KAPITALSKA DRUŽBA



2025 CONSOLIDATED ANNUAL REPORT

Kapitalska družba d. d.

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LIST OF USED ABBREVIATIONS

AC	Amortised cost
GDP	Gross domestic product
BVAL	Bloomberg Valuation Service
CBBT	Composite Bloomberg Bond Trader
CSM	Contractual Service Margin
CSRD	Corporate Sustainability Reporting Directive
VAT	Value-added tax
DMA	Double Materiality Assessment
DPJU	Dynamic Civil Servants Sub-fund
EAD	Exposure at Default – EAD
ECB	European Central Bank
ESG	Environment, Social, and Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
EUR	Euro
EWS	Early Warning System
FIFO	First In First Out
FSC certificate	Forest Stewardship Council certification
FTE	Full-Time Equivalent
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
GHG	Greenhouse Gas Protocol
GMM	General Measurement Model
ILO	International Labour Organization
IMF	International Monetary Fund
IoNP	Investment policy statements
IRO	Impact, Risks and Opportunities
IRRD	Insurance Recovery and Resolution Directive
KDD	Central Securities Clearing Corporation
KKUDD	Corporate Governance Code for State-owned Enterprises
KPSJU	Life-Cycle Civil Servants Sub-Fund
KS MR	Modra Renta Guarantee Fund
KS MR II	Modra Renta II Guarantee Fund

KS PPS	Guarantee Fund of the First Pension Fund of the Republic of Slovenia
LC	Loss Component
LGD	Loss Given Default
LIC	Liabilities for Incurred Claims
LLP	Last Liquidity Point
LRC	Liabilities for Remaining Coverage
MDP	Dynamic Sub-Fund
MKPS	Life-Cycle Pension Fund (MKPS)
MPP	Prudent Sub-Fund
IAS	International Accounting Standards
MSCI	Morgan Stanley Capital International Index
IFRS	International Financial Reporting Standards
MZP	Guaranteed Sub-Fund
OdSUND	Ordinance on the strategy for the governance of the State‘s assets (Official Gazette of the Republic of Slovenia, No. 59/2024)
OdSUND-1	Ordinance on the strategy for the governance of the State‘s assets (Official Gazette of the Republic of Slovenia, No. 20/2025)
OECD	Organisation for Economic Cooperation and Development
IASB	International Accounting Standards Board
IFRIC	The International Financial Reporting Interpretations Committee
OTC	Over The Counter Market
PAI	Principal Adverse Impacts
PD	Probability of Default
PDPZ	Voluntary supplementary pension insurance
POCI	Purchased or Originated Credit-Impaired
PPJU	Prudent Civil Servants Sub-Fund
PPS	First Pension Fund of the Republic of Slovenia
RFR	Risk Free Rate
ROE	Return on Equity
RS	Republic of Slovenia
SBI TOP	Central Slovenian stock market index
SCR	Solvency Capital Requirement
SDG	Sustainable Development Goals
SSH	Slovenian Sovereign Holding, d. d.
SFDR	Sustainable Finance Disclosure Regulation
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
UFR	Ultimate Forward Rate
IASB	International Accounting Standards Board

USD	US dollar
VaR	Value at Risk
VSME	Voluntary Sustainability Reporting Standard for Small and Medium-sized Undertakings
WEO	World Economic Outlook
ZGD-1	Companies Act (Official Gazette of the Republic of Slovenia, No. 42- 2006, 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)
ZIPRS2627	Act Regulating the Implementation of the Budgets of the Republic of Slovenia for 2026 and 2027 (Official Gazette of the Republic of Slovenia No. 95/2025)
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)
ZPIZ-2O	Amendment to the Pension and Disability Insurance Act (Official Gazette of the Republic of Slovenia, No. 90/2025)
ZPJU	Guaranteed Civil Servants Sub-Fund
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)
ZSDH-1	Slovenian State Holding Act (Official Gazette of the Republic of Slovenia, No. 25/2014, as amended and supplemented)
ZPSPID	Act on the First Pension Fund of the Republic of Slovenia and the Transformation of Authorised Investment Companies (Official Gazette of the Republic of Slovenia, No. 26/2005, 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)

KAPITALSKA DRUŽBA GROUP
IN NUMBERS | 2025



↑ +20% to EUR 1,995 million

Equity of Kapitalska družba Group



EUR **2,830** million

Assets of Kapitalska družba Group



EUR **409.6** million

Comprehensive income of Kapitalska družba Group excluding ZPIZ expenses



17.98%

Total comprehensive return on equity of Kapitalska družba Group



EUR **12.4** million

Net profit or loss of Kapitalska družba Group



EUR **81.5** million

Funds paid into the public pension fund (ZPIZ)



126

Number of employees



INTRODUCTION
TO THE ANNUAL REPORT

1

PRESENTATION OF THE KAPITALSKA DRUŽBA GROUP

Kapitalska družba Group (hereinafter referred to as the Group) consists of the controlling company Kapitalska družba, d. d. (hereinafter referred to as Kapitalska družba), and two subsidiaries, Modra zavarovalnica, d. d. (hereinafter referred to as Modra zavarovalnica), and Hotelske nepremičnine, d. o. o. (hereinafter referred to as Hotelske nepremičnine). The subsidiaries report to the parent company in accordance with the Corporate Governance Code of the Kapitalska družba Group (hereinafter: the Group Code), which also defines reporting guidelines that determine the content, deadlines and methods of reporting by the subsidiary to the parent company in the Group. Associates of Kapitalska družba are listed in Note 14 in the accounting part of the report.

1.1 KAPITALSKA DRUŽBA, D. D.

1.1.1 Company

Company name	Kapitalska družba pokojninskega in invalidskega zavarovanja, d. d.
Registered seat	Dunajska cesta 119, Ljubljana
Registration number	5986010000
VAT ID	SI59093927

1.1.2 Ownership Structure and Equity

As at 31 December 2025, the sole shareholder of Kapitalska družba 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.

1.1.3 Activities of the company

The main activity of 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:

Activity code	Activity name
58.110	Book publishing
58.190	Other publishing activities
58.290	Other software publishing
62.100	Computer programming activities
62.200	Consulting on computer hardware and software, as well as the management of computer equipment and systems
62.900	Other information technology and computer service activities
63.100	Activities related to computer infrastructure, data processing and hosting, and related activities
63.910	Web search portal activities
64.210	Activities of holding companies
64.220	Activities of financing conduit vehicles
64.310	Activities of investment funds operating in money markets and non-money markets
64.990	Other unclassified financial service activities, except insurance and pension fund activities
65.300	Pension funding
66.290	Other activities auxiliary to insurance and pension funding
68.110	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
70.200	Business and other management consultancy activities
73.200	Market research and public opinion polling
85.590	Other education n.e.c.
85.690	Educational support activities

1.1.4 Bodies of the Company

1.1.4.1 Management Board



***Bachtiar Djalil**, Chairman*



***Gregor Bajraktarević**, Member*

In 2025, Kapitalska družba was run by the Management Board composed of:

		Term of office	
Name and Surname	Function	From	To
Bachtiar Djalil	Chairman	4 January 2023	4 January 2027
Gregor Bajraktarević	Member	9 February 2023	9 February 2027

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 Slovenian Sovereign Holding Act (ZSDH-1). One of the Members is appointed as 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.

1.1.4.2 Supervisory Board

In 2025, the Supervisory Board of Kapitalska družba operated in the following composition:

		Term of office	
Name and Surname	Function	From	To
Maja Menard	Chairman (from 23 October 2025)	21 October 2025	20 October 2029
Boris Žnidarič	Deputy chairman (from 9 March 2023)	2 February 2023	1 February 2027
Andreja Cedilnik	Member	31 August 2022	30 August 2026
Krešo Šavrič	Member	21 October 2025	20 October 2029
Mitja Brudar	Member	22 August 2025	21 August 2029
Mirko Miklavčič	Member	2 February 2023	1 February 2027
Janez Tomšič	Chairman (5 November 2021–20 October 2025)	21 October 2021	20 October 2025
Boštjan Leskovar	Member	21 October 2021	20 October 2025
Ladislav Rožič	Member	2 February 2023	16 February 2025

The procedure for appointing the Supervisory Board of Kapitalska družba is described in Chapter 17.1 *General disclosures under Amendments to the Articles of Association and the Rules on Appointing the Management Board and the Supervisory Board of the controlling company.*

1.1.4.3 General Meeting

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

1.1.5 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 and 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 represented in favour of the male gender in the management board at a ratio of 100% : 0%. In the Supervisory Board, gender diversity was represented for most of the year in favour of the male gender at a ratio of 83.3% : 16.7%; following the change in the composition of the supervisory board on 21 October 2025, it has been represented at a ratio of 66.66% : 33.34% in favour of the male gender.

1.2 MODRA ZAVAROVALNICA, D. D.

1.2.1 Company

Company name	Modra zavarovalnica, d. d.
Registered seat	Dunajska cesta 119, Ljubljana
Registration number	6031226
VAT ID	SI21026912

1.2.2 Ownership Structure and Equity

As at 31 December 2025, 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. The share of an individual no-par value share in the share capital is determined according to the number of no-par shares issued.

1.2.3 Activities of the company

Modra zavarovalnica performs activities within the group of life insurance products pursuant to the Insurance Act (ZZavar-1) and the decision issued by the Insurance Supervision Agency allowing the company to perform insurance transactions in the following insurance segments:

- 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:

Activity code	Activity name
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

1.2.4 Bodies of the Company

1.2.4.1 Management Board

Pursuant to the company's Articles of Association, the Management Board comprises three members. In 2025, Modra zavarovalnica was run by the Management Board composed of:

		Term of office	
Name and Surname	Function	From	To
Matej Golob Matzele	Chairman of the Management Board	10 May 2023	10 May 2027
Matija Debelak	Member	14 September 2025	14 September 2029
		14 September 2021	14 September 2025
Boštjan Vovk	Member	1 October 2022	1 October 2026

The Management Board runs the company in its best interest, independently and at its own responsibility. The Management Board represents and presents the company without limitations. In legal transactions, the company is represented by two Management Board members jointly, i.e. the Chairman and one member, a member with the Chairman or another member of the Management Board. The Company's Articles of Association lay down the transactions and decisions that are subject to approval by the Supervisory Board.

In 2025, the Management Board executed its powers in line with the Management's Rules of Procedure, made regular reports to the Supervisory Board and, in line with the Articles of Association, fulfilled its obligations to the shareholder as laid down by the Companies Act (ZGD-1).

1.2.4.2 Supervisory Board

In 2025, the Supervisory Board comprised the following members:

		Term of office	
Name and Surname	Function	From	To
Branimir Štrukelj	Chairman (from 23 December 2025)	9 December 2024	9 December 2028
	Deputy Chairman (from 23 December 2024 until 23 December 2025)		
Bachtiar Djalil	Deputy Chairman (from 23 December 2025)	9 June 2025	9 June 2029
	Chairman (from 23 December 2024 until 23 December 2025)	9 June 2021	9 June 2025
Janez Prašnikar	Member	9 June 2021	9 June 2025
Aljoša Valentinčič	Member	9 June 2025	9 June 2029
Marko Cvetko	Member	9 December 2024	9 December 2028
Irena Ilešič Čujovič	Member	9 December 2024	9 December 2028
Goranka Volf	Member	9 December 2024	9 December 2028

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.

1.2.4.3 General Meeting

The voting rights at the general meeting in 2025 were exercised by Kapitalska družba as the sole shareholder.

1.3 HOTELSKE NEPREMIČNINE, D. O. O.

1.3.1 Company

Company name	Hotelske nepremičnine, d. o. o.
Registered seat	Dunajska cesta 119, Ljubljana
Registration number	8290130000
VAT ID	SI86977334

1.3.2 Ownership Structure and Equity

Kapitalska družba and Modra zavarovalnica established the company Hotelske nepremičnine on 2 October 2018. As at 31 December 2025, the share capital of the latter equals EUR 25,000.00 and each founder holds a 50% interest.

1.3.3 Activities of the company

The company was founded for the purchase of property, namely of the San Simon resort.

Principal activity:

Activity code	Activity name
68.200	Renting and operating of own or leased real estate

1.3.4 The company's management

In 2025, the following directors led Hotelske nepremičnine:

Name and Surname	Function
Zoran Perše	Director
Roman Jerman	Director

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STATEMENT BY THE MANAGEMENT BOARD OF THE CONTROLLING COMPANY

The year 2025 was very successful for the Kapitalska družba Group despite rising tensions in the international environment and weak economic growth: capital increased by EUR 338.9 million, approaching EUR 2.0 billion, while total assets exceeded EUR 2.8 billion. The Group turned numerous challenges into many opportunities and achieved a net profit of EUR 12.4 million and total comprehensive income of EUR 328.1 million, which would have amounted to as much as EUR 409.6 million without the transfer to the Pension and Disability Insurance Institute of Slovenia (ZPIZ).

The Kapitalska družba Group is a strong and robust pillar of the Slovenian pension system: it is the largest provider and administrator of supplementary pension insurance and the largest payer of supplementary pensions, i.e. annuities, in the Republic of Slovenia. More than 372 thousand insured persons or members are saving in its mutual pension funds, with total assets collected exceeding EUR 2.8 billion. Total contributions to supplementary pension insurance amounted to EUR 231 million in 2025. Since its establishment, the Group has been setting standards of quality management of pension funds, once again demonstrating the importance of its role in ensuring the stability of the pension system. Its largest subsidiary, Modra zavarovalnica, is a modern insurance company offering accessible insurance and other financial solutions to enhance individuals' social security at all stages of life. It enables its policyholders to save for a higher quality of life after retirement.

As a demographic reserve fund, Kapitalska družba makes regular contributions to the public pension system, thus helping to cover the cost of pensions paid by ZPIZ. In 2025, we transferred EUR 81.5 million to ZPIZ. By delivering on our commitments in a sustainable way, we contribute to the reliability of the Slovenian pension system, even though the amount of these contributions exceeds the characteristics of the assets held by Kapitalska družba.

