129	84	65,000	65,084

Intangible assets have not been pledged as security.

Non-current deferred costs and accrued revenue as of 31 December 2024 in the amount of EUR 65,000 thousand relate to the accrued liability to ZPIZ, which matures in 2026 (31 December 2023: EUR 65,000 thousand, which matures in 2025).

12. Property, plant and equipment

Table 25: Changes in Property, Plant and Equipment

in 000 EUR

	2024			2023		
	Buildings	Other plant and equipment	Total	Buildings	Other plant and equipment	Total
Cost						
Cost as at 1 Jan	5,029	1,599	6,628	5,029	1,444	6,473
Additions	15	46	61	0	158	158
Disposals	0	-11	-11	0	-3	-3
Cost as at 31 Dec	5,044	1,634	6,678	5,029	1,599	6,628
Value adjustment						
Value adjustment as at 1 Jan	3,027	1,377	4,404	2,867	1,277	4,144
Disposals	0	-11	-11	0	-3	-3
Amortisation/Depreciation (Note 5)	160	100	260	160	103	263
Value adjustment as at 31 Dec	3,187	1,466	4,653	3,027	1,377	4,404
Carrying amount						
Carrying amount as at 1 Jan	2,002	222	2,224	2,162	167	2,329
Carrying amount as at 31 Dec	1,857	168	2,025	2,002	222	2,224

The items of property, plant and equipment have not been pledged as security.

13. Investment property

Table 26: Changes in investment property

in 000 EUR

	2024	2023
	Buildings	Buildings
Cost		
Cost as at 1 Jan	26,415	26,402
Additions	38	13
Cost as at 31 Dec	26,453	26,415
Value adjustment		
Value adjustment as at 1 Jan	10,991	10,239
Amortisation/Depreciation (Note 5)	754	752
Value adjustment as at 31 Dec	11,745	10,991
Carrying amount		
Carrying amount as at 1 Jan	15,424	16,163
Carrying amount as at 31 Dec	14,708	15,424

The value of investment property was assessed by a certified property valuer as of 30 September 2024 and amounts to EUR 19,495 thousand. Kapitalska družba estimates that values of investment property could also be used as at 31 December 2024. The fair value of each individual investment property exceeds its carrying amount, therefore no impairment is required. As at 31 December 2024, the total estimated value of investment properties exceeds their carrying amount by EUR 4,788 thousand.

The valuation of investment properties was carried out using the market comparison method for the valuation of parking spaces and using the income-based valuation method using the income capitalization method for the valuation of business premises. The following assumptions were used:

	Capitalisation rate (in %)	Deduction for vacancy (in %)	Deduction for recoverability (in %)
Commercial service premises	7.78	5.00	0.50
Office spaces	8.08	7.50	1.00

Investment property is not pledged.

Table 27: Rental income from investment property and costs related to investment property

	in 000 EUR	
	2024	2023
Rental income from investment property	2,325	2,235
Costs related to investment property	788	797

14. Investments in subsidiary, associated companies and joint venture

Investment in subsidiary as at 31 December 2024:

		in 000 EUR			
No. Subsidiary	Registered office	Equity stake (%)	Voting rights (%)	Equity as at 31 Dec 2024	Net profit/ loss for 2024
1. Modra zavarovalnica, d. d.	Dunajska cesta 119, Ljubljana	100.00	100.00	397,539	19,979

The investment in Modra zavarovalnica is measured at cost and as of 31 December 2024 and 31 December 2023 amounts to EUR 152,200 thousand. An impairment test was carried out, showing that the investment need not be impaired.

Investments in associates as at 31 December 2024:

		in 000 EUR			
No. Associate	Registered office	Equity stake (%)	Voting rights (%)	Equity as at 31 Dec 2024 ¹⁴	Net profit/ loss for 2024 ¹⁵
1. Gospodarsko razstavišče, d. o. o.	Dunajska cesta 18, Ljubljana	29.51	29.51	17,554	58
2. HIT, d. d.	Delpinova ulica 7a, Nova Gorica	20.32	33.33	71,613	7,876
3. Loterija Slovenije, d. d.	Gerbičeva ulica 99, Ljubljana	25.00	25.00	22,520	7,570
4. Sava, d. d.	Dunajska cesta 152, Ljubljana	29.05	29.05	162,524	7,670
5. Terme Čatež, d. d.	Čatež ob Savi, Topliška cesta 35, Brežice	23.82	23.79	n.a.	n.a.
6. Terme Olimia, d. d.	Zdraviliška cesta 24, Podčetrtek	24.79	24.79	53,701	6,020

¹⁴ The data for the equity of Gospodarsko razstavišče, d. o. o., Hit, d. d., Loterija Slovenije, d. d. and Sava, d. d. are unaudited.

¹⁵ The data for the net profit or loss of Gospodarsko razstavišče, d. o. o., Hit, d. d., Loterija Slovenije, d. d. and Sava, d. d. are unaudited.

Investments in shares and interests in associated companies are measured at fair value through other comprehensive income and as of 31 December 2024 amount to EUR 84,720 thousand (31 December 2023: EUR 73,413 thousand).

Table 28: Changes in investments in associates

	in 000 EUR	
	2024	2023
As at 1 Jan	73,413	49,189
Revaluation and other increases	11,307	24,224
Balance as at 31 Dec	84,720	73,413

In 2024, Kapitalska družba increased the capital of the company Sava, d. d., in the amount of EUR 11,190 thousand through a partial conversion of a financial receivable.

Investment in joint venture as at 31 December 2024:

						in 000 EUR
No.	Joint venture	Registered office	Equity stake (%)	Voting rights (%)	Equity as at 31 Dec 2024	Net profit/loss for 2024
1.	Hotelske nepremičnine, d. o. o.	Dunajska cesta 119, Ljubljana	50.00	50.00	12,580	564

The investment in the share of the company Hotelske nepremičnine is measured at cost and as of 31 December 2024 and 31 December 2023 amounts to EUR 5,963 thousand. An impairment test was carried out, showing that the investment need not be impaired.

Due to its ownership in subsidiaries and associated companies and joint ventures, Kapitalska družba is not exposed to the risk of providing financial resources for the operations/capital adequacy of these companies or the risk of participating in covering their potential liabilities.

At the end of 2024, Kapitalska družba verified, assessed and appraised the companies' value as at 31 December 2024, based on external appraisals and using internal valuation models and internal valuations and taking into account the most recent available data on companies' performance in 2024.

15. Financial investments, excluding loans

	Non-current		Current	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Other shares and interests	1,158,559	929,336	0	0
Other financial investments	65,515	58,781	18,709	51,693
Total	1,224,074	988,117	18,709	51,693

Other shares and interests also includes units of target funds in the amount of EUR 444,234 thousand (as at 31 December 2023: EUR 355,912 thousand).

The company classifies financial assets in accordance with the accounting policies disclosed in the subsection Classification and measurement of financial assets. They are additionally classified as non-current and current. Non-current financial assets are those that will be paid or settled more than twelve months after the reporting period, while current financial assets are those that will be paid or settled within twelve months after the reporting period.

Financial assets in the table below also include investments in associates, which are disclosed in Note 14.

in 000 EUR

	Non-current		Current		Total	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Financial investments measured at fair value through profit or loss	506,173	409,235	17,373	47,746	523,546	456,981
Equity instruments	24,461	21,919	0	0	24,461	21,919
Debt instruments	37,478	31,404	17,373	47,746	54,851	79,150
Units of target funds	444,234	355,912	0	0	444,234	355,912
Financial investments measured at fair value through other comprehensive income	792,366	642,738	528	2,960	792,895	645,698
Equity instruments	774,584	624,917	0	0	774,585	624,917
Debt instruments	17,782	17,821	528	2,960	18,310	20,781
Financial investments measured at amortized cost	10,255	9,557	808	987	11,063	10,544
Debt instruments	10,255	9,557	808	987	11,063	10,544
Total	1,308,794	1,061,530	18,709	51,693	1,327,504	1,113,223

a) Changes in financial investments

The tables also include investments in associated companies (Note 14).

in 000 EUR

	Financial investments at fair value through profit or loss	Financial investments at fair value through other comprehensive income	Financial investments at amortized cost	Total
1 Jan 2024	456,981	645,698	10,544	1,113,223
Acquisitions	183,275	11,195	1,200	195,670
Disposals	-76,416	-6,595	0	-83,011
Maturity and interest payments	-108,079	-3,202	-1,192	-112,473
Revaluation and other changes	67,785	145,798	511	214,094
31 Dec 2024	523,546	792,894	11,063	1,327,503

in 000 EUR

	Financial investments at fair value through profit or loss	Financial investments at fair value through other comprehensive income	Financial investments at a mortized cost	Total
1 Jan 2023	404,296	543,270	12,493	960,059
Acquisitions	73,758	0	3,961	77,719
Disposals	-53,739	-9,173	0	-62,912
Maturity	-16,967	-2,485	-6,455	-25,907
Revaluation and other changes	49,633	114,086	545	164,264
31 Dec 2023	456,981	645,698	10,544	1,113,223

Other changes include accrued interest, exchange rate differences and changes in expected credit losses.

b) Presentation of financial investments and cash and cash equivalents by type of interest rate

	in 000 EUR	
	31 Dec 2024	31 Dec 2023
Debt instruments	84,224	110,474
Fixed interest rate	84,224	110,474
Variable interest rate	0	0
Cash and cash equivalents	2,170	1,909
Total	86,394	112,383

c) Top ten investments in equity instruments measured at fair value through other comprehensive income as at 31 December 2024 excluding abandoned securities and securities from registry accounts

The investments in the table below also include the associated companies of Kapitalska družba.

ISIN code	Value in EUR
SI0031102120	485,531,170
SI0031102153	108,762,570
SI0031117318	32,521,691
SI0031104290	27,935,888
SI0031101346	27,863,160
SI0031117813	19,007,787
SI0031113143	16,700,042
SI0031105024	14,354,610
SI0031107954	12,687,283
SI0031100637	7,568,768
Other	12,982,885
Total	765,915,854

d) Top 10 largest investments in equity instruments measured at fair value through other comprehensive income as at 31 December 2024 for abandoned securities

ISIN code	Value in EUR
SI0031107293	36,892
SI0031107772	29,666
SI0031114984	28,583
SI0031102120	18,070
SI0031114455	16,266

ISIN code	Value in EUR
SI0031114604	13,819
SI0031117268	11,088
SI0031113184	9,312
SI0031105271	8,535
SI0021111651	7,898
Other	47,690
Total	227,819

e) Top 10 largest investments in equity instruments measured at fair value through other comprehensive income as at 31 December 2024 for abandoned securities from registry accounts

ISIN code	Value in EUR
SI0031102120	2,051,640
SI0021111651	1,538,919
SI0031102153	1,273,860
SI0031114984	424,813
SI0031107293	290,807
SI0031105495	278,322
SI0031101346	239,560
SI0031107947	208,800
SI0031107665	171,180
SI0031117813	139,273
Other	1,824,380
Total	8,441,554

In 2024, Kapitalska družba derecognized equity instruments with a total fair value on the date of sale of EUR 5,600 thousand (as at 31 December 2023: EUR 53 thousand). The total effect from the sale of equity instruments measured at fair value through other comprehensive income amounts to EUR 3,085 thousand (31 December 2023: EUR 55 thousand) and is recognised in retained earnings. Dividends from investments measured at fair value through other comprehensive income amount to EUR 39,889 thousand (as at 31 December 2023: EUR 32,343 thousand).

f) Overview of financial assets and cash and cash equivalents according to carrying amount and fair value

	in 000 EUR	
31 Dec 2024	Carrying amount	Fair value
Financial investments measured at fair value through profit or loss	523,546	523,546
Financial investments measured at fair value through other comprehensive income	792,894	792,894
Financial investments measured at amortized cost	11,063	11,511
Cash and cash equivalents	2,170	2,170
Total	1,329,673	1,330,121

in 000 EUR

31 Dec 2023	Carrying amount	Fair value
Financial investments measured at fair value through profit or loss	456,981	456,981
Financial investments measured at fair value through other comprehensive income	645,698	645,698
Financial investments measured at amortized cost	10,544	10,919
Cash and cash equivalents	1,909	1,909
Total	1,115,132	1,115,507

Kapitalska družba measures financial assets at fair value, which is equal to the market value of the financial investment. The carrying amount and fair value are different only for financial investments measured at amortised cost.