Strong business performance and the significant increase in capital are attributable to the employees of the Group and relatively favourable conditions on the financial markets, in particular the positive performance of equity prices of Slovenian capital investments. The inclusive and goal-oriented organisational culture is increasingly underpinned by comprehensive aspects of sustainable business practices on a day-to-day basis. This means supporting responsible business practices, expanding connectivity, promoting integrity and responsible business practices, and empowering employees. In this way, the Group's core values are realised: security, professionalism, responsibility, integrity, teamwork, and customer focus. The Group's values build stakeholders' trust and enable the achievement of ambitious targets. Meeting stakeholders' expectations requires the continuous transformation of the business model.

Through the sustainable fulfilment of its commitments, the Group contributes to the reliability of the Slovenian pension system. The Group's mission serves the sustainable development of a long-lived Slovenian society; therefore, all its efforts are directed towards the well-being and stability of the pension system in Slovenia. As one of the strongest financial institutions in the country, the Kapitalska družba Group is well prepared to face new challenges. Empowered and motivated employees, distinguished by strong work discipline, expertise, and creativity, provide the foundation for the Group's successful future development and its significant role within the Slovenian pension system.



Gregor BAJRAKTAREVIĆ
Member of the Management Board



Bachtiar DJALIL
Chairman of the Management Board

3

REPORT OF THE CONTROLLING COMPANY'S SUPERVISORY BOARD

REPORT OF THE SUPERVISORY BOARD ON THE VERIFICATION OF THE AUDITED CONSOLIDATED ANNUAL REPORT OF THE KAPITALSKA DRUŽBA GROUP FOR 2025

Pursuant to Article 282 of the ZGD-1, the Supervisory Board of Kapitalska družba d.d. 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 d.d. 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 the national-level federation/organisation of pensioners, and one is appointed on the basis of a proposal by the national-level trade union federation or confederation. The same conditions and criteria that apply to members of the supervisory board of SDH 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. Kapitalska družba's Supervisory Board initially functioned in the following composition in 2025:Janez Tomšič (chair), Dr Boris Žnidarič (deputy-chair), Andreja Cedilnik, Boštjan Leskovar, Mirko Miklavčič and Ladislav Rožič. The term of office of Supervisory Board member Ladislav Rožič ended prematurely on 16 February 2025 due to his death. The Supervisory Board thus functioned with five members until 21 August 2025. Mitja Brudar, Dr Maja Menard and Krešo Šavrič were appointed members of the Supervisory Board at the General Meeting on 22 August 2025. The terms of office of the three new members are four years. Mitja Brudar's term of office began on the day of his appointment. The terms of office of Dr Maja Menard and Krešo Šavrič began on 21 October 2025 following the end of the terms of office of Janez Tomšič and Boštjan Leskovar on 20 October 2025. At the Supervisory Board's 251st session of 23 October 2025, marking the start of the new term of office, Dr Maja Menard was elected chair of the Supervisory Board. 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 decision-making. In connection with the adoption of decisions by the Supervisory Board, the rules of procedure of Kapitalska družba's Supervisory Board include rules regarding conduct in the event of a potential conflict of interest. Janez Tomšič, who served as chair of the Supervisory Board until 20 October 2025 while also serving as a member of SDH d.d.'s management board, issued a statement of recusal in accordance with the fourth paragraph of Article 59 of the ZSDH-1 alongside the disclosures cited in his statement of independence.

The Supervisory Board held nine meetings during the 2025 financial year, comprising six ordinary sessions and three correspondence sessions.

The Kapitalska Družba Group comprises the parent company (Kapitalska družba) and two subsidiaries (Modra zavarovalnica d.d. and Hotelske nepremičnine d.o.o.). A review of the important matters discussed by the Supervisory Board in 2025 is presented below:

- particular attention in the monitoring of Kapitalska družba's operations in 2025 was given to the management of the Company's assets and to the management of the Compulsory Supplementary Pension Insurance Fund of the Republic of Slovenia (SODPZ), which is managed by Kapitalska družba;
- confirmation of the annual reports of Kapitalska družba and the Kapitalska Družba Group for the 2024 financial year, and confirmation of the proposal for the use of the distributable profit for 2024;
- formulation of a proposal to the General Meeting on the appointment of a certified auditor for the 2025, 2026 and 2027 financial years;
- formulation of a proposal to the General Meeting on the appointment of three new members of the Supervisory Board (owing to the premature end of one member's term, and the end of two other members' terms) on the basis of the candidate proposal procedure under Article 51 of the ZSDH-1 and Article 19 of the current Articles of Association;
- confirmation of the convening of the Company's Annual General Meeting;
- approval of Kapitalska družba's business-financial plan for the 2026 financial year;
- the Supervisory Board was continually briefed on the operations of the subsidiary Modra zavarovalnica d.d.;
- the Supervisory Board monitored the Company's management activities, in the scope of which the performance of individual Slovenian investments of significant value (some of them are defined as strategic or important investments in accordance with the Strategy for Managing State Investments) was presented and discussed in detail on a quarterly basis 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 to each general meeting. 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 gave the Management Board their consent to conclude transactions for the purchase and sale of securities and participating interests when the value of the specific transaction exceeded the value set out in the relevant Supervisory Board resolution. The Supervisory Board gave its consent to amendments to the overall asset management investment policy;
- adoption of amendments to the Rules laying down the rights of management board members arising from employment;
- monitoring of the work of the Internal Audit Department (the Supervisory Board discussed the report on the department's work for 2024, the department's half-yearly report for the period of January to June 2025, the department's annual work programme for 2026, and the department's strategic work plan for the period of 2026 to 2030 and the internal auditing strategy), and consent to the setting of remuneration for the head of the Internal Audit Department. It was also briefed on the content of the Global Internal Audit Standards, which have been in use since January 2025;
- the Supervisory Board carried out a self-assessment of the effectiveness of its work, based on which it conducted analysis and determined that additional measures were not required, although the guidance regarding training for Supervisory Board members and their familiarisation with legislative and other relevant developments remains pertinent.

The remuneration of members of the Supervisory Board and the external members of its committees is disclosed in the consolidated annual report in Tables 47 and 48.

The audit committee and the HR committee acted as advisory bodies to the Supervisory Board in 2025. The Supervisory Board finds that the cooperation between the Supervisory Board and its committees, the Management Board and the Company's departments was effective, correct and professional.

Work of the Supervisory Board's audit committee

The audit committee of Kapitalska družba's Supervisory Board comprises four members. In 2025 it functioned in the following composition until 22 October: Andreja Cedilnik (chair), Boštjan Leskovar (whose term of office ended on 20 October 2025), Mirko Miklavčič, and Natalija Stošicki (external member). The composition of the audit committee has been as follows since 23 October 2025: Andreja Cedilnik (chair), Mirko Miklavčič, Krešo Šavrič, and Natalija Stošicki (external member). The members of the audit committee are appointed from the members of the Supervisory Board until the end of their term of office on the aforementioned body, unless otherwise decided in a resolution of the Supervisory Board. The term of office of the independent expert (external member) is not tied to the terms of Supervisory Board members, and they may be replaced by the Supervisory Board at any time. The Supervisory Board's audit committee met at ten sessions in 2025. The audit committee is a permanent working body of the Supervisory Board, and throughout the financial year it closely monitors 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 fully complied with its powers under the ZGD-1 and its rules of procedure 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 also performed additional tasks by authorisation of the Supervisory Board. Following the selection process, the audit committee made a proposal to the Supervisory Board in 2025 for the appointment of an audit firm for the 2025, 2026 and 2027 financial years, reviewed the content of the auditing contract, and made a proposal to the Supervisory Board for the conclusion thereof. It was briefed on the performance of individual investments of significant value. It also monitored the work of the Internal Audit Department. Based on the findings of the report on the external assessment of the quality of internal auditing, the audit committee was briefed on the plan drawn up by the Internal Audit Department for the implementation of the external assessor's recommendations. In addition, the audit committee reviewed the Internal Audit Department's annual work programme for 2026, its strategic work plan for the period of 2026 to 2030 and the internal auditing strategy, and recommended that the Supervisory Board approve the adoption thereof. It was also briefed on the content of the Global Internal Audit Standards. In 2025 the audit committee consented to the conclusion of contracts 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 comprises three 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. In 2025 the HR committee functioned in the following composition until 12 March: Boštjan Leskovar (chair), Ladislav Rožič (whose term of office ended on 16 February 2025) and Andreja Cedilnik. The composition of the HR committee was as follows from 13 March to 22 October: Boštjan Leskovar (chair, whose term of office ended

on 20 October 2025), Andreja Cedilnik and Dr Boris Žnidarič. The HR committee has functioned in the following composition since 23 October 2025: Dr Boris Žnidarič (chair), Dr Maja Menard and Andreja Cedilnik. The HR committee met at five sessions in 2025. The HR committee's main tasks were as follows in 2025: support for the Supervisory Board in the formulation of a proposal for setting the variable remuneration of members of the Company's Management Board for 2024; the formulation of a proposal for a new member of the Supervisory Board (national-level trade union federation or confederation representative); the formulation of a proposal for qualitative objectives for the payment of variable remuneration to the Management Board for 2026; and the formulation of a proposal for changes to the Rules laying down the rights of management board members arising from employment, which the Supervisory Board later adopted. In addition, the HR committee conducted a self-assessment of its work in 2024 and analysed the results thereof. The HR committee regularly briefed the Supervisory Board on its work and findings during the latter's sessions.

Assessment of the work of the Management Board and Supervisory Board

On the basis of the above-described continual monitoring and supervision of the operations and management of Kapitalska družba and group companies during the 2025 financial year, and based on a review of the consolidated annual report of the Kapitalska Družba Group for 2025 compiled and submitted by the Management Board, the Supervisory Board assesses that the annual report and the disclosures contained therein reflect the actual situation and position of the Kapitalska Družba Group. In the Supervisory Board's assessment, the Management Board prepared materials in a timely manner, which facilitated high-quality information and the thorough discussion of the most important operational matters. 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 2025. 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 2025: 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 on 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 consolidated financial statements of the Kapitalska Družba Group for 2025, which was conducted by the audit firm PricewaterhouseCoopers d.o.o., Ljubljana, which issued an unqualified opinion in the report. In the auditor's opinion the consolidated financial statements present a true and fair picture, in all material respects, of the consolidated financial position of Kapitalska družba pokojninskega in invalidskega zavarovanja, d.d. (the Company) and its subsidiaries (collectively the Group) as at 31 December 2025, and of the consolidated financial performance of the Group and its consolidated cash

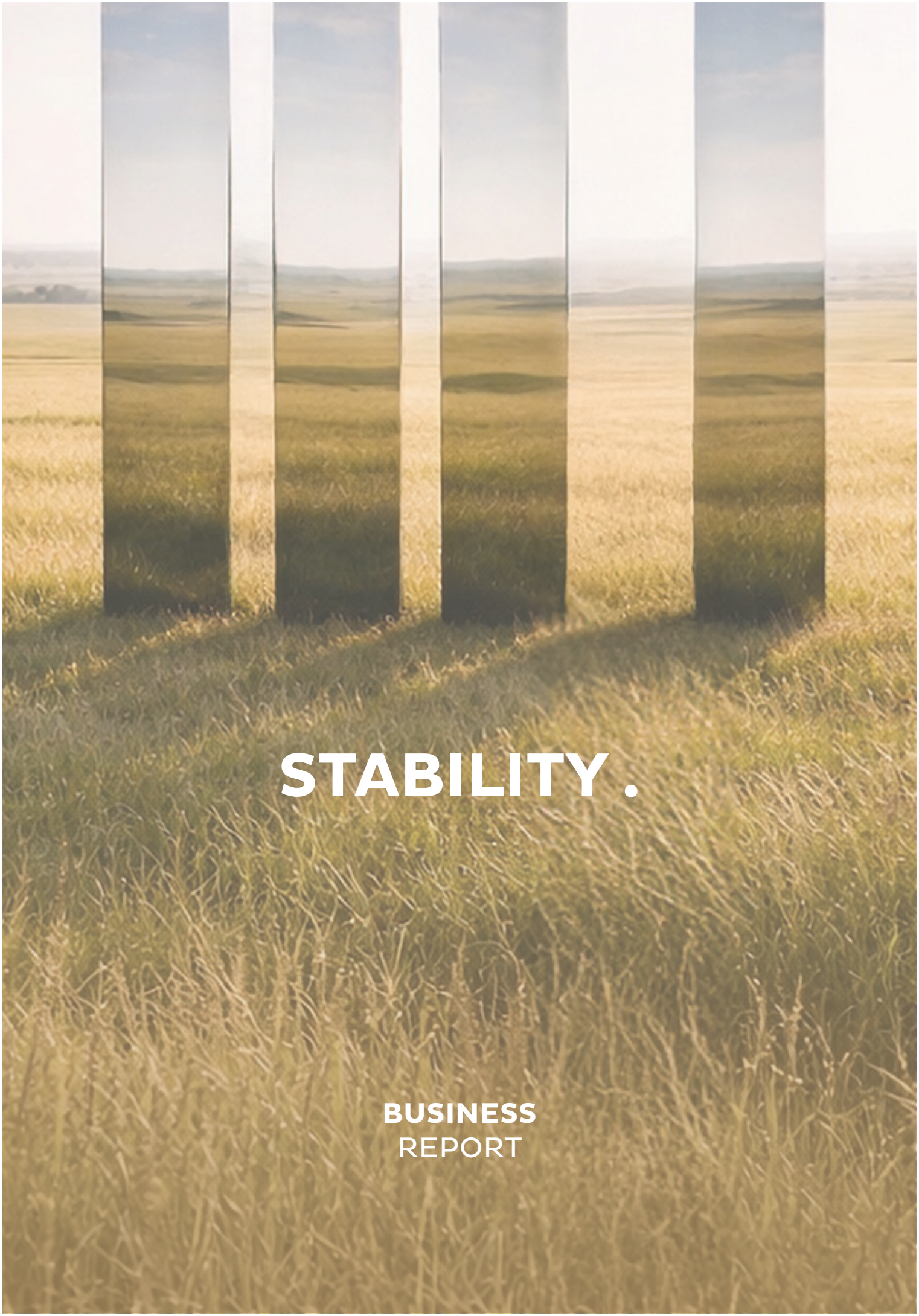
flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU. The Supervisory Board has no remarks regarding the audit report.

c) Resolution on the approval of the consolidated annual report for 2025

The audited consolidated annual report of the Kapitalska Družba Group for 2025 was discussed by the audit committee at its 120th session of 11 June 2026, and by the Supervisory Board at its 257th session of 18 June 2026. The audit committee assessed the annual report as appropriate, and proposed that the Supervisory Board approve the annual report.Pursuant to Article 282 of the ZGD-1, the Supervisory Board hereby approves the consolidated annual report of the Kapitalska Družba Group for 2025.