g) Fair value hierarchy

in 000 EUR

31 Dec 2024	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	1,078,761	145,813	91,867	1,316,441
Financial investments measured at fair value through profit or loss	461,110	59,046	3,390	523,546
Equity instruments	17,554	6,907	0	24,461
Debt securities	53,510	1,341	0	54,851
Units of target funds	390,046	50,798	3,390	444,234
Financial investments measured at fair value through other comprehensive income	617,650	86,767	88,477	792,894
Equity instruments	599,340	86,767	88,477	774,584
Debt securities	18,310	0	0	18,310
Financial assets measured at amortised cost with fair value disclosed	6,126	4,307	1,078	11,511
Debt securities	6,126	4,307	1,078	11,511
Total	1,084,887	150,120	92,945	1,327,952

in 000 EUR

31 Dec 2023	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	793,996	198,163	110,520	1,102,679
Financial investments measured at fair value through profit or loss	363,897	57,696	35,387	456,981
Equity instruments	17,109	4,809	0	21,918
Debt securities	47,474	129	3,130	50,733
Units of target funds	299,314	52,757	3,841	355,912
Investment in financial receivable	0	0	28,416	28,416
Financial investments measured at fair value through other comprehensive income	430,099	140,467	75,133	645,698
Equity instruments	409,318	140,467	75,133	624,917
Debt securities	20,781	0	0	20,781
Financial assets measured at amortised cost with fair value disclosed	6,203	4,716	0	10,919
Debt securities	6,203	4,716	0	10,919
Total	800,199	202,879	110,520	1,113,598

The fair value valuation of certain shares at Level 2 of the fair value hierarchy was made using the method involving a comparison with the comparable listed companies.

Material investments were valued by external certified appraisers of companies and qualified persons.

Investments with smaller values were valued by qualified persons based on the comparable companies method and the net asset value method.

Assessment of fair value of individual investments in level 3 of fair value hierarchy for shares or business stakes was carried out applying return-based method of assessing the value of the company, by applying the discounted cash flow method (in 2023 also with dividend discount model), and by applying the asset-based method of assessing the value of the company as well as by applying the net asset value method (adjusted carrying amounts).

The assessment of the fair value of certain shares is made on the basis of valuation models that take into account subjective variables not publicly available on markets. Certain data for valuation are obtained from the Bloomberg system and other financial sources, whereas in some cases an important source is the data and documents about the past and expected future performance that Kapitalska družba received from individual companies.

As of 31 December 2023, the company reports an investment in a financial receivable with a principal amount of EUR 28,416 thousand, and its fair value is determined on the basis of the estimated fair value of the principal collateral using the return-based valuation method using the discounted free cash flow method.

Gains on investments classified in Level 3 of the fair value hierarchy relate to dividends, coupons received and profits from the sale of investments.

31 Dec 2024	Non-market investment	Valuation method	Discount rate/yield capitalisation rates in %
Equity instruments	Elektro Ljubljana, d. d.	Discounted free cash flow method	5.58
Equity instruments	Elektro Celje, d. d.	Discounted free cash flow method	8.14
Equity instruments	Elektro Gorenjska, d. d.	Discounted free cash flow method	8.14
Equity instruments	Elektro Maribor, d. d.	Discounted free cash flow method	8.14
Equity instruments	Elektro Primorska, d. d.	Discounted free cash flow method	8.14
Equity instruments	HIT, d. d.	Discounted free cash flow method	12.19
Equity instruments	Terme Olimia, d. d.	Discounted free cash flow method	8.9
Equity instruments	Loterija Slovenije, d. d.	Discounted free cash flow method	10.4
Equity instruments	Sava, d. d.	Net asset value method	
Equity instruments	Gospodarsko razstavišče, d. o. o.	Discounted free cash flow method	8.4
Equity instruments	PS za avto, d. o. o.	Net asset value method	
Equity instruments	Sava turizem, d. d.	Discounted free cash flow method	7.9 and 7.3
Equity instruments	Casino Bled, d. d.	Fair value of consideration for prohibition of disposal	
Equity instruments	Casino Portorož, d. d.	Fair value of consideration for prohibition of disposal	
Equity instruments	TKI Hrastnik, d. d.	Discounted free cash flow method	10.9
Equity instruments	Plinhold, d. o. o.	Net asset value method	
Equity instruments	Talum, d. d.	Discounted free cash flow method	12.0 and 12.1
Debt securities	SIJ8 Bond	Bloomberg BVAL	
Units of target funds	ALFI PE	Quarterly publication of fund unit value	
Units of target funds	ALFI PE GROWTH SIS D.O.O.	Quarterly publication of fund unit value	

31 Dec 2023	Non-market investment	Valuation technique	Discount rate/yield capitalisation rates in %
Equity instruments	Elektro Ljubljana, d. d.	Dividend discount model	6.46
Equity instruments	Elektro Celje, d. d.	Dividend discount model	6.46
Equity instruments	Elektro Gorenjska, d. d.	Dividend discount model	6.46
Equity instruments	Elektro Maribor, d. d.	Dividend discount model	6.46
Equity instruments	Elektro Primorska, d. d.	Dividend discount model	6.46
Equity instruments	HIT, d. d.	Discounted free cash flow method	11.40
Equity instruments	Terme Olimia, d. d.	Discounted free cash flow method	8.80
Equity instruments	Loterija Slovenije, d. d.	Discounted free cash flow method	10.70
Equity instruments	Sava, d. d.	Net asset value method	
Equity instruments	Gospodarsko razstavišče, d. o. o.	Discounted free cash flow method	9.20
Equity instruments	PS za avto, d. o. o.	Net asset value method	
Equity instruments	Sava turizem, d. d.	Discounted free cash flow method	8.60
Equity instruments	Casino Bled, d. d.	Fair value of consideration for prohibition of disposal	
Equity instruments	Casino Portorož, d. d.	Fair value of consideration for prohibition of disposal	
Equity instruments	TKI Hrastnik, d. d.	Discounted free cash flow method	13.00
Equity instruments	Plinhold, d. o. o.	Net asset value method	
Debt securities	Bond NOVAKR 1 7/8 01/27/25	Bloomberg BVAL	
Debt securities	Bond POSRSV 3 3/4 11/07/39	Bloomberg BVAL	
Units of target funds	ALFI PE	Quarterly publication of fund unit value	
Units of target funds	ALFI PE GROWTH SIS D.O.O.	Quarterly publication of fund unit value	
Investment in financial receivable	Sava ins. receivables	Estimation of the value of the principal collateral using the discounted free cash flow method	8.60