Dr Maja Menard
Chair of the Supervisory Board

Ljubljana, 18 June 2026


STABILITY .
BUSINESS
REPORT

4

ORGANISATION OF THE KAPITALSKA DRUŽBA GROUP

The Group is organised in line with the needs of the work process and requirements regarding the efficiency and competitiveness of operations. The role of Kapitalska družba as the parent company is also taken into account in the insurance group, in which Modra zavarovalnica and Hotelske nepremičnine are the subsidiaries. Kapitalska družba provides IT services to its subsidiaries.

4.1 REPORTING ON EMPLOYEES

Employees are the source of effort and knowledge contributing to the attainment of the Group's long-term goals and the satisfaction of its stakeholders. For this reason, the Group strives to create a working environment in which mutual trust, respect and cooperation in the attainment of the Group's goals is promoted. A great deal of attention is given to knowledge and education, as the Group understands that only through intensive investment in development can it respond quickly and effectively to the demands of a competitive market.

At the end of 2025, Kapitalska družba Group employed 126 people. 58 of them were working in Kapitalska družba and 68 in Modra zavarovalnica. The company Hotelske nepremičnine has no employees; both directors, who manage the company on the basis of a management contract, are employed by Kapitalska družba and Modra zavarovalnica.

Table 1: Number of employees by level of education

	Number of employees	
Education level	31 Dec 2025	31 Dec 2024
Level 8 (8/1, 8/2)	22	22
Level 7	52	53
Level 6 (6/1, 6/2)	31	29
Level 5	20	17
Level 4	1	1
Total	126	122

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BUSINESS ENVIRONMENT

5.1 MACROECONOMIC OPERATING FRAMEWORK

5.1.1 Gross domestic product, inflation and unemployment

The year 2025 was characterised by moderate growth in the global economy, demonstrating a high degree of resilience despite numerous structural and political risks. Global economic growth in 2025 was the result of a balance between supportive macroeconomic policies, improved financial conditions, and the positive effects of technological investment, particularly in the field of artificial intelligence, alongside the negative impacts of trade restrictions and geopolitical uncertainty. Measured in real GDP terms, growth amounted to 3.3%[1] and 3.2%[2] respectively, slightly above the average of the past decade but lower than in the decade preceding the global financial crisis.

Lower energy costs, improvements in global supply chains and moderating demand contributed to the continued disinflationary trend in 2025. In some countries, however, this trend temporarily stalled due to renewed increases in the prices of goods, services and food. According to estimates by the International Monetary Fund (IMF), average global inflation stood at 4.1% in 2025[3], representing a noticeable decline compared to previous years, although in certain countries it still exceeded central bank target levels.

The global labour market remained relatively resilient in 2025, albeit with clear signs of moderation. Organisation for Economic Cooperation and Development (OECD) notes that the ratio of job vacancies to unemployed persons in a number of major economies declined to levels below those recorded in 2019. The International Labour Organization (ILO) finds that slower labour force growth, driven by demographic shifts, stabilised unemployment rates despite weak employment growth. The global unemployment rate was estimated at 4.9% in 2025, unchanged from 2024[4]. Nominal wage growth slowed in most countries; however, due to lower inflation, real wage growth remained positive in many economies. The global labour market continues to adjust following the exceptional post-pandemic labour demand surplus, with demographic pressures and skills shortages remaining key structural challenges.

In 2025, the United States recorded slower but still positive economic growth of 2.2%. Household consumption and investment in high-tech sectors contributed significantly to growth, while lower exports and reduced government spending had a negative impact on economic activity. Inflation stood at 2.7% in 2025, with the pace of disinflation towards the target level slower than in other advanced economies. The labour market remained relatively strong, although clear signs of moderation are emerging. The unemployment rate stood at 4.3% at the end of the year, confirming a high level of employment despite less favourable macroeconomic conditions.

1 IMF Estimate, WEO, January 2026.
2 OECD Assessment, OECD Economic Outlook, December 2025.
3 IMF Estimate, WEO, January 2026.
4 ILO Assessment, Employment and Social Trends, January 2026.

In Europe, economic growth in 2025 was weaker than in the United States, amounting to 1.5%, reflecting structural challenges, weak industrial output and subdued external trade. Inflation in the euro area approached the ECB's target level, enabling a gradual normalisation of monetary policy. The unemployment rate in the EU hovered around 6%, indicating relatively favourable labour market conditions compared to historical averages, although disparities between individual countries remained pronounced.

In Slovenia, economic activity grew by 1.1% in 2025[5]. Domestic consumption made the largest contribution, increasing by 2.6%. The unemployment rate stood at 4.1% at the end of 2025, representing an increase of 0.6 percentage points compared to the previous year. The annual inflation rate rose from 1.9% to 2.7%, exceeding the average level in euro area countries. The main contributors to inflation in Slovenia were higher prices of food and non-alcoholic beverages, increases in housing, water, electricity, gas and other fuels, as well as price rises in healthcare and in restaurants and hotels[6].

Forecasts for 2026 point to a continuation of moderate global growth. The IMF estimates that global economic growth will reach 3.3% in 2026, similar to the level in 2025, while the OECD projects a slight slowdown in most economies covered by its forecasts. Based on the technical assumption of unchanged bilateral tariffs, the OECD forecasts economic growth of 2.9% in 2026, lower than in 2025, due to the effects of tariffs, the withdrawal of fiscal stimulus in China, and migration policy developments in the United States. Both institutions expect inflation to continue declining, globally towards 3.8%[7], albeit with significant regional divergences. Among the key risks, the OECD and IMF highlight the potential escalation of trade tensions, abrupt corrections in financial markets also linked to possible disappointment regarding the productivity gains from artificial intelligence and geopolitical conflicts that could affect supply chains and energy prices. Both institutions also warn of high fiscal deficits and rising public debt, which could limit the manoeuvring space for fiscal and monetary policy in the long term.

The table below shows the macroeconomic aggregates (gross domestic product, inflation and unemployment rate) for Slovenia and major world countries or regions for 2025.

Table 2: Gross domestic product, inflation and unemployment rate

2025	Annual inflation rate in %	Annual GDP growth in %	Unemployment rate in %
Slovenia	2.70	1.1	4.1
Germany	2.30	0.2	6.3
Euro area	2.10	1.5	6.3
USA	2.70	2.2	4.3
China	0.10	5.0	5.2

Source: Bloomberg (31 January 2026), SURS (27 February 2026).

5 First SURS assessment.
6 SURS data.
7 Data from IMF, WEO, January 2026.

5.1.2 Interest rates

In 2025, most major central banks in advanced economies continued to lower interest rates, while the Bank of Japan increased them. The ECB reduced its key interest rates four times in 2025, by a total of 1.0 percentage point, while the US Federal Reserve cut rates three times, by a total of 0.75 percentage points.

In 2025, inflation rates declined in both the United States and Europe. In Europe, inflation approached the target level, whereas in the United States it remained above the central bank's target.

Table 3: Basic interest rates of major central banks

	The level of the basic interest rate as at 31 December 2025
Euro area	2.0% (deposits interest rate) 2.15% (main refinancing interest rate)
USA	3.50–3.75%
UK	3.75%
Japan	0.75%
Canada	2.25%
China	3.5% (5-year interest rate)

Source: Bloomberg (31 January 2026).

5.2 TRENDS ON FINANCIAL MARKETS

The year 2025 was turbulent in financial markets. Despite the uncertainty stemming from measures adopted by the US administration, equity prices rose significantly; however, for euro-based investors, nearly 14% depreciation of the US dollar reduced returns in global markets. Debt securities indices also delivered positive returns. Prices of precious metals rose markedly.

The six-month EURIBOR declined from 2.6% at the beginning of the year to 2.0% in early July, following the ECB's final interest rate cut in June 2025. By the end of the year, it increased slightly to 2.1%.

The return on government bonds in the euro area amounted to 0.6% in 2025. Due to the longer average maturity of these investments, their returns were lower than those of euro-denominated corporate bonds, despite a more pronounced narrowing of credit spreads. The average return on corporate bonds issued in euros stood at 3.0%. The bond market also saw a steepening of the yield curve in 2025, implying a greater increase in yields to maturity for longer-term bonds. The yield to maturity on the 10-year German government bond rose from 2.4% at the beginning of 2025 to 2.8% at year-end.

The global equity index MSCI World (MSCI Daily TR Gross World) recorded a return of 7.2% in euro terms and 22% in USD terms. In 2025, most equity markets posted strong positive returns in local currency terms. Returns across most equity markets in Europe, Asia and Latin America exceeded those of US equity markets, both in local currency and in euro. For the second consecutive year, Slovenia ranked among the best-performing equity markets. The Slovenian prime market equity index delivered an exceptionally strong total return of 58%, including dividends.

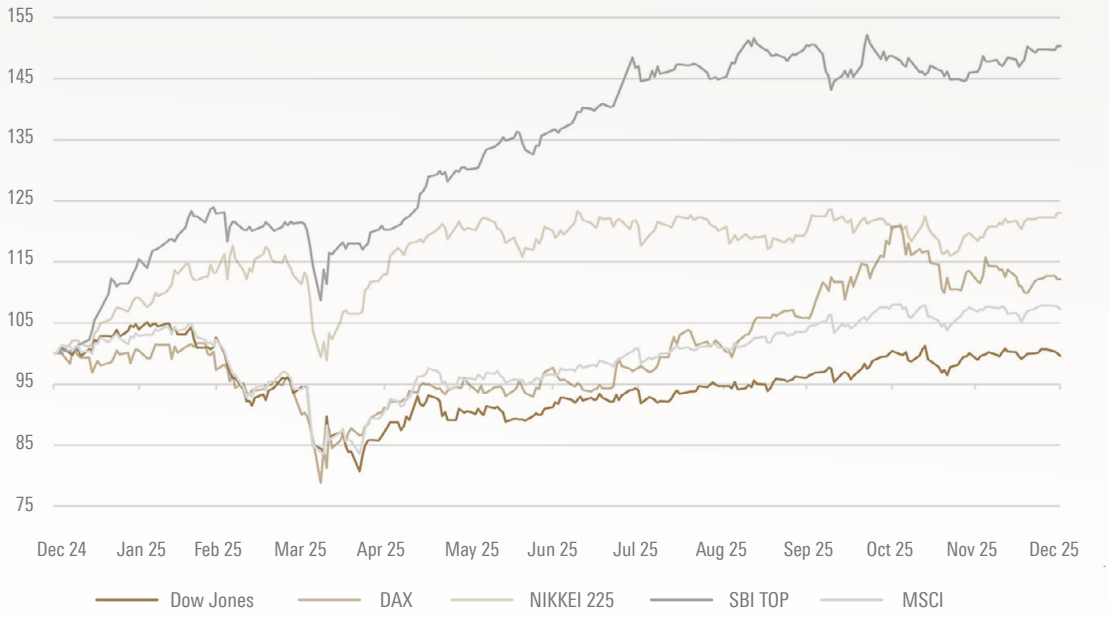
Amid geopolitical risks, concerns regarding fiscal policies and increased demand from certain central banks, gold prices rose by as much as 45% in 2025, measured in EUR.

Table 4: The returns of the most important financial markets

	Returns in 2025, measured in EUR, including dividend yield, in %
Stock indices	
SBI TOP – Slovenia	58.0
DAX – Germany	23.0
Dow Jones – USA	1.3
NIKKEI 225 – Japan	14.3
MSCI World TR – Global	7.2
Bond indices	
IBOXX EUR Sovereigns TR Index – government EUR bonds	0.64
IBOXX EUR Corporates TR Index – corporate EUR bonds	3.02
Exchange rate and raw materials	
EUR/USD	13.9
Crude petroleum – BRENT	-13.8
Gold	45.1

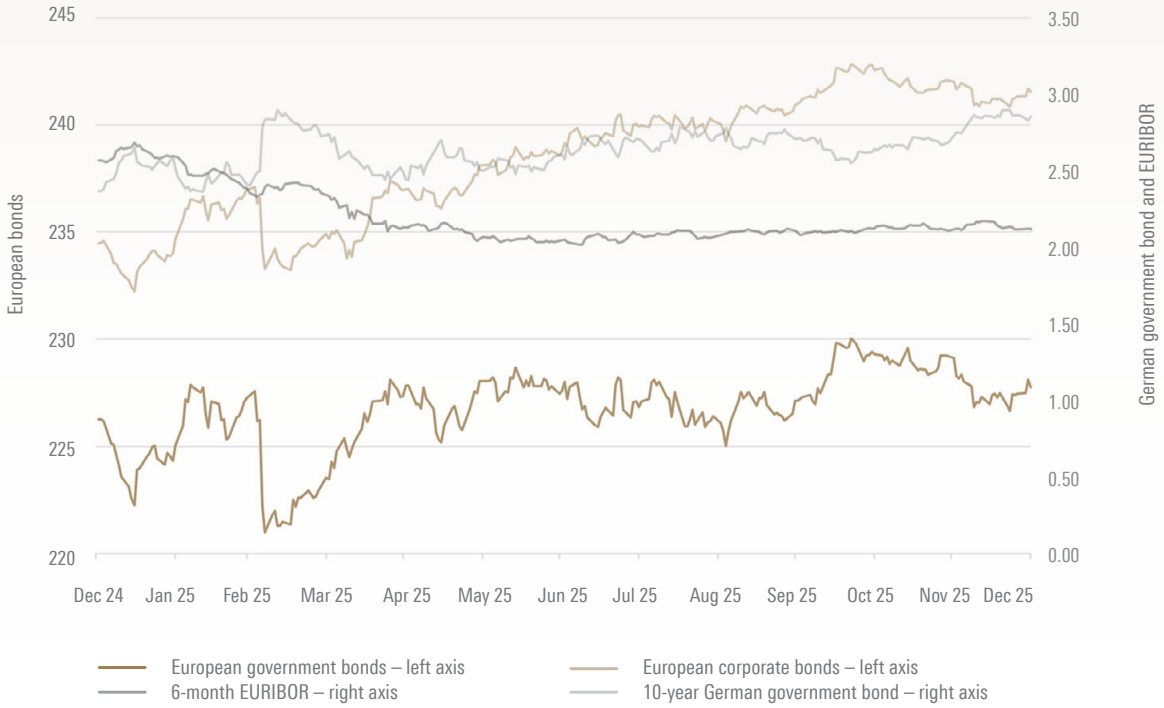
Source: Bloomberg (21 January 2026).