Table 29: Changes in investments in level 3

	Equity instruments	Debt securities	Units of target funds	Investment in financial receivable	Total
in 000 EUR					
Balance as at 1 January 2024	75,133	3,130	3,840	28,416	110,520
Disposals	-145	0	-1,084	0	-1,229
Maturity	0	-1,927	0	-28,416	-30,343
Acquisitions	11,191	0	0	0	11,191
Revaluation	875	0	634	0	1,509
Reclassifications	1,423	-125	0	0	1,298
Balance as at 31 December 2024	88,477	1,078	3,390	0	92,945

The acquisition of equity instruments in the amount of EUR 11,190 thousand relates to the increase in the investment in an associated company upon conversion of the investment in a financial receivable into an equity interest.

in 000 EUR

	Equity instruments	Debt securities	Units of target funds	Investment in financial receivable	Total
Balance as at 1 Jan 2023	50,889	3,147	3,021	28,416	85,473
Maturity	0	-2,003	0	0	-2,003
Acquisitions	1	0	836	0	837
Revaluation	22,575	60	-17	0	22,619
Reclassifications	1,668	1,926	0	0	3,594
Balance as at 31 Dec 2023	75,133	3,130	3,840	28,416	110,520

The revaluation of equity instruments in the amount of EUR 22,575 thousand relates mainly to the higher valuation of material investments (EUR 20,850 thousand), which was carried out by external authorized company appraisers and professionally qualified persons.

In the case of an investment in a financial receivable as of 31 December 2023, the receivable for accrued interest amounts to EUR 9,807 thousand (*note 16*). The financial receivable, including accrued interest, was partially repaid in 2024 and partially converted into an equity interest (*note 14*).

Table 30: Transition between levels of the fair value hierarchy of financial assets

in 000 EUR

31 Dec 2024	From Level 1 to Level 2	From Level 2 to Level 1	From Level 2 to Level 3	From Level 3 to Level 2
Financial investments measured at fair value through profit or loss	2,197	4,707	0	1,341
Equity instruments	0	30	0	0
Debt securities	0	0	0	1,341
Units of target funds	2,197	4,677	0	0
Financial investments measured at fair value through other comprehensive income	27,971	110,193	1,426	4
Equity instruments	27,971	110,193	1,426	4
Financial assets measured at amortised cost with fair value disclosed	0	0	1,078	0
Debt securities	0	0	1,078	0
Total	30,168	114,900	2,504	1,345

in 000 EUR

31 Dec 2023	From Level 1 to Level 2	From Level 2 to Level 1	From Level 2 to Level 3	From Level 3 to Level 2
Financial investments measured at fair value through profit or loss	8,399	16,747	0	0
Units of target funds	8,399	16,747	0	0
Financial investments measured at fair value through other comprehensive income	81,393	23,446	3,599	4
Equity instruments	81,393	23,446	1,673	4
Debt securities	0	0	1,926	0
Total	89,792	40,194	3,599	4

Transitions between levels of the fair value hierarchy of assets in 2024 were made mainly due to changes in the average value of investment turnover on stock markets and in 2023 mainly due to these changes in the last six months.

h) Effective interest rate by investment groups

	2024 (in %)	2023 (in %)
Financial investments measured at fair value through other comprehensive income	3.21	3.82
Financial investments measured at amortized cost	5.32	5.17

16. Operating receivables

in 000 EUR

	Non-current		Current		Total	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Operating receivables due from Group companies	0	0	34	33	34	33
Operating receivables due from domestic customers	0	0	1,029	1,106	1,029	1,106
Operating receivables due from others	1,347	280	599	10,430	1,946	10,710
Accrued revenue and deferred costs	0	0	81,563	65,061	81,563	65,061
Total	1,347	280	83,225	76,630	84,572	76,910

The largest part of operating receivables is represented by accrued revenue and deferred costs, which as at 31 December 2024, in the amount of EUR 81,482 thousand, relate to current deferred expenses from the ZPIZ transfer for 2025 (31 December 2023: EUR 65,000 thousand for 2024). As at 31 December 2024, operating receivables due from others in the amount of EUR 1,286 thousand relate to receivables from the sale of financial investments, of which EUR 1,029 thousand are recognized as long-term receivables and EUR 257 thousand as short-term receivables (31 December 2023: EUR 0). As at 31 December 2023, short-term operating receivables from others also include accrued interest from an investment in a secured financial receivable in the amount of EUR 9,807 thousand. Other operating receivables due from others relate primarily to payments into the reserve fund and receivables from securities transactions.

The majority of operating receivables due from domestic customers are receivables from SODPZ from services provided by the company as a fund manager (31 December 2024: EUR 860 thousand and 31 December 2023: EUR 776 thousand).

As at 31 December 2024 and 31 December 2023, Kapitalska družba had no credit losses from operating receivables.

The Company's operating receivables are not subject to material risk.

a) Breakdown of operating trade receivables by maturity

in 000 EUR

	Non due	Up to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 365 days
31 Dec 2024	1,027	2	0	0	0	0
31 Dec 2023	1,104	1	0	0	0	1

17. Cash and cash equivalents

	in 000 EUR	
	31 Dec 2024	31 Dec 2023
Bank balances	570	1,909
Cash assets on demand	1,600	0
Total	2,170	1,909

18. Called-up capital

	31 Dec 2024	31 Dec 2023
Share capital (in 000 EUR)	364,810	364,810
Ordinary shares (number)	874,235	874,235

The share capital of EUR 364,810 thousand is represented by 874,235 ordinary registered non-par value shares, each with an equal share and corresponding amount in the share capital. Kapitalska družba has no treasury shares.

19. Capital reserves

	in 000 EUR	
	2024	2023
As at 1 Jan	218,801	218,046
Increase in capital reserves	104	755
Balance as at 31 Dec	218,905	218,801

In 2024, the capital reserves increased by EUR 104 thousand on account of additional assets received in accordance with the Ownership Transformation of Companies Act (2023: EUR 755 thousand).