Figure 1: Changes of the Slovenian stock index SBI TOP and some foreign stock indices in 2025, in Euro (index: 31 December 2024 = 100)



Source: Bloomberg (29 January 2026).

Figure 2: 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 2025



Source: Bloomberg (29 January 2026).

6

2025 MANAGEMENT OF THE KAPITALSKA DRUŽBA GROUP

The Kapitalska družba Group consists of the controlling company (Kapitalska družba) and two subsidiaries (Modra zavarovalnica and Hotelske nepremičnine). The following presents the management of individual types of assets of companies in the Group and the funds under their management.

6.1 MANAGEMENT OF KAPITALSKA DRUŽBA'S OWN ASSETS

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

- Equity investments and
- Portfolio investments.

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

	Value (in EUR 000)		Share (in %)	
Investment type	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Equity investments	1,275,959	939,344	69.7	63.1
Strategic investments[8]	228,970	203,200	12.5	13.7
Important investments	960,063	658,191	52.4	44.2
Portfolio investments	86,926	77,953	4.7	5.2
Portfolio investments	555,995	548,493	30.3	36.9
Portfolio equity investments	18,189	17,865	1.0	1.2
Portfolio debt investments	57,921	84,224	3.1	5.7
Units of target funds	475,762	444,234	26.0	29.9
Cash and cash equivalents	4,123	2,170	0.2	0.1
Total financial assets	1,831,954	1,487,837	100	100

6.1.1 Management of equity investments

Equity 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, as well as investments allocated to it pursuant to the Book-Entry Securities Act (ZNVP-1).

8 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.

The total number of these investments was 118 on the last day of 2025. Their value as at 31 December 2025 amounted to EUR 1,275,959 thousand and increased by EUR 336,615 thousand compared to the previous year.

The company classifies capital investments into strategic, important and portfolio investments. As at 31 December 2025, they are classified in accordance with the Ordinance on the Strategy for the Governance of the State's assets (OdSUND-1), adopted by the National Assembly in March 2025, while as at 31 December 2024 it was based on the Ordinance on the Strategy for the Governance of State Investments (OdSUND), adopted by the National Assembly in July 2024.

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

	Number of investments		Value (in EUR 000)		Share (in %)	
Investment type	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Strategic investments	10	10	228,970	203,200	17.9	21.6
Important investments	6	6	960,063	658,191	75.2	70.1
Portfolio investments	102	116	86,926	77,953	6.8	8.3
Total capital investments	**118**	**132**	**1,275,959**	**939,344**	**100**	**100**

6.1.2 Sales and de-registrations of companies

In order to ensure transparency of the sale procedures and equal treatment of bidders, sales of investments were conducted through public announcements of invitations to bids. In 2025, 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 a share in the company First, d. o. o., for the sale of shares in the company Murka, d. d., acquired on the basis of Article 48.a of ZNVP-1, and for the sale of shares in the company Goričane, d. d., acquired on the basis of Article 48.a of ZNVP-1. In the 2025 financial year, Kapitalska družba also completed several sales carried out through a joint public offering process with the Slovenian Sovereign Holding (hereinafter: SSH), in two segments (joint investments owned by SSH or the Republic of Slovenia and Kapitalska družba, and investments owned by KAD), which was published at the end of 2024.

In the 2025 financial year, Kapitalska družba was entitled to a purchase price or severance pay in the amount of EUR 305,787.34 from sales, squeeze-outs, takeovers and liquidations.

In total, Kapitalska družba disposed of 18 investments, comprising one squeeze-out of minority shareholders (Telemach Tezno, d. d.), two de-registrations (Zlati Procent, d. d. – in bankruptcy, and 3In Skupina, d. d.), and one enforcement of pledged shares in favour of a creditor (MK Založba, d. d.), while 14 were sales (DZS, d. d.; G G Novo mesto, d. d.; Pecivo, d. d., Nova Gorica; Celjski sejem, d. d.; SIP, d. d., Šempeter; MAIS, d. d.; DBS, d. d.; KIG, d. d.; CPK, d. d.; Remont, d. d.; KD, d. d.; First, Murska Sobota, d. o. o.; Goričane, d. d., Medvode; and Murka, d. d.).

6.1.3 Acquisitions and purchases of companies

In 2025, Kapitalska družba did not receive any offers from sellers for the purchase of shares or equity interests and did not carry out any acquisitions of Slovenian capital investments. However, it did receive abandoned securities and securities from registry accounts into a special account of Kapitalska družba, governed by Article 48a of the Book-Entry Securities Act (ZNVP-1). Revenue from the acquisition of the aforementioned securities amounted to EUR 16,834 in 2025 and is recognized in the operating result as financial revenue.

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

In 2025, Kapitalska družba reasonably applied the Corporate Governance Code for Companies with State Capital Investment (hereinafter: the Code) adopted by SSH 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 has 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 (SSH).

In addition to the Code, Kapitalska družba has also taken into account its own Guidelines for Voting Positions at General Meetings in 2025 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.

At all general meetings attended by its representatives in 2025, Kapitalska družba acted in accordance with the adopted Code, with the exception of the defined recommended levels of remuneration for the performance of functions and the level of meeting fees for members of supervisory boards and management boards, where Kapitalska družba did not support increases in such remuneration. With regard to the remuneration and other rights of management boards, executive directors and management bodies 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). Disclosures regarding Kapitalska družba's actions at general meetings of companies are published on the Kapitalska družba website.

6.1.5 Attendance at general meetings of companies

In 2025, Kapitalska družba was entitled to attend 127 general meetings of shareholders or members of companies in its name and on behalf of the pension fund under management – it attended 59 of them. Representatives of Kapitalska družba independently exercised their voting rights at 14 general meetings. They also attended 13 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 30 general meetings, while at two 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 63 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 7: Attendance at general meetings of companies in 2025

Form of attendance	Number of the general meetings
Attendance and voting by employees of Kapitalska družba	14
Participation of Kapitalska družba without voting rights	13
Attendance of employees of Kapitalska družba, voting by SSH	30
Participation of employees of Kapitalska družba without voting rights of SSH	2
Total	59

6.1.6 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.

SSH manages investments in accordance with ZSDH-1, OdSUND-1, investment management policy, corporate governance code and based on the annual investment management plan. The adopted OdSUND-1 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.

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 2025 and 2026 (ZIPRS2526), regardless of the third paragraph of Article 52 ZSDH-1, had to transfer EUR 81.5 million to ZPIZ in 2025. The aforementioned legal obligations and other legal restrictions result in the objectives and restrictions of asset management that are required for the permanent fulfilment of the legal obligations of Kapitalska družba.

6.1.7 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 financial investments increased by EUR 7.5 million in 2025, despite a one-off significant outflow to ZPIZ in the amount of EUR 81.5 million in September. The increase was driven by growth in both debt and equity investments, with returns on equity investments significantly exceeding those on debt investments. The majority of equity securities

investments consist of investments in equity investment funds, the value of which increased the most in 2025. With the continued decline in interest rates in 2025, the share of investments in treasury bills, bonds and bond investment funds decreased, while the share of cash and cash equivalents increased. The share of investments in equities, as the highest-yielding asset class, remained at a similar level to that at the beginning of the year, taking into account the aforementioned one-off outflow.

As at 31 December 2025, the five largest investments within the portfolio-managed financial investments comprise: an equity index fund tracking the US S&P 500 index (SPY US); an index fund tracking emerging market equities (IEMG US); an equity index fund tracking the US Information Technology sector index (XLK US); and two index funds tracking the global MSCI World equity index (IWDA LN and XDWD GY). The five largest bond investments as at 31 December 2025 are four bonds of the Republic of Slovenia and one bond of France. The five largest investments among stocks are shares of BPER Banka SPA, ABB Ltd, Barclays PLC, Astrazeneca PLC and Vinci SA.

Table 8: Composition of portfolio-managed financial investments

	Value (in EUR 000)		Share (in %)	
Investment type	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Investment funds	475,762	444,234	85.6	81.0
Bonds	57,921	70,271	10.4	12.8
Shares	18,189	17,865	3.3	3.3
Treasury bills	0	13,953	0.0	2.5
Cash	4,123	2,170	0.7	0.4
Total portfolio managed financial investments	555,995	548,493	100	100

6.1.8 Investment property

In 2025, Kapitalska družba 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 and 5, Ljubljana.

As at 31 December 2025, the majority of investment properties were leased.

6.2 MUTUAL PENSION FUND MANAGEMENT

The Group manages four mutual pension funds or cycle pension funds, which are administered and reported as separate assets owned by the policyholders or members of each fund[9]:

- Compulsory Supplementary Pension Insurance Fund of the Republic of Slovenia (SODPZ),
- Life-Cycle Civil Servants Pension Fund (KPSJU),
- Life-Cycle Pension Fund (MKPS) and
- First Pension Fund of the Republic of Slovenia (PPS) which was formed according to a special act through the exchange of pension vouchers.

9 More information about the management of mutual pension funds are available in the annual reports of individual funds.

The Kapitalska družba Group is the largest provider of supplementary pension insurance in Slovenia. At the end of December 2025, more than 372 thousand individuals saved in its mutual pension funds and the assets collected totalled over EUR 2.8 billion. Total supplementary pension insurance premium paid in, excluding asset transfers between the sub-funds, reached EUR 231 million in 2025.

Table 9: Data on mutual pension funds managed by the Kapitalska družba Group

31 December 2025 Fund	Number of insured persons or members[10]	Number of employers or premium payers[11]	Assets under management (in EUR mio)
SODPZ	51,435	414	1,081.2
KPSJU	268,101	1,880	1,315.6
MKPS	42,407	495	474.9
PPS	10,738	-	9.8
Total	372,681	2,789	2,881.5

6.2.1 Compulsory Supplementary Pension Insurance Fund of the Republic of Slovenia

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 in accordance with 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.

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 period. The costs of paying occupational pensions amounted to 0.5% of the monthly amount of the occupational pension. The annual management fee until 30 September 2025 amounted to 0.85% of the average annual net value of SODPZ assets, and from 1 October 2025 it amounted to 0.80% of the average annual net value of SODPZ assets. The amount of the SODPZ management fee depends on the monthly net asset value of the SODPZ.

10 Some insured persons or members may be included in multiple funds.
11 Some employers or payers may have concluded pension plan funding contracts in multiple funds.

6.2.2 Life-Cycle Civil Servants Pension Fund

The Life-Cycle Civil Servants Pension Fund (KPSJU) pursues a life-cycle investment policy and comprises three different sub-funds:

- Dynamic Civil Servants Sub-Fund (DPJU) is intended for young savers aged up to 50 years of age and pursues a higher risk investment policy. Savers saving within the scope of this sub-fund assume the entire investment risk.
- The Prudent Civil Servants Sub-Fund (PPJU) is intended for savers aged between 50 and 60 years of age and pursues a balanced investment policy. Savers saving within the scope of this sub-fund assume the entire investment risk.
- The Guaranteed Civil Servants Sub-Fund (ZPJU) is intended for the oldest savers aged over 60. Savers saving within the scope of this sub-fund assume only the investment risk exceeding the guaranteed return.

The Life-Cycle Civil Servants Pension Fund (KPSJU) is a fund intended exclusively for civil servants. It provides them with the right to a supplementary old-age pension or other rights stipulated in the pension scheme. In addition to the premiums paid into the fund by employers, premiums can also be paid in by civil servants themselves, thus ensuring a higher supplementary pension and allowing them to claim a tax allowance.

Newly hired public employees are automatically enrolled in a sub-fund that matches their age, unless they choose otherwise. Meanwhile, members who were saving in the fund with guaranteed returns when it was transformed at the beginning of 2017 can decide based on their age whether to switch to a more higher risk investment policy.

As the manager of KPSJU based on the KPSJU Rules, Modra zavarovalnica is entitled to an entry fee and management fee. Entry fees, which are calculated are calculated as a percentage of the paid-in premium, amounted to 0.5% in 2025. The annual fee for the management of the KPSJU fund amounts to 0.5% of the average net asset value of the KPSJU. All other direct operating costs of the fund are charged to the company.

6.2.3 Life-Cycle Pension Fund (MKPS)

The Life-Cycle Pension Fund (MKPS) is an open-ended mutual pension fund intended for the implementation of supplementary pension insurance schemes. All persons in employment included in compulsory pension insurance can pay into this fund. The PNMZ K Pension Scheme for collective supplementary insurance is open to insured persons via their employer, just like the individual PNMZ P Pension Scheme, which is intended for individuals.

MKPS comprises three sub-funds that are established as separate assets, whereby each sub-fund is characterised by its own investment goal and investment policy and is intended for a target age group of members.

- The Dynamic Sub-Fund (MDP) is intended for younger savers aged up to 50 and pursues a somewhat higher risk investment policy. Savers saving within the scope of this sub-fund assume the entire investment risk.
- The Prudent Sub-Fund (MPP) is intended for savers aged 50 to 60 years of age and pursues a prudent investment policy. Savers saving within the scope of this sub-fund assume the entire investment risk.
- The Guaranteed Sub-Fund (MZP) is intended for savers older than 60 years of age and pursues a guaranteed return investment policy. Savers saving within the scope of this sub-fund assume only the investment risk exceeding the guaranteed return.

Modra zavarovalnica, as the manager of MKPS, is entitled to entry fees and management fees for MKPS based on the detailed Management Rules of MKPS. Entry fees are calculated as a percentage of the paid in premium upon its payment and are remitted to the manager's account; in 2025, they amounted to 2.5%. The annual fee for the management of the MKPS amounted to 1% of the average net value of assets of an individual sub-fund. With the entry into force of the Amendment to the Pension and Disability Insurance Act (ZPIZ-2O) the management fee will be reduced in the coming years: in 2026, it will amount to up to 0.9% of the average annual net asset value, and from 2027 onwards up to 0.8% of the average annual net asset value.

6.2.4 First Pension Fund of the Republic of Slovenia

PPS is a pension fund that obtained its assets through the exchange for pension vouchers. Since 1 January 2003, PPS has been a closed-ended mutual pension fund and further payments or enrolment in the fund have not been possible. Since August 2004, the funds collected by all members aged 60 or over, have been transferred to KS PPS, which is intended for the disbursement of supplementary pension annuities. If a member of PPS dies before acquiring the right to a pension annuity, the right to the payment of the surrender value of their policy is granted to their heirs.

Modra zavarovalnica is entitled to an annual fee for the management of PPS, which amounted to 1% of the average annual net asset value in 2025, and to exit fees charged as a percentage of the surrender value of assets paid out to heirs.

6.3 MANAGEMENT OF MODRA ZAVAROVALNICA'S OWN ASSETS

The financial assets of Modra zavarovalnica include the financial assets of the guarantee funds[12] and Modra zavarovalnica's own financial assets from the following items of Modra zavarovalnica's[13] statement of financial position:

- Investments in associates and jointly controlled entities,
- Financial investments,
- Cash and cash equivalents.

At the end of December 2025, financial assets of Modra zavarovalnica amounted to EUR 437.0 million. The largest share is taken up by the portfolio of debt security investments, which is followed by the portfolio of non-portfolio equity investments and portfolio equity investments.

Table 10: Own Financial Assets of Modra zavarovalnica, d. d.

in EUR 000

Assets	31 Dec 2025	31 Dec 2024
Portfolio equity investments	52,935	53,991
Non-portfolio equity investments	107,513	81,037
Portfolio debt security investments	264,009	263,379
Cash	12,547	3,090
Total	437,004	401,497

12 The guarantee funds are presented in more detail in section 6.4 *Management of guarantee funds for the disbursement of pension annuities.*
13 More information about the management of Modra zavarovalnica's financial assets is described in the company's annual report.

6.3.1 Portfolio equity investments

Table 11: Portfolio equity investments of Modra zavarovalnica, d. d.

in EUR 000

Assets	31 Dec 2025	31 Dec 2024
Foreign stocks	52,935	53,991

At the end of 2025, the portfolio was mostly exposed to the IT sector, followed by finance and durable consumer goods. In terms of FX exposure, the portfolio's greatest exposure was to the US dollar and the Euro. More than half of the portfolio is invested in the equities of US issuers and over 20% in investments of European issuers. The remainder is represented by investments in issuers from more developed Asian countries and issuers from developing economies.

6.3.2 Non-portfolio equity investments

As at 31 December 2025, Modra zavarovalnica owned stocks or interests in Cinkarna Celje, d. d., Pozavarovalnica Sava, d. d., Delavska hranilnica, d. d., and Hotelske nepremičnine, d. o. o. Owing to the size of the equity interest, these investments are managed actively. The total value of these investments amounted to EUR 107.5 million at the end of 2025.

6.3.3 Portfolio debt security investments

Table 12: Portfolio debt security investments of Modra zavarovalnica, d. d.

in EUR 000

Assets	31 Dec 2025	31 Dec 2024
Bonds	200,497	185,182
Government bonds	104,965	95,630
Corporate bonds	95,532	89,552
Treasury bills	19,990	22,787
Commercial paper	0	999
Deposit and investment receivables	403	646
Units of target funds	43,119	53,765
Total	264,009	263,379

The value of the government bond portfolio amounted to EUR 105 million at the end of 2025. The portfolio predominantly consists of government bonds from euro area countries. Most bonds are denominated in euros, a smaller share in US dollars. The largest share among government bonds consists of bonds from Slovenia, Italy, Spain, and France. The average maturity of the government bond portfolio is 6.7 years, and the average rating is A. Most bonds have a fixed coupon interest rate.

At the end of 2025, the value of the corporate bond portfolio amounted to EUR 95.5 million. Among corporate bonds, bonds of issuers from the Euro area prevail as well. All bonds are denominated in Euro. The majority of the bonds have a fixed coupon interest rate. The largest number of corporate

bond issuers were from the finance, consumer staples, telecommunications and pharmaceuticals sectors. The average maturity of the corporate bond portfolio was 4.4 years at the end of 2025, with the average rating being A-.

At the end of 2025, the value of target fund units reached EUR 43.1 million.

The value of treasury bills amounted to EUR 20 million. The portfolio consists of Italian, French and US treasury bills.

At the end of 2025, the value of investment receivables totalled EUR 0.4 million.

6.4 MANAGEMENT OF GUARANTEE FUNDS FOR THE DISBURSEMENT OF PENSION ANNUITIES

Modra zavarovalnica is the largest payer of supplementary pensions/pension annuities in the Republic of Slovenia, and in 2025 managed three guarantee funds for the disbursement of pension annuities, which are managed separately:

- Modra Renta guarantee fund (KS MR), which collected insurance premiums between December 2011 and December 2015,
- Modra Renta II guarantee fund (KS MR II), which was established on 1 January 2016 based on ZPIZ-2; since January 2016, the premium is paid in this fund only and no longer in the Modra Renta guarantee fund (KS MR), while annuities are disbursed from both funds,
- Guarantee Fund of the First Pension Fund (KS PPS), which has been used since August 2004 to disburse supplementary pension annuities deriving from the exchanged pension vouchers to all persons who have reached the age of 60.

Pursuant to the provisions of ZZavar-1, KS MR II and KS PPS funds are registered as ring-fenced funds.

In 2025, Modra zavarovalnica paid a sum of EUR 47 million for supplementary pensions to 58,881 insured persons. Pension annuity deriving from supplementary pension insurance (“Modra Renta” and “Modra Renta II” annuities) was received by 49,513 insured persons, while 9,368 insured persons received annuities deriving from supplementary pension insurance in the First Pension Fund (exchange for pension vouchers).

Table 13: Basic information on Modra zavarovalnica, d. d., guarantee fund for the year 2025

Guarantee fund	Number of annuity recipients at the end of 2025	Assets under management (in EUR million)	Expenses for annuities (in EUR million)
KS MR	6,686	5.7	0.7
KS MR II	42,827	396.9	39.3
KS PPS	9,368	99.9	6.9
Total	58,881	502.5	46.9

6.4.1 Modra Renta Guarantee Fund

The KS MR represents separate assets intended for the disbursement of pension annuities to savers under supplementary pension insurance schemes who have exercised their right to a pension deriving from compulsory insurance at the Pension and Disability Insurance Institute.

Payments in KS MR had been collected until the end of 2015 and, since 2016, KS MR has merely made disbursements of lifetime pension annuities. Upon taking out annuity pension insurance, each individual was able to select one of the forms of lifetime annuities, thereby exercising their right to a supplementary old-age pension.

As at 31 December 2025, the fund's assets amounted to EUR 5.7 million. The biggest share of these assets is represented by bonds, which account for 87% of total assets.

At the end of 2025, 14% of the assets of the KS MR were invested in the Republic of Slovenia and 86% of all assets were held in investments of foreign issuers.

6.4.2 Modra Renta II Guarantee Fund

KS MR II represents separate assets intended for the disbursement of pension annuities to savers under supplementary pension insurance schemes who have exercised their right to a pension deriving from compulsory insurance at the ZPIZ.

Upon taking out annuity pension insurance, each person insured may select one of the forms of lifetime pension annuities, thereby exercising their right to a supplementary old-age pension. Modra zavarovalnica provides a diverse selection of different pension annuity forms to retired savers.

Table 14: Number of new members and amount of payments in KS MR II in 2025

Pension fund	Number of new members/ persons insured	Surrender value of assets (in EUR million)
MKPS	805	16.1
KPSJU	4,889	55.7
Pension funds by other managers	1,360	35.9
Total	7,054	107.7

The amount of one's pension annuity depends on the supplementary pension insurance funds collected, the technical interest rate, unisex life expectancy tables, date of birth, age upon the effective date of annuity insurance and the cost of annuity payments. The average age of annuity recipients is 65 years, and 60% of all annuity recipients are female.

Insurances for lifetime annuity disbursements are included in the positive result achieved during the disbursement period through the management of such insurance portfolios. The insurance company earmarks at least 90% of its positive underwriting result of the previous accounting period for profits. At least 50% is credited to the policyholder each year, no later than the end of April of the current year, in the form of an increase in the pension annuity, in accordance with the technical bases used at that time for calculating the pension annuity. In this respect, EUR 2,503,205 was earmarked for an increase in annuities in 2025. The policyholders received the payment of the increased annuity in April, and a settlement for the period from January to March 2025 was also paid.

As at 31 December 2025, the fund's assets amounted to EUR 396.9 million. The largest portion of the assets consists of bonds, accounting for 51%, and advances, making up 34% of all the fund's assets.

At the end of 2025, 41% of the assets of the KS MR were invested in the Republic of Slovenia and 59% of all assets were held in investments of foreign issuers.

6.4.3 Guarantee Fund of the First Pension Fund

KS PPS constitutes separate assets and was established on 13 July 2004 for all insured persons aged 60 or more, thereby obtaining the right to annuity. Upon obtaining the right to annuity, each person insured selects the corresponding form of pension annuity, based on an indicative calculation. Insured persons having 2,000 points or less can receive their pension annuity in a one-off amount. Insured persons having more than 2,000 points on their insurance policy can choose between a lifetime pension annuity and a lifetime pension annuity with a guaranteed disbursement period. Insured persons having between 2,000 and 5,000 points can also receive their pension annuity once a year. The guaranteed payout period is set at 5, 10 or 15 years. If an insured person dies during the guaranteed payout period, the pension annuity is paid out to their beneficiaries or heirs until the expiry of the guaranteed payout period.

Insured persons receiving the KS PPS pension annuity are entitled to the surplus rate of return of the annuity fund over the guaranteed rate of return, pursuant to the General Terms and Conditions of Supplementary Pension Insurance in the First Pension Fund of the Republic of Slovenia – exchange for pension vouchers. The share of the surplus intended for a permanent annuity increase is identified once a year by the manager's Management. In 2025, the surplus return from 2024 amounting to EUR 3,098,105 was allocated to a permanent annuity increase. In April, all insured persons or, rather, insurance or recipients of KS PPS pension annuities who took out insurance until December 2024 in the form of a monthly or annual annuity, received increased annuities. The disbursement of increased annuities made in April also included a settlement for the period between January and March 2025.

In 2025, the right to a pension annuity was acquired by 1,267 insured persons aged 60 or more who paid in a total of EUR 2 million into the KS PPS for their supplementary pensions.

As at 31 December 2025, the fund's assets amounted to EUR 99.9 million. The largest portion of the assets consists of bonds, accounting for 59%, and shares, making up 24% of all the fund's assets.

At the end of 2025, 34% of KS PPS assets were invested in investments in the Republic of Slovenia, while 66% of all assets were invested in the investments of foreign issuers.

6.5 ASSET MANAGEMENT OF HOTELSKE NEPREMIČNINE, D. O. O.

Hotelske nepremičnine was founded in October 2018 by Kapitalska družba and Modra zavarovalnica. The company's main activities are operating its own real estate and leasing and operating its own or leased real estate.

Since the end of November 2018, the company has been the owner of the San Simon hotel resort in Izola. After the purchase, the resort was immediately transferred to the management of the company Hoteli Bernardin, d. d., which was merged with the company Sava Turizem, d. d., in 2020.

San Simon Resort is located in Izola Bay, where you can still see the remnants of an ancient Roman port. San Simon Resort's accommodations include the Haliaetum and Mirta hotels, the Korala, Palma, Sirena, and Perla annexes, as well as summer cottages. Hotel Haliaetum features an indoor pool with heated water, while Hotel Mirta offers a Wellness & Spa center. The resort also has two restaurants, a bistro and a beach bar, and two halls suitable for organizing larger events such as weddings, receptions, dance and music events, etc.

The offering at the San Simon resort has been upgraded with the concept of a family-friendly hotel.

Since 2019, the renovation of the Haliaetum Hotel has been carried out, including a swimming pool, restaurant, reception with lobby, beach bistro, outdoor slide, and a complete renovation of the Sirena, Korala, Palma, and Perla annexes.

7

RISK MANAGEMENT

Risk management is explained in the accounting report of the Annual Report of the Kapitalska družba Group in chapter 17.2 *Material accounting policy information*.

8

IMPORTANT BUSINESS EVENTS AFTER THE END OF YEAR 2025

As of 1 January 2026, a new Occupational Pension Insurance Plan came into effect, under which a differentiated contribution rate has been newly defined for a transitional period of two years. Undistributed solidarity reserves continue to be formed as before, until, with the latest allocation, they reach or exceed 0.8% of the net asset value of SODPZ. Additional provisions have also been introduced due to the implementation of a long-term care contribution, including for recipients of occupational pensions.

On 19 January 2026, the Insurance Supervision Agency published a Notice on the main supervisory updates and supervisory priorities for the year 2026. Among the important topics highlighted are digital operational resilience for the financial sector, amendments and supplements to subordinate regulations, reporting on financial plans, business strategies, and insurers' written governance policies; thematic reviews of the investment of assets of life insurance products with investment risk; the reduction of the insurance protection gap in the area of earthquake insurance; sustainability-related disclosures in the financial services sector; supervision of insurance product distribution; matters relating to the issuance, termination, and withdrawal of licences; the Directive establishing a framework for the recovery and resolution of insurance and reinsurance undertakings (IRRD); the Artificial Intelligence Act; and the Agency's new tasks.