20. Fair value reserves

	in 000 EUR	
Changes in fair value reserves and deferred taxes in equity	2024	2023
Gross fair value reserves as at 1 Jan	455,637	342,404
Deferred taxes	52,101	32,478
Net fair value reserves as at 1 Jan	403,536	309,926
Changes during the year – gross increase in reserves	144,650	113,233
Changes during the year – gross decrease in reserves	-2,877	0
Gross fair value reserves as at 31 Dec	597,410	455,637
Adjustments (criteria: 8%, 6 months)	-280,671	-218,815
Balance as at 31 Dec, gross after adjustment	316,739	236,822
Deferred tax as at 31 Dec	69,683	52,101
Balance as at 31 Dec, Net	527,727	403,536

In 2024, reserves arising from fair value measurement increased by EUR 124,191 thousand (2023: increase by EUR 93,610 thousand). The increase is a result of a positive valuation of financial assets measured at fair value through other comprehensive income in the amount of EUR 141,761 thou-

sand (2023: EUR 113,277 thousand), an increase in deferred tax liabilities in the amount of EUR 17,582 thousand (2023: EUR 19,623 thousand) and a decrease in actuarial losses from provisions for severance pays upon retirement in the amount of EUR 12 thousand (2023: increase in actuarial losses - EUR 44 thousand). The change in actuarial losses is a result of additional provisions formed in the amount of EUR 6 thousand (2023: EUR 46 thousand) and the transfer of actuarial losses to retained earnings in the amount of EUR 18 thousand (2023: EUR 2 thousand).

21. Provisions

	Provisions for pensions and similar liabilities	Other provisions	Total
in 000 EUR			
As at 1 Jan 2024	326	583	909
Newly created provisions	33	0	33
Utilisation	-52	0	-52
Reversal of provisions	0	-529	-529
31 Dec 2024	307	54	361

	Provisions for pensions and similar liabilities	Other provisions	Total
in 000 EUR			
As at 1 Jan 2023	261	7,903	8,164
Newly created provisions	78	0	78
Utilisation	-13	0	-13
Reversal of provisions	0	-7,320	-7,320
31 Dec 2023	326	583	909

In 2024, the company increased pension and employee jubilee benefits by EUR 33 thousand (2023: increase by EUR 78 thousand), of which EUR 17 thousand was recognized in labour costs (2023: EUR 22 thousand), EUR 10 thousand in financial expenses for interest (2023: EUR 10 thousand) and EUR 6 thousand in other comprehensive income (2023: EUR 46 thousand).

An actuary calculation for provision for termination benefits upon retirement and jubilee rewards is made under the following assumptions:

- | 3.52% annual discount rate, which was the yield of 10-year corporate bonds with high rating in the Euro area in the end of December 2024 (3.51% in 2023),
- | the currently applicable amount of post-employment and jubilee benefits specified in internal acts,
- | staff turnover, primarily depending on their age (up to 30 years old: 6.0%, 31-40 y.o.: 3.0%, 41-50 y.o.: 2.0%, 51-60 y.o.: 1.0%),
- | mortality based on the most recent mortality tables for the Slovenian population from 2007,
- | Wage growth of 2.6% annually (2023: 2.5%).

In 2024, the Company released provisions for failure to achieve the guaranteed return for the SOD-PZ fund in the amount of EUR 529 thousand (2023: EUR 7,320 thousand). Thus, at the end of 2024, the balance of provisions for failure to achieve the guaranteed return for SODPZ and for onerous contracts and legal disputes amounts to EUR 54 thousand (31 Dec 2023: EUR 583 thousand).

22. Financial and operating liabilities

in 000 EUR

	Non-current		Current		Total	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Financial liabilities	65,000	65,000	81,483	65,000	146,483	130,000
Trade payables	0	0	197	151	197	151
Operating liabilities from advances	3	2	0	0	3	2
Liabilities to the state	0	0	28	27	28	27
Other operating liabilities	47	0	469	510	516	510
Total	65,050	65,002	82,117	65,688	147,227	130,690

Financial liabilities in the amount of EUR 146,482 thousand (31 Dec 2023: EUR 130,000 thousand) are the company's obligation for ZPIZ transfer in accordance with ZIPRS2526 (31 Dec 2023: ZIPRS2425), namely a non-current financial liability in the amount of EUR 65,000 thousand for the transfer in 2026 (31 Dec 2023: EUR 65,000 thousand for the transfer in 2025) and a current financial liability in the amount of EUR 81,482 thousand for the transfer in 2025 (31 Dec 2023: EUR 65,000 thousand for the transfer in 2024).

Non-current operating liabilities in the amount of EUR 47 thousand relate to the liability for the payment of variable remuneration for the Management Board based on business performance, which will be paid in 2026 (31 Dec 2023: 0), and in the amount of EUR 3 thousand (31 Dec 2023: EUR 2 thousand) to security deposits received from tenants of business premises.

Current operating liabilities are primarily liabilities for salaries and liabilities to suppliers.

a) Maturity structure of financial and operating liabilities

in 000 EUR

31 Dec 2024	Maturity up to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Financial liabilities	81,483	65,000	0	0	146,483
Trade payables	197	0	0	0	197
Operating liabilities from advances	0	1	0	2	3
Liabilities to the state	28	0	0	0	28
Other operating liabilities	469	47	0	0	516
Total	82,177	65,048	0	2	147,227

in 000 EUR

31 Dec 2023	Maturity up to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Financial liabilities	65,000	65,000	0	0	130,000
Trade payables	151	0	0	0	151
Operating liabilities from advances	0	0	0	2	2
Liabilities to the state	27	0	0	0	27
Other operating liabilities	510	0	0	0	510
Total	65,688	65,000	0	2	130,690

As at 31 December 2024 and 31 December 2023, Kapitalska družba has no loans.

15.3.3 Risk management of financial assets

Important risks that Kapitalska družba is exposed to, along with risk management measures and criteria, are detailed in chapter 15.2 *Important information on Accounting policies*. Kapitalska družba estimates that the financial assets are exposed to credit, market (interest rate, currency, price) and liquidity risk.

a) Credit risk

Credit risk refers to debt securities, money-market instruments and deposits and entails the possibility of investments being repaid only in part or not at all. The credit rating of investments and business partners is determined by taking into account the credit ratings of the agencies Standard & Poor's, Fitch and Mood's, and in-house analysis. The highest exposure equals the book value of financial instruments. Equity securities are exempt from the analysis because they do not carry direct credit risk.