In the Official Gazette of the Republic of Slovenia No. 14 as of 24 February 2026, the Act Amending the Act on the First Pension Fund of the Republic of Slovenia and the Transformation of Authorised Investment Companies (hereinafter: ZPSPID) was published and enters into force on 10 March 2026. On the one hand, the ZPSPID enables the payment of the surrender value of supplementary pension insurance policies before the age of 60, thereby providing insured persons with greater flexibility in managing their assets, particularly in light of the low returns of the First Pension Fund and the impact of inflation. On the other hand, it also allows for a one-off lump-sum payment of mathematical reserves instead of a monthly pension annuity, giving annuity recipients additional choice and flexibility in managing their assets in retirement.

The attack by the United States and Israel on Iran at the end of February 2026 increased uncertainty in financial markets, heightened the volatility of equity and bond prices, and triggered a shift of investors towards safer assets. The military action and the closure of the Strait of Hormuz, through increases in oil and gas prices caused by supply disruptions, raise the risk of higher inflation, influence the future conduct of monetary policy by central banks and, depending on the duration of the conflict, may have a more significant impact on future economic growth.

9

EXPECTED DEVELOPMENT OF KAPITALSKA DRUŽBA GROUP IN 2026

Kapitalska družba Group represents an important pillar of the stability of the Slovenian pension system by managing its own assets for the purpose of providing funds to the pension budget and by managing pension funds. The Group is also the largest provider of voluntary supplementary pension insurance in Slovenia.

Due to escalating geopolitical tensions and rising energy prices, 2026 is expected to be particularly challenging. While the actions of US and other global leaders remain difficult to predict, it will undoubtedly be necessary to respond swiftly and effectively to external developments. Despite uncertain operating conditions, the Group will continue to fulfil its mission in 2026 by providing additional funding to the public pension system and by administering supplementary pension insurance. A contribution of EUR 152.0 million to the public pension system is planned for 2026.

In 2026, the strategic activities of Modra zavarovalnica will be sustainability-oriented and focused on ensuring data quality, developing new products, delivering returns to customers, increasing sales, and supporting the professional development of employees. The insurance company's strategic direction is centred on sound and prudent operations, ensuring above-average returns for policyholders in pension funds, appropriate annuity payments upon retirement, a suitable return for the shareholder, and high levels of employee satisfaction. In line with its strategic objectives, Modra zavarovalnica will begin setting measurable sustainability targets in 2026 and will prepare its first high-level transition plan towards carbon-neutral operations.

In dealing with an extremely challenging external environment, the Kapitalska družba Group will focus on implementing its mission and on important stakeholders. The strategic, long-term perspective of sustainably responsible business operations ensures a positive social impact and enables the creation of long-term value for the Group's stakeholders, especially ZPIZ, insured persons and savers, as well as their employers, annuity recipients and employees.

As a socially responsible and sustainability-oriented group, it will focus on achieving business excellence. By responding effectively to changes in a highly volatile external environment, the Group will continue to contribute to the strengthening and modernisation of the Slovenian pension system. This also includes measures related to the digitalisation of operations, paperless processes, and new forms of communication. Even greater attention will be devoted to cybersecurity.

The Group will follow trends in the development of financial services, which are moving towards digital transformation, a simple user experience, and the provision of new and innovative saving solutions. In the area of supplementary pension insurance, efforts will be focused on greater tailoring of insurance products and pension annuities to individual needs. In this way, the Group will adapt to regulatory, economic, and demographic changes and contribute to a long-term sustainable pension system.

10

SUSTAINABLE BUSINESS PRACTICES

The mission of the Kapitalska družba Group is to provide additional funds for the public pension system and implement supplementary pension insurance. Therefore, sustainable and viable operations, in which major challenges and new business opportunities are perceived, are built into the very mission of the Group.

At the Kapitalska družba Group, 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 the Group and ensures the fulfilment of its values, demonstrating responsibility in decision-making, and the involvement of important stakeholders. Achieving social, economic and environmental sustainability, which includes all stakeholders and contributes to the positive development of society as a whole, is becoming a key element of successful future development, necessary for effectively facing the demanding challenges in the business and geopolitical environment.

Kapitalska družba and Modra zavarovalnica, as financial institutions, are committed to promoting sustainable business practices and creating long-term value for stakeholders. Both companies recognise that their activities have an impact on the environment, society, and the economy, and therefore strive to manage these impacts in a responsible and transparent manner.

In its overall operations, Kapitalska družba prioritises eight United Nations Sustainable Development Goals (SDGs): SDG 7 (Affordable and Clean Energy), SDG 13 (Climate Action), SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), SDG 17 (Partnerships for the Goals), and SDG 16 (Peace, Justice and Strong Institutions). A detailed description of how these goals are pursued is available in the Annual Report of Kapitalska družba, d. d., for the financial year 2025 on the company's website.

Modra zavarovalnica has committed to achieving the following Sustainable Development Goals: SDG 1 (No Poverty), SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), SDG 13 (Climate Action), and SDG 16 (Peace, Justice and Strong Institutions). Further information is available in the Sustainability Statement of Modra zavarovalnica for the financial year 2025 on the company's website.

In accordance with the amended regulations under the Omnibus I legislative package, the companies within the Group are not required to prepare a sustainability report as prescribed by the Corporate Sustainability Reporting Directive – CSRD). Nevertheless, Kapitalska družba and Modra zavarovalnica have decided to voluntarily disclose sustainability information and prepare a sustainability report. Due to the nature of its activities (property leasing) and its limited scope of operations, the company Hotelske nepremičnine does not prepare a sustainability report.

Due to different strategic orientations and specific business characteristics, different decisions were made for the needs of sustainability reporting, related to the use of sustainability reporting standards, as shown in the table below.

Table 15: Sustainability Reporting Standards

Company	Sustainability reporting standard used for the 2025 financial year	Abbreviation
Kapitalska družba, d. d.	Voluntary Sustainability Reporting Standard for Small and Medium-sized Undertakings	VSME
Modra zavarovalnica, d. d.	European Sustainability Reporting Standard	ESRS
Hotelske nepremičnine, d. o. o.	The company does not prepare a sustainability report.	/

The following presents the main activities carried out in the field of sustainable operations at Kapitalska družba and Modra zavarovalnica in 2025.

10.1 GENERAL INFORMATION AND BASIC DATA

General information about Kapitalska družba is disclosed in its sustainability report, which forms an integral part of the company's Annual Report for 2025 and will be published on the company's website no later than 31 August 2026. The sustainability report also includes, inter alia, the company's value chain and the double materiality assessment (DMA), on the basis of which a list of sustainability topics material to Kapitalska družba has been established. It also presents the policies and internal acts related to sustainable business practices.

Basic information about Modra zavarovalnica is included in the company's sustainability statement for the financial year 2025, which is published on the company's website. The sustainability statement of Modra zavarovalnica presents the company's business model and its strategic ambitions in the area of sustainability, as well as a description of its value chain and key stakeholders. The double materiality matrix includes the sustainability topics that are material to Modra zavarovalnica. The sustainability statement of Modra zavarovalnica also sets out the internal acts and policies addressing sustainability-related material topics.

Both Kapitalska družba and Modra zavarovalnica have identified environmental topics as material, in particular energy consumption and carbon footprint (E), as well as certain social (S) and governance (G) topics. The following section presents the findings relating to the topics identified as most material at the level of each individual company.

10.2 ENVIRONMENTAL TOPICS

10.2.1 Environmental topics – Kapitalska družba, d. d.

10.2.1.1 Energy and greenhouse gas emissions

The public procurement procedure for the supply of electricity in 2025 was conducted in accordance with the Regulation on Green Public Procurement. In line with the provisions of the Regulation, Kapitalska družba concluded a contract for the supply of electricity generated entirely from renewable sources. Energy obtained from environmentally friendly, renewable sources does not rely on fossil fuels in its production, and the use of renewable energy sources does not deplete the resource. Consequently, the environmental burden in terms of greenhouse gas emissions, harmful emissions and radioactive waste is reduced.

Table 16: B03.10 – Energy consumption in MWh

2025	Renewable energy sources	Non-renewable energy sources	Total
Thermal and electrical power	59.3	331.07	390.37
Fuel	0	5.14	5.14
Total energy consumption	59.3	336.21	395.51

Table 17: B03.20 – Carbon footprint in CO_2 (t)

	2025
S1-2 Mobile Scope 1 emissions – location-based	1.3
S2-1 – Indirect emissions from electricity consumption – location-based	59.4
S2-2 – Indirect emissions from heat energy consumption – location-based	36.1
S2-3 – Indirect emissions from electricity consumption – market-based	71.0
S2-4 – Indirect emissions from heat energy consumption – market-based	47.7
Total S2 – location-based	95.5
Total S2 – market-based	118.7
Total S1 and S2 – location-based	96.8
Total S1 and S2 – market-based	120.0

Table 18: B03.30 – CO_2e emission intensity

2025	Emission intensity in CO_2e (t) /EUR
Total S1 and S2 – location-based	0.0000075
Total S1 and S2 – market-based	0.0000093

Kapitalska družba calculates its carbon footprint for Scope 1 and Scope 2 emissions, but not for Scope 3. Nevertheless, in asset management and within the process of selecting financial investments, it reasonably takes into account the sustainability performance of issuers of financial instruments, which implies long-term sustainable operations with a positive approach to environmental, social and/or corporate governance (ESG) aspects.

The sustainability aspect is considered in the acquisition of financial investments where an external data source enabling its measurement is available to Kapitalska družba. Where multiple investments with similar characteristics and expected returns are assessed, preference in the investment decision is given to the investment with a better sustainability performance indicator, or, in the case of investments in units of collective investment undertakings, to those undertakings that define the consideration of sustainability aspects within their investment policy.

10.2.1.2 Air, water and soil pollution and biodiversity

Given its activities, the company does not report and is not obliged to report on pollutant emissions, as these are not generated in its activities. Likewise, the activities of Kapitalska družba do not take place in or near sensitive areas of biodiversity.

10.2.1.3 Water

Table 19: B6.00 and B6.01 – Water withdrawal and consumption in m^3

	2025	2024
Water withdrawal	754.72	790.54
Water consumption	0	0

The average water consumption per employee in 2025 was 51.84 litres.

10.2.1.4 Resource use, circular economy and waste management

Given the nature of asset management activities involving proprietary assets and a pension fund, there are limited opportunities at Kapitalska družba to implement circular economy principles.

It is worth noting the reuse of mobile phones, which employees purchase for personal use after the end of their business use in more than 90% of cases. A portion of desktop and laptop computers, as well as monitors withdrawn from operational use due to obsolescence, is also sold for reuse. The company has also established waste collection and separation practices, which employees consistently perform.

10.2.1.4.1 Waste by category

Kapitalska družba only generates waste that is defined as non-hazardous by the European List of Waste. The total amount of this waste in 2025 was 60.02 m^3. All were taken for disposal.

Table 20: B07.10 – Quantities of non-hazardous waste by European List of Waste categories in 2025

Type of disposal	Waste intended for disposal	Reused/recycled waste	Total waste share
	m^3		%
15 01 06 – mixed packaging waste	13.94	0	23.06%
20 01 01 – paper and cardboard	17.87	0	29.56%
20 01 08 – biodegradable waste	9.13	0	15.10%
20 03 01 – municipal waste	19.52	0	32.28%
Total non-hazardous waste 2025	60.46	0	100.00%

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 such a way that the 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 2025, when purchasing sanitary materials, Kapitalska družba ordered environmentally friendly products. It also makes every effort to ensure that the paper it buys is as environmentally friendly as possible (FSC-certified). To reduce the consumption of paper, Kapitalska družba introduced electronic commerce for work with the aim of fully introducing a 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 strives to introduce electronic business even more widely through electronic confirmation and signing of documents, not only to reduce paper consumption, but also to optimise certain processes and minimise the companies carbon footprint.

10.2.2 Environmental topics – Modra zavarovalnica, d. d.

Modra Zavarovalnica, in line with the Business Strategy and Sustainability Policy, encourages the transition to a sustainable society and reduction of impact on climate change. Within its own operations, it mitigates environmental impacts by reducing its Scope 1 and Scope 2 carbon footprint, primarily through the digitalisation of operations and paperless processes, the introduction of green procurement of goods and services, increased use of renewable electricity, energy efficiency measures, renewal of the vehicle fleet, waste separation, and similar initiatives. The most significant contribution to reducing climate-related impacts arises from the investment portfolios managed by Modra zavarovalnica, primarily through the avoidance of investments in carbon-intensive or otherwise sensitive sectors. Modra zavarovalnica describes in the investment policy statements (IoNP) of each mutual pension fund how sustainability factors are taken into account when constructing and managing investment portfolios. Although there are no written policies for the other funds, they are still handled in the same way as for the aforementioned mutual funds. Since more than 99% of the company‘s carbon footprint comes from its investments, the treatment of impacts, risks, and opportunities (IRO) for its own operations is separate from the portfolios. The portfolio aspect is further divided into Modra zavarovalnica‘s strategic investments and portfolio investments.

Modra zavarovalnica does not currently use the internal carbon price for project valuation, does not trade in it, and does not plan to do so in the future. Slovenian legislation does not allow mutual pension funds to invest in carbon coupons. Modra zavarovalnica does not use carbon credits, nor does it invest in projects related to the capture or removal of carbon from the atmosphere.