Table 31: Net exposure of financial assets to credit risk without considering potential collateral (security)

31 Dec 2024					in 000 EUR
Internal rating	Method of measuring expected loss rate	Credit rating	Bonds	Other	Total
Secure investments	12-month expected losses	AAA	7,319	0	7,319
		AA	10,927	6,983	17,910
		A	33,641	0	33,641
		BBB	16,227	9,136	25,363
Less secure investments	12-month / lifetime expected losses	BB	1,193	0	1,193
		B	964	0	964
		No credit rating	0	4	4
Units of target funds				444,234	444,234
Total			70,271	460,357	530,628

31 Dec 2023	in 000 EUR				
Internal rating	Method of measuring expected loss rate	Credit rating	Bonds	Other	Total
Secure investments	12-month expected losses	AAA	9,721	1,953	11,674
		AA	15,100	3,918	19,018
		A	29,059	0	29,059
		BBB	20,666	1,840	22,506
Less secure investments	12-month / lifetime expected losses	BB	1,511	0	1,511
		No credit rating	129	28,486	28,615
Units of target funds				355,912	355,912
Total			76,186	392,109	468,295

Financial assets were classified into the stated groups based on the credit ratings. Secure investments include investments with a credit rating of AAA to BBB, while less secure investments include investments with a credit rating of BB, B, and investments that do not have a rating from a recognized credit rating agency. Less secure investments mainly include investments in certain corporate bonds. Other includes units of target funds, treasury bills and cash. Investments in ETF units do not have a rating and amount to EUR 444,234 thousand (31 December 2023: EUR 355,912 thousand).

Table 32: Changes in loss allowance for investments measured at amortised cost and investments measured at fair value through other comprehensive income

	in 000 EUR		
	Stage 1	Stage 2	Total
As at 1 Jan 2024	15	0	15
Transfer from stage 1 to stage 2	-3	47	44
bonds	-3	47	44
Derecognition of financial assets in the period	-1	0	-1
bonds	-1	0	-1
Acquisition of financial assets in the period	1	0	1
bonds	1	0	1
Other changes	2	0	2
Loss allowance as at 31 Dec 2024	14	47	61

	in 000 EUR		
	Stage 1	Stage 2	Total
As at 1 Jan 2023	13	0	13
Derecognition of financial assets in the period	-6	0	-6
bonds	-5	0	-5
other	-1	0	-1
Acquisition of financial assets in the period	5	0	5
bonds	5	0	5
Other changes	3	0	3
Loss allowance as at 31 Dec 2023	15	0	15

Other changes are the result of changes in risk parameter estimates in accordance with the methodology, a decrease in the value of adjustments due to the shortening of the time to maturity of the existing investments, and changes due to exchange rate differences and accrued interest.

Table 33: Changes in gross carrying amount and loss allowance for investments measured at amortised cost and investments measured at fair value through other comprehensive income

	in 000 EUR	
	Gross carrying amount	Loss allowance
1 Jan 2024	31,333	15
Transfer from stage 1 to stage 2	0	44
Derecognition of financial assets in the period	-3,134	-1
Acquisition of financial assets in the period	2,819	1
Other changes	9	2
31 Dec 2024	31,027	61

	in 000 EUR	
	Gross carrying amount	Loss allowance
1 Jan 2023	45,715	13
Derecognition of financial assets in the period	-15,899	-6
Acquisition of financial assets in the period	1,516	5
Other changes	1	3
31 Dec 2023	31,333	15

Table 34: Geographical concentration of credit risk exposure of financial assets.

	in 000 EUR	
Region	31 Dec 2024	31 Dec 2023
Slovenia	30,495	59,489
EU (excluding Slovenia)	51,451	49,312
USA	798	822
Other	3,650	2,760
Units of target funds	444,234	355,912
Total	530,628	468,295

Without taking the ETF units into account, the share of financial assets exposed to credit risk in Slovenia decreased from 53% to 35% in 2024.

b) Currency Risk

Table 35: Currency composition of financial assets

	in 000 EUR			
Currency	31 Dec 2024	in %	31 Dec 2023	in %
EUR	1,264,602	85.0	1,096,607	86.1
USD	214,930	14.4	168,517	13.2
Other currencies	8,304	0.6	8,171	0.7
Total	1,487,836	100.0	1,273,295	100.0

Table 36: Currency risk of financial assets

	in 000 EUR	
Change of the USD exchange rate by +/- 10%	31 Dec 2024	31 Dec 2023
Impact on statement of profit or loss	+/- 21,493	+/- 16,852
Impact on other comprehensive income	+/- 0	+/- 0
Total	+/- 21,493	+/- 16,852

The currency structure of financial assets is presented considering the currency in which the underlying instrument is denominated. In 2024, the currency risk increased due to higher exposure to investments in US dollars, whereby in the case of investments in investment fund units, the effect of changes in exchange rates of securities representing investments of ETFs is not taken into account.

c) Interest rate risk

Interest rate risk is associated with debt investments that respond to changes in the level of market interest rates. These include investments, the income from which is linked to variable interest rates, and debt instruments where interest income is linked to a fixed interest rate but their market value changes upon any fluctuation of the level of market interest rates. The exposure to interest rate risk is regularly measured by the Modified Duration indicator.

Table 37: Analysis of investment sensitivity to changes in market interest rates – change in interest rates by 100 basis points

	Interest rate change	Sensitivity of interest income	Effect on fair value	in 000 EUR Total
31 Dec 2024				
Financial assets measured at fair value through profit or loss	+/- 1%	+/- 0	-/+ 10.409	-/+ 10.409
Financial assets measured at amortised cost	+/- 1%	+/- 0	-/+ 0	-/+ 0
Financial assets measured at fair value through other comprehensive income	+/- 1%	+/- 0	-/+ 340	-/+ 340
Total		+/- 0	-/+ 10.749	-/+ 10.749

	Interest rate change	Sensitivity of interest income	Effect on fair value	in 000 EUR Total
31 Dec 2023				
Financial assets measured at fair value through profit or loss	+/- 1%	+/- 0	-/+ 7.605	-/+ 7.605
Financial assets measured at amortised cost	+/- 1%	+/- 0	-/+ 0	-/+ 0
Financial assets measured at fair value through other comprehensive income	+/- 1%	+/- 0	-/+ 511	-/+ 511
Total		+/- 0	-/+ 8.116	-/+ 8.116

The calculation of the interest revenue sensitivity was made by taking into account the investments subject to variable interest rate, whereas the impact on fair value was calculated by taking into account the investments subject to fixed interest rate, including investments in bond investment funds. If market interest rates had changed by 100 basis points, the value of the investments as at 31 December 2024 would have changed by EUR 10,749 thousand (31 Dec 2023: EUR 8,116 thousand). Interest rate risk increased in 2024 due to higher exposure to investments sensitive to changes in market interest rates.

d) Market risk

Market risk represents the possibility of the value of equity securities to change due to the changes in market indexes and market prices of specific equity instruments. For equity securities, beta indicator is calculated as a measure of systematic risk. The value-at-risk (VaR) indicator is also monitored.