10.2.2.1 Climate change mitigation measures, related resources and climate targets

In 2025, Modra zavarovalnica established voluntary sustainability reporting and, for this purpose, obtained from an external provider an appropriate dataset on the characteristics of its investments. The company also replaced a diesel company vehicle with a hybrid vehicle and introduced sustainable procurement of goods and services for higher-value purchases. Owing to the successful digitalisation of its operations, Modra zavarovalnica will avoid the dispatch of 121,453 printed notifications to policyholders at the beginning of 2026, resulting in cost savings of at least EUR 120,000. Furthermore, as a result of enabling remote work, which was introduced during the COVID-19 pandemic, approximately 222,000 commuting kilometres are avoided annually, or on average more than 3,100 kilometres per employee per year, corresponding to a reduction of approximately 575 kg of CO_2 equivalent per employee. The resources required for the implementation of these measures were appropriately planned and derived from the annual business plan for 2025.

As Modra zavarovalnica measured the carbon footprint of its investment portfolios for the first time in 2025, it has not yet established measurable targets for reducing carbon intensity or overall emissions. Consequently, it has not yet prepared a transition plan to a low-carbon economy; however, it plans to do so in the coming years. In the future, Modra zavarovalnica intends to set targets and define measures, particularly in the area of asset management, as the majority of environmental and social impacts arise from this activity. In this context, it will focus on meeting the conditions required for the funds under its management to obtain an ESG designation as a “Basic Fund” under the SFDR framework (which entails excluding activities such as coal and lignite production, the manufacture of controversial weapons, the tobacco industry, and companies with severe breaches of United Nations and OECD principles).

10.2.2.2 Climate risks and resilience

Modra zavarovalnica has for some time been monitoring and documenting climate-related risks associated with its own operations, primarily addressing them through business continuity testing. Given the company's risk profile, in which market risks account for the majority of capital requirements, climate change may affect the insurer's solvency position mainly through its impact on the level of market risks. Within the company's risk profile, insurance risks represent the second-largest share, predominantly arising from life insurance business. It is assessed that capital requirements related to insurance risks could, if anything, decrease. In the past, several scenarios have been tested (e.g. recurrence of floods, cyber-attacks). In 2025, a scenario involving an increase in carbon allowance prices was tested for the first time, which could primarily affect the company's investments. These scenarios form the basis of the climate resilience analysis. In all of the above scenarios, it was determined that Modra zavarovalnica is relatively well prepared for both physical and transition climate risks, as their impact does not exceed 2% of the value of the investment portfolios. In the coming years, Modra zavarovalnica will further refine these scenarios and test additional ones, thereby enhancing its understanding of climate resilience.

Physical climate risks, together with other sustainability risks, were systematically incorporated into the Risk Catalogue in 2025. The investment portfolio of Modra zavarovalnica and the funds under its management were initially assessed with regard to exposure to sensitive sectors (NACE sectors A to H). It was determined that the share of investments of the funds under management in such sectors does not exceed 5%, whereas the share of these investments in Modra zavarovalnica's own portfolio amounts to 15.4%. According to the statement on the Principal Adverse Impact (PAI) of investment decisions on sustainability factors, the share of investments in the fossil fuel sector is below 2% across all portfolios. The investment portfolio is relatively well diversified both geographically and by sector, and therefore no significant dependence on individual physical climate risks is expected. It is anticipated that the carbon footprint of companies within the portfolios will gradually decrease, as the majority of assets of Modra zavarovalnica and the funds under its management are invested in large listed companies, which are known to at least partly pursue sustainability objectives. In companies where Modra zavarovalnica has influence, it intends to promote sustainable transformation through voting at general meetings, particularly in areas such as reducing greenhouse gas emissions and respecting human rights. As a life insurance company, Modra Zavarovalnica is not significantly exposed to climate risks on the side of insured individuals or insured companies.

10.2.2.3 Carbon footprint of Modra zavarovalnica, d. d. (E1-6)

Modra zavarovalnica has for several years calculated its Scope 1 and Scope 2 carbon footprint in accordance with the Greenhouse Gas Protocol and publicly discloses it. Scope 3 emissions were partially included in 2024; however, only for 2025 do they cover all relevant Scope 3 categories. In this context, by far the most significant emissions in quantitative terms arise from financed emissions (Category 15).

The primary sources used for the calculation of total greenhouse gas emissions were data on financed emissions provided by ISS Germany within the framework of principal adverse impact (PAI) statements, while the Exiobase database of emission factors was used to calculate most of the remaining emissions. Data were also obtained from invoices issued by contractual counterparties.

Relevant Scope 3 categories were defined as those where Modra zavarovalnica either has an influence, where the category is quantitatively significant, or where it represents a material risk. The following Scope 3 categories were excluded from the calculation due to their non-relevance given the nature of the company's operations: Categories 9 to 14, as well as Category 4, namely downstream transportation and distribution of services to customers, processing of sold intermediate products, use of sold products, end-of-life treatment of sold products, leasing of own assets, and franchise operations.

Table 21: Greenhouse gas emissions – GHG – carbon footprint in CO_2e (t)

GHG emissions in CO_2e (t)[14]	2025
Scope 1 (location-based)	11.6
Scope 1 (market-based)	11.6
Volume 1	**11.6**
Scope 2 (location-based)	78.6
Scope 2 (market-based)	102.0
Volume 2	**102.0**
Category 1 – purchased goods and services (OPEX)	677.1
Category 2 – purchase of capital expenditures (CAPEX)	83.3
Category 3 – energy and fuel related	30.6
Category 5 – waste treatment from own business	15.6
Category 6 – business travel	13.7
Category 7 – employee transportation to and from work	92.1
Category 15 – financed emissions of balance sheet assets (own resources and guarantee funds)	303,508.7
Category 15 – financed emissions of funds under management (off-balance sheet assets)	586,431.9
Scope 3 total	**890,853.0**
Scope 1+2+3 (location-based)	**890,943.2**
Scope 1+2+3 (market-based)	**890,966.6**

The calculations confirmed what is generally characteristic of the financial sector, namely that financed emissions account for by far the largest share of total emissions - more than 99%.

10.2.2.4 Carbon intensity of operations based on revenues

In calculating the carbon intensity of Modra zavarovalnica's operations, revenue figures from the statement of profit or loss for 2025 were used, specifically insurance revenue in the amount of EUR 10,341,877, together with Scope 1, Scope 2 and Scope 3 emissions as presented in Table 21, excluding Category 15 (financed emissions).

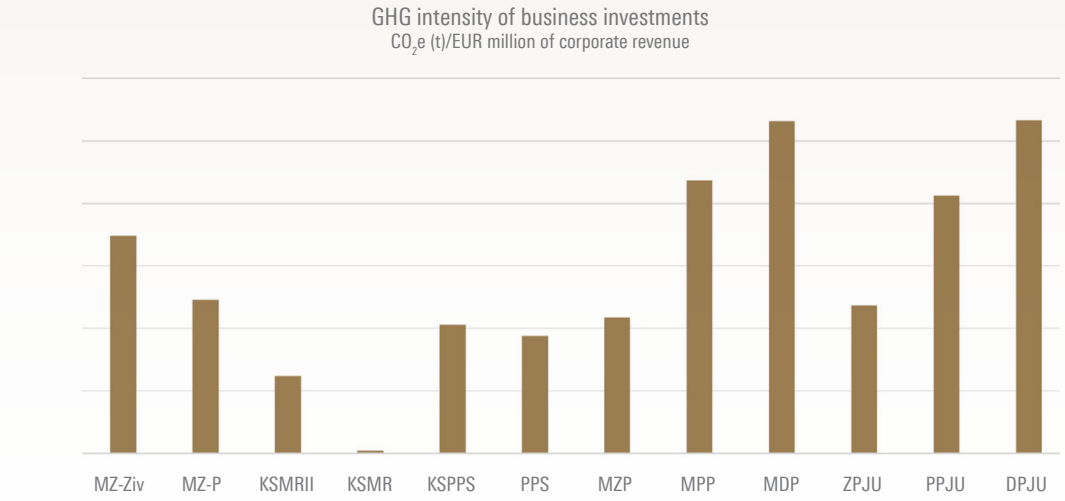
Table 22: Carbon intensity

Carbon intensity	Unit	2025
All emissions (location-based)/revenues	CO_2e (t)/in EUR million	99.955
All emissions (market-based)/revenues	CO_2e (t)/in EUR million	99.218
(Insurance services) income	in EUR million	10.342
Revenues used to calculate intensity	in EUR million	10.342
Other unconsidered revenue	in EUR million	0

The carbon intensity of operations is very low, which is characteristic of the financial sector. Data on the average carbon intensity of companies within Modra zavarovalnica's investment portfolios are derived from principal adverse impact (PAI) statements, specifically from Indicator 3, which is based on companies' operating revenues (a weighted average of the indicator: total *greenhouse gas emissions across all three scopes divided by company revenue,* for all companies within the portfolio).

14 All emission units are in tonnes of CO_2 equivalent.

Figure 3: GHG intensity of investments in companies for Modra zavarovalnica, d. d., and the funds it manages



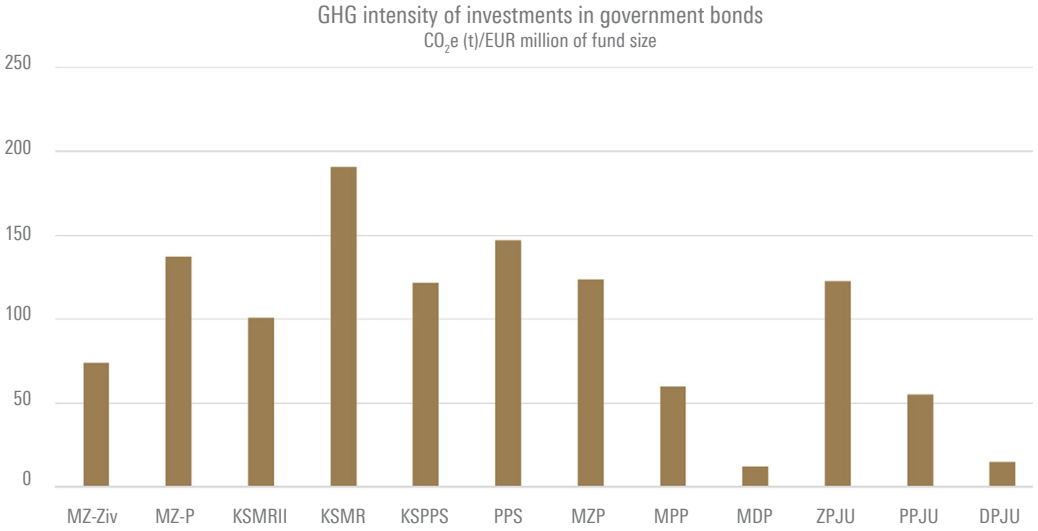
The coverage of GHG emissions data of invested companies in the funds is as follows:

Fund	MZ-Ziv	MZ-P	KSMRII	KS MR	KSPPS	PPS	MZP	MPP	MDP	ZPJU	PPJU	DPJU
Coverage (in %)	59.15	48.35	17.25	8.63	38.16	24.40	35.47	67.77	88.06	36.73	67.95	87.60

Coverage is expressed as the proportion of covered investments relative to total fund investments. Funds with a high share of government bonds exhibit lower data coverage with respect to the carbon intensity of the underlying issuers.

A related metric for investments in government bonds is based on gross domestic product (GDP) and is aligned with Indicator 15 in the PAI statement (a weighted average of the indicator: *total greenhouse gas emissions across all three scopes of the country divided by GDP).*

Figure 4: GHG intensity of investments in government bonds for Modra zavarovalnica, d. d., and the funds it manages



Data coverage is high where the proportion of government bonds in the fund is high.

Fund	MZ-Ziv	MZ-P	KSMRII	KS MR	KSPPS	PPS	MZP	MPP	MDP	ZPJU	PPJU	DPJU
Country coverage (in %)	30.66	47.59	44.64	91.05	54.85	61.41	50.75	24.67	5.22	50.39	23.87	6.93

10.2.2.5 Energy consumption and energy mix

Electricity and thermal energy consumption related to own operations were recorded, whereas energy used for cooling the premises of Modra zavarovalnica is already included in electricity consumption (cooling is provided by electrically powered cooling systems at the company's premises). Modra zavarovalnica does not use steam in its operations.

In 2025, Modra zavarovalnica consumed 194,668 kWh of electricity (of which 158,564 kWh was supplied by Petrol, d. d., and 36,104 kWh by GEN-I, d. o. o.) and 126,808 kWh of thermal energy (supplied by Toplarna Ljubljana).

Table 23: Sources of consumed electricity according to supplier Petrol, d. d., and GEN-I, d. o. o.

Total electricity consumption	Unit	2025
Total energy consumed for own operations	kWh	194,668
Total - Fossil fuel	kWh	105,001
Coal and lignite	kWh	56,544
Petroleum products	kWh	2,347
Natural gas	kWh	39,736
Undeterminable	kWh	6,374
Share of fossil fuels, in %	*%*	*53.94%*
Nuclear resources of power	kWh	44,757
Share of nuclear sources, in %	*%*	*23.0%*
Renewable resources	kWh	44,910
Solar energy	kWh	31,704
Hydro energy	kWh	8,671
Biomass	kWh	2,664
Other renewable resources	kWh	1,871
Share of renewable sources, in %	*%*	*23.1%*

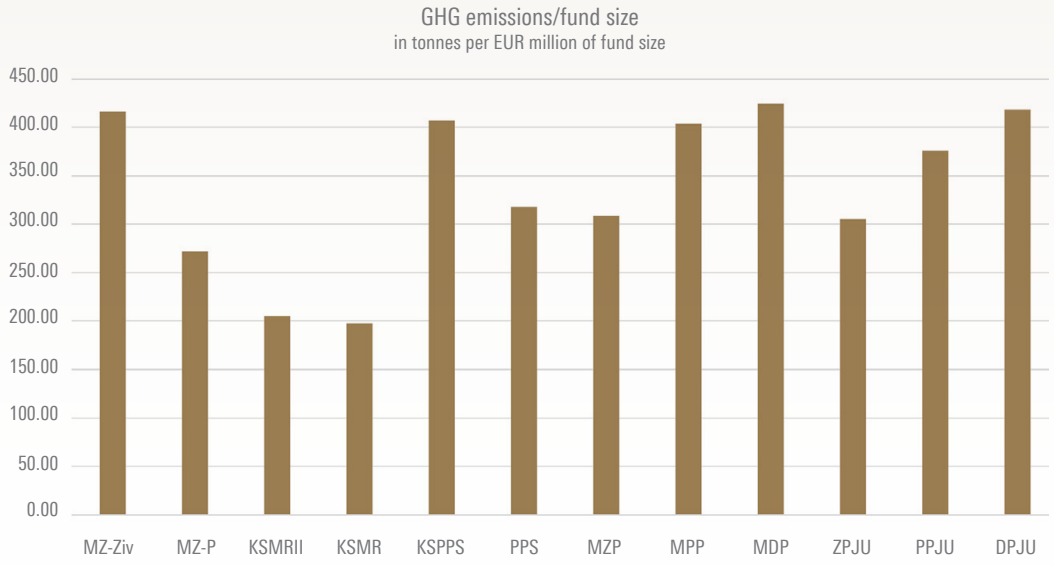
For the electricity supplier Petrol, the energy mix shifted towards a higher share of fossil fuels at the expense of nuclear and renewable sources, while overall electricity consumption decreased by slightly more than 7%.