Table 38: Market risk of the equity securities portfolio and ETFs with investments in equity securities

in 000 EUR

Change by +/- 10%	31 Dec 2024		31 Dec 2023	
	index change	portfolio change	index change	portfolio change
Impact on statement of profit or loss	+/- 30,607	+/- 32,924	+/- 27,211	+/- 27,219
Impact on other comprehensive income	+/- 1,404	+/- 66,420	+/- 14,778	+/- 52,321
Total	+/- 32,012	+/- 99,344	+/- 41,989	+/- 79,540

The impact assessment takes into account market equity investments, excluding bond ETFs. The impact on profit or loss arises from investments, measured at fair value through profit or loss, and the impact on other comprehensive income arises from investments, measured through other comprehensive income. Index risk is calculated using the beta indicator relative to the global stock index, while portfolio risk takes into account a +/- 10% change in market investment prices. The market risk of equity securities and target funds with investments in equity securities relative to the change in the index decreased in 2024 due to the lower value of the beta indicator, mainly of domestic market equity investments, while the market risk, taking into account only the change in investment prices, increased due to the higher value of the equity portfolio.

Table 39: Overview of financial assets according to marketability

in 000 EUR

Financial asset	31 Dec 2024	31 Dec 2023
Securities traded on the regulated market	1,204,481	971,360
Financial investments measured at fair value through profit or loss	494,979	403,763
Financial investments measured at amortized cost	7,844	5,815
Financial investments measured at fair value through other comprehensive income	701,658	561,782
Securities not traded on the regulated market	281,185	300,026
Financial investments measured at fair value through profit or loss	28,567	53,217
Financial investments measured at amortized cost	3,219	4,729
Financial investments measured at fair value through other comprehensive income	249,399	242,080
Cash and cash equivalents	2,170	1,909
Total	1,487,836	1,273,295

As at 31 December 2024, investments traded on regulated securities markets comprised 81.0% of the total financial assets of Kapitalska družba (this group also includes OTC investments or inter-bank market investments). Financial assets measured at fair value through other comprehensive income which are not traded on regulated market include non-marketable shares and stakes.

e) Liquidity risk

Liquidity risk represents the possibility of liabilities not being settled upon maturity. Risk is managed by daily monitoring of the inflows and outflows, and precise matching of maturity of assets and liabilities. As at 31 December 2024, Kapitalska družba recorded a total of EUR 1,351,093 thousand of surplus of expected non-discounted cash inflows over outflows. The shortfall in expected undiscounted cash flows in periods of less than one year and over one year to five years will be covered by the sale of investments with maturities over five years and inflows from investments without maturities.

Table 40: Expected actual non-discounted cash flows

in 000 EUR

31 Dec 2024	Less than 1 year	From 1 to 5 years	Over 5 years	No maturity	Total
Investments in securities	19,497	49,971	23,807	1,401,443	1,494,718
Financial investments measured at fair value through profit or loss	17,746	20,172	23,807	468,695	530,420
Financial investments measured at amortized cost	1,028	11,158	0	0	12,186
Financial investments measured at fair value through other comprehensive income	723	18,641	0	774,585	793,949
Financial investments at cost	0	0	0	158,163	158,163
Cash and cash equivalents	2,170	0	0	0	2,170
Operating receivables	1,662	1,347	0	0	3,009
Total assets	23,329	51,318	23,807	1,401,443	1,499,897
Operating liabilities	2,271	50	0	0	2,321
Financial liabilities	81,483	65,000	0	0	146,483
Total operating and financial liabilities	83,754	65,050	0	0	148,804
Difference	-60,425	-13,732	23,807	1,401,443	1,351,093

in 000 EUR

31 Dec 2023	Less than 1 year	From 1 to 5 years	Over 5 years	No maturity	Total
Investments in securities	24,113	37,300	29,719	1,160,911	1,252,043
Financial investments measured at fair value through profit or loss	19,718	10,321	27,509	377,831	435,378
Financial investments measured at amortized cost	1,193	9,826	0	0	11,018
Financial investments measured at fair value through other comprehensive income	3,202	17,153	2,210	624,917	647,483
Financial investments at cost	0	0	0	158,163	158,163
Investment in financial receivable	28,416	0	0	0	28,416
Cash and cash equivalents	1,909	0	0	0	1,909
Operating receivables	11,569	280	0	0	11,849
Total assets	66,007	37,580	29,719	1,160,911	1,294,217
Operating liabilities	1,306	2	0	0	1,308
Financial liabilities	65,000	65,000	0	0	130,000
Total operating and financial liabilities	66,306	65,002	0	0	131,308
Difference	-299	-27,423	29,719	1,160,911	1,162,909

The No Maturity column includes stocks, shares, and investment coupons. Compared to the presentation for the year ended 31 December 2023, their presentation has changed, namely, in the previous year's presentation these items were included in the Less than one year column, but in this year's presentation they are presented in a separate column. The presentation of comparative data was also adjusted to these changes.

f) Contingent assets and liabilities

Table 41: Contingent assets and liabilities

	in 000 EUR	
	31 Dec 2024	31 Dec 2023
Contingent assets	7,674	7,674
Contingent liabilities	754	960

As at 31 December 2024, Kapitalska družba had a contingent receivable due from company Kompas Shop, d. d., in the amount of EUR 7,674 thousand, which is being claimed in a non-contentious procedure (31 December 2023: EUR 7,674 thousand).

The contingent liabilities relate to the commitment of Kapitalska družba to purchase units of target funds.

15.4 OTHER DISCLOSURES

a) Remuneration of the members of the Management Board, Supervisory Board and employees with executive employment contracts

The members of the company's bodies are listed in the introductory part of the Annual Report, under section 2. *Presentation of Kapitalska družba, d. d.*

In 2024, remunerations paid for carrying out the responsibilities and duties of members of the Management Board, Supervisory Board, and employees with executive employment contracts to which the tariff section of the collective agreement does not apply, amounted to EUR 1,091 thousand.

Table 42: Remuneration by category of beneficiaries in 2024

	in EUR
Category of beneficiaries	Receipt amounts
Management Board members	405,517
Members of the Supervisory Board	109,519
Employees with individual contracts	576,193
Total	1,091,229

No advances, loans or collateral were approved to members of the Management Board, the Supervisory Board and employees with individual contracts by Kapitalska družba in 2024.

b) Remuneration of Members of Management and Supervisory Boards

Remuneration of the members is regulated by ZSDH-1. Pursuant to fifth paragraph of Article 51 of ZSDH-1, the same conditions and criteria as apply to the members of the Management Board of SDH apply to the members of the Management Board of the Kapitalska družba. By mutatis mutandis application of Article 46 of ZSDH-1, the receipts of the Management Board members are set by the Supervisory Board, without considering the provisions of the act governing the remuneration of supervisory body members of companies with majority ownership held by the Republic of Slovenia or self-governing local communities. The employment contracts made with the Management Board members are consistent with the said legal basis. The basic salary of the members of the management board was determined by the supervisory board and is fixed for the entire duration of the contract, whereby, at the proposal of the members of the management board, taking into account the change in the average gross salary paid in the Kapitalska družba Group, it may be adjusted once a year, after the data on the average salary in the Kapitalska družba Group for the previous business year are known, provided that the supervisory board agrees to the adjustment. The basic pay of the members of the Management Board of Kapitalska družba was calculated and paid in 2024 taking into account the above criteria. Pursuant to the contract, each member of the Management Board is entitled to attend training at home and abroad up to 15 days per year paid by Kapitalska družba, as specified in the adopted Business and Financial Plan of Kapitalska družba.

Table 43: Remuneration of members of the Management Board in 2024

Name and surname	Fixed remuneration	Variable income	Benefits	reimbursement	Cost	Insurance premiums (PDPZ)	Other additional payments	in EUR	
								Total gross	Deferred income
Bachtiar Djalil (Chairman of the Management Board)	166,547	33,851	46		2,168	2,904	2,300	207,816	21,015
Gregor Bajraktarević (Member of the Management Board)	158,116	31,838	-		2,543	2,904	2,300	197,701	19,625
Total	324,663	65,689	46		4,711	5,808	4,600	405,517	40,640

Fixed income of the members of the Management Board includes gross salary receipts. Variable income includes a performance bonus, which equals up to 30% of the annual basic gross salary for the business year, taking into account the performance criteria. The variable part of the income by the Management Board relates to the first part of the performance-based remuneration for 2023 and to the second part of the performance-based remuneration for 2021, both on the basis of a combination of quantitative and qualitative criteria. Benefits include benefits from the collective accident insurance. Cost reimbursements include reimbursement of meal and travel and/or accommodation expense and/or per diems. Insurance premiums (PDPZ) represent payments of the voluntary supplementary pension insurance premium. Other payments include pay for holiday allowance. Deferred remuneration comprises the second part of the payment of variable remuneration for 2023, which will be paid in 2026.

Table 44: Remuneration of the members of the Supervisory Board in 2024

	in EUR			
Name and surname	Fixed remuneration – payment for performance of duties	Fixed remuneration – attendance fees	Cost reimbursement	Total gross
Janez Tomšič (Chairman of the Supervisory Board)	16,500	1,870	-	18,370
Boris Žnidarič (Deputy chairman)	12,100	1,870	41	14,011
Ladislav Rožič (Member of the Supervisory Board; Member of the HR Committee)	13,750	1,980	-	15,730
Boštjan Leskovar (Member of the Supervisory Board; Chairman of the HR Committee, Member of the Audit Committee)	16,500	4,596	516	21,612
Mirko Miklavčič (Member of the Supervisory Board; Member of the Audit Committee)	13,750	3,850	1,041	18,641
Andreja Cedilnik (Member of the Supervisory Board, Chairman of the Audit Committee, Member of the HR Committee)	16,500	4,510	145	21,155
Total	89,100	18,676	1,743	109,519

Fixed receipts of the Supervisory Board members include payments for the performance of duties of the Supervisory board (basic and extra pay for participation in the Supervisory board committees) and session fees for attending the meetings of the Supervisory board and its committees. Cost reimbursements include reimbursement of travel expenses.

Table 45: Remuneration of the external members of the Supervisory Board's committees in 2024

	in EUR			
Name and surname	Fixed remuneration – payment for performance of duties	Fixed remuneration – attendance fees	Cost reimbursement	Total gross
Natalija Stošicki (External Member of the Audit Committee)	3,600	1,540	168	5,308

Fixed income of the external members of the Supervisory Board committees consists of the remuneration for the performance of duties and attendance fees for the attendance at the Supervisory Board committees' meetings. Cost reimbursements include reimbursement of travel expenses.

Table 46: Remuneration of the members of the management and supervisory bodies arising from the performance of duties in the subsidiary Modra zavarovalnica in 2024.

	in EUR		
Name and surname	Fixed remuneration - remuneration for the work performed	Fixed remuneration - attendance fees	Total gross
Bachtar Djalil	11,596	1,650	13,246

Fixed income consists of the remuneration for the work performed and attendance fees at the meetings.

c) Activities of the Supervisory Board and committees of Kapitalska družba

The Supervisory Board held seven meetings in 2024. Its members attended the meetings regularly; Ladislav Rožič was not able to attend two meetings for justifiable reasons.

The Audit Committee of the Supervisory Board held nine meetings. Its Members attended the meetings regularly; external member Natalija Stošicki was not able to attend two meetings for justifiable reasons.

The HR Committee held three meetings. All members attended all sessions.

d) Information about encumbrances

Pursuant to paragraph 5 of Article 48.a of ZNVP-1, Kapitalska družba also acquired registry securities that were encumbered with a pledge, which has two legal bases. Firstly, on the basis of a legal transaction with entry in the central register of book-entry securities, and secondly, on the basis of a seizure or entry of an enforcement order in the central register of book-entry securities, all in the amount of EUR 22 thousand.

The remaining assets owned by Kapitalska družba are free from mortgages, pledges or other encumbrances.

Fixed assets are not under finance lease nor have they been acquired for the purpose of trading.

e) Related-party transactions

In 2024, Kapitalska družba didn't make any significant transactions with its related parties, that would not be concluded under normal market conditions.

f) Important events after the date of the statement of financial position

From the end of 2024 until the date of approval of the financial statements for publication, Kapitalska družba, d. d., had no business events that could have a significant impact on its financial statements for 2024.

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