Thermal energy was supplied to Modra zavarovalnica by Toplarna Ljubljana. As data on the sources of thermal energy are not available, it is assumed that it originates entirely from fossil fuels. In 2025, thermal energy consumption decreased by slightly more than 2% compared to the previous year.

10.2.2.6 Sustainable investments

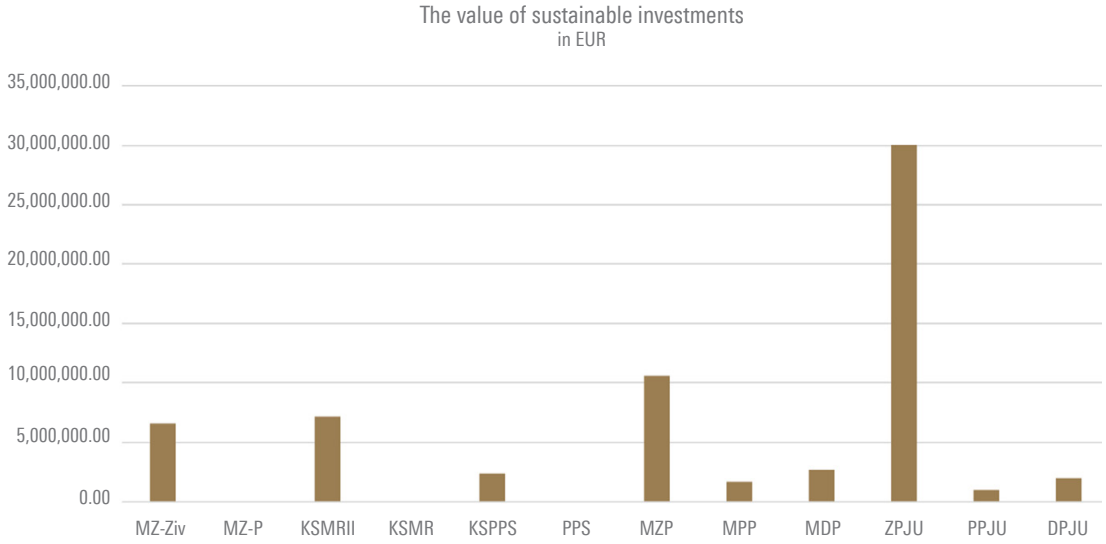
For several years, Modra zavarovalnica has taken into account the ESG ratings of issuers of securities in its investment decision-making. When selecting investments, it avoids certain excluded sectors, including the production or sale of controversial weapons (biological and chemical weapons, cluster munitions, anti-personnel mines), the production or sale of tobacco and tobacco products, gambling, electricity generation from fossil fuels, and information technology supporting the aforementioned sectors. In the future, Modra zavarovalnica intends to further strengthen the integration of sustainability factors into its investment processes. Greenhouse gas emissions per EUR 1 million of invested assets do not exceed 500 tonnes of CO_2e for any of the funds managed by Modra zavarovalnica.

Figure 5: GHG emissions per fund size for Modra zavarovalnica, d. d., and funds under its management



Investments considered sustainable include green bonds, social bonds, sustainability bonds, sustainability-linked bonds, and funds established in accordance with Articles 8 or 9 of the SFDR framework. A total of slightly more than EUR 64 million is invested in such instruments, representing 2.3% of all assets managed by Modra zavarovalnica.

Figure 6: The value of sustainable investments for Modra zavarovalnica, d. d., and the funds it manages



10.3 KEY STAKEHOLDERS - WORKFORCE

Skilled and motivated employees make the greatest contribution to the Group's successful and efficient operations; therefore, fostering a highly developed and collaborative organisational culture is a top priority. Principles of equality, non-discrimination and respect for the dignity of the individual are systematically embedded in internal acts and form the foundation of employee management and organisational culture. A safe, inclusive and respectful working environment is promoted, preventing discrimination, harassment and bullying, and ensuring equal treatment of all employees.

10.3.1 General characteristics of Kapitalska družba, d. d.

As at 31 December 2025, Kapitalska družba had 58 employees, all with permanent employment contracts. The Full-Time Equivalent (FTE) was 57.25.

Table 24: Employees of Kapitalska družba, d. d., by gender

31 Dec 2025	Number	Share
Female	39	67.24%
Male	19	32.76%
Total	58	100.00%

In 2025, the employee turnover rate was 3.48%.

10.3.2 General characteristics of Modra zavarovalnica, d. d.

In 2025, Modra zavarovalnica employed an average of 66.5 employees (measured by FTE).

The turnover rate in 2025 was 4.6%.

Table 25: Employees of Modra zavarovalnica, d. d., by gender – average number

2025	Number of employees - FTE	Share
Female	44.75	67.29%
Male	21.75	32.71%
Total	66.5	100.00%

10.3.3 Health & Safety

Kapitalska družba and Modra zavarovalnica operate within the Republic of Slovenia and consistently comply with Slovenian labour legislation, which ensures a high level of human and labour rights protection. Both companies provide a safe, flexible and healthy working environment. They fully comply with all regulations governing occupational health and safety and fire protection. Among the more significant activities carried out in this area, it is worth highlighting regular employee training in occupational health and safety, as well as the performance of supervisory inspections to verify compliance with fire protection measures. Systematic and targeted activities and measures are implemented to maintain and promote the physical and mental well-being of employees (including regular preventive medical examinations). Through a combination of improvements in work organisation and the working environment, positive interpersonal relationships are also encouraged, as these have a decisive impact on employees' health and well-being in both companies. Employees are encouraged to participate in activities aimed at maintaining and promoting health, including the possibility of organised kinesiology-based exercise programmes. Various training programmes support the professional and personal development of employees. An important aspect of ensuring and enhancing the future social security of employees is also supplementary collective pension insurance, which is provided by Kapitalska družba and Modra zavarovalnica to all employees under equal conditions. Both companies also ensure the strict protection of employees' personal data.

10.3.3.1 Family friendly company

Kapitalska družba and Modra zavarovalnica provide employees with work–life balance (WLB), which is also supported through measures under the Family-Friendly Company certification. Measures facilitating a better balance between work and family responsibilities include flexible forms of work (including hybrid working arrangements), support for parents, additional leave, gifts for employees' children, and similar initiatives.

10.3.4 Payment and collective bargaining negotiations

Employees of Kapitalska družba and Modra zavarovalnica receive remuneration in accordance with Slovenian legislation and the collective agreement for the insurance sector. The proportion of employees covered by the collective agreement amounts to 96.6% in Kapitalska družba and 95.6% in Modra zavarovalnica. All employees in both companies receive remuneration above the statutory minimum wage. Both companies also operate a variable remuneration system linked to employee performance and business results. In both Kapitalska družba and Modra zavarovalnica, all employees are enrolled in voluntary supplementary pension insurance, for which the maximum tax-deductible contribution is paid. In this way, the Group actively supports responsible retirement planning and long-term social security, while enhancing the attractiveness and competitiveness of both employers.

A trade union with representative status is established within Kapitalska družba. In 2025, an agreement was concluded with the representative trade union on increasing employees' basic gross salaries and on providing free use of the company's available parking spaces. In accordance with the Worker Participation in Management Act, a works council was established within the company. All general acts relating to employees' rights and obligations are submitted to the trade union for opinion prior to their adoption. For matters defined by the Worker Participation in Management Act, joint consultations are conducted or the matters are submitted to the works council for information. Employees have the right to both individual and collective participation in management, in particular with regard to co-decision-making or influencing the content and organisation of work, as well as the determination and implementation of activities aimed at improving working conditions and achieving successful business performance. Participation is carried out through employee representatives in the trade union and the works council, with whom regular meetings are held, and at least once a year also through a general meeting of employees.

In Modra zavarovalnica, employees are not members of a trade union, nor have they established a works council. Nevertheless, the Management Board has established modern, structured and informal channels of communication with employees.

10.3.5 Education and training

Employees are the key asset of the Group, and skilled and motivated employees contribute the most to its successful operations. By investing in professional development, employee competencies are systematically strengthened, the achievement of the company's strategic objectives is supported, and long-term competitiveness and service quality are ensured.

At Kapitalska družba and Modra zavarovalnica, annual performance and development reviews are conducted each year. During these reviews, training needs are identified within the framework of individual development and career objectives, taking into account the specific work areas of each employee and the development goals of the organisation. In 2025, employees received trainings by attending live lectures, workshops and seminars, by participating in online seminars (webi-

nars) and by internal training, which is regularly provided for all employees. Particular emphasis is placed on training for the acquisition and maintenance of professional licences, especially in the areas of asset management, valuation, internal auditing, and sustainable business practices.

Employees also participated in SSH educational content, namely in the areas of strategic management of key personnel and talents for the company's success, artificial intelligence in practice, strengthening the security and resilience of companies in a tough global environment, and a national conference on resilience. In addition, all employees of both companies are required to complete certain mandatory training programmes, including those relating to cybersecurity, personal data protection, information security, and regulatory compliance.

In Kapitalska družba, a total of 3,080 hours of training were delivered in 2025 (including internal training), corresponding to an average of 53 training hours per employee. The average training cost per employee amounted to EUR 1,040.

At Modra zavarovalnica, employees participated in a total of 1,499 hours of training in 2025, which, based on the average number of employees (66.7 FTE), corresponds to an average of 22.5 training hours per employee.

10.3.6 Workplace incidents, complaints and human rights violations

Kapitalska družba and Modra zavarovalnica ensure a safe, respectful and inclusive working environment, which is also governed by appropriate internal acts.

Kapitalska družba has further strengthened its corporate social responsibility by signing the Commitment to Respect Human Rights in Business, thereby committing to the implementation of the relevant principles of the National Action Plan of the Republic of Slovenia on Business and Human Rights. This commitment is based on the Universal Declaration of Human Rights, adopted by the United Nations General Assembly in 1948, and other relevant international instruments relating to human rights in business activities. In accordance with its obligations under the commitment, the company has appointed a Human Rights Officer. The company also devotes particular attention to the respect of labour-related rights and the right to freedom of association of employees.

In recent years, no cases of mobbing, harassment, or other forms of discrimination or human rights violations have been recorded at Kapitalska družba or Modra zavarovalnica, including violations related to the protection of personal data or other employment-related rights.

10.4 OTHER IMPORTANT STAKEHOLDERS

The Group 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. It strives to establish mutually beneficial relationships based on a high level of trust with stakeholders, partners and suppliers. Kapitalska družba and Modra zavarovalnica place particular emphasis on cooperation with its main stakeholder groups: the Republic of Slovenia as the owner of the controlling company, SSH, trade unions, pensioners' associations, employer associations, professional associations, state bodies and employees. The fostering of constructive relationships is based on professionalism, flexibility, timeliness, and transparency. Stakeholders are involved in the operations of both companies at various levels, including on the Supervisory Boards of Kapitalska družba and Modra zavarovalnica, as well as on the committees of pension funds. The committees of pension funds are structured in such a way as to include key stakeholders. This ensures direct communication, exchange of views, and regular information sharing on the performance of pension funds.

In 2024, stakeholder consultations with key stakeholders were conducted for the first time in both companies. Their views were incorporated into the identification of the most material sustainability topics as part of the double materiality assessment (DMA).

With regard to key stakeholders, Kapitalska družba and Modra zavarovalnica have not yet set specific targets, apart from periodic assessment of sustainability impacts and risks relating to them. However, mechanisms for stakeholder communication have been established through various tools and channels. Communication with members of fund committees is specifically regulated, and communication with the Supervisory Board and the shareholder of the company is conducted in accordance with applicable legislation.

10.5 CORPORATE GOVERNANCE, INTEGRITY AND WHISTLEBLOWER PROTECTION

By adopting the Corporate Integrity Plan in July 2021, Kapitalska družba committed to the highest standards of corporate integrity. 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.

Modra zavarovalnica places significant emphasis on sound corporate governance, with a focus on ensuring compliance with all applicable legislation, transparency of operations, clarity in decision-making processes, effective and respectful stakeholder engagement, adherence to international corporate governance recommendations and codes of ethics, management of conflicts of interest, prevention of corruption, and compliance with lobbying regulations. A strong corporate culture, which ensures consistent compliance with legislation and ethical conduct by all employees, the Management Board, members of the Supervisory Board and other stakeholders, is thus embedded in the very foundations of the company’s corporate governance framework and incorporated into numerous internal acts.

10.6 OTHER IMPORTANT ASPECTS OF SUSTAINABILITY

Kapitalska družba is an important building block of the Slovenian pension system. The mission of Kapitalska družba is to provide additional funds for compulsory pension and disability insurance. Its role in both the provision of funds for compulsory pension insurance and the management of the SODPZ ensures a secure retirement for pensioners. As of 31 December 2025, the company managed the assets of 51,435 insured members of SODPZ.

The mission of Modra zavarovalnica is to provide services that ensure social security and dignified ageing. Modra zavarovalnica holds a market share of slightly over 40% in the accumulation phase (savings segment) and more than 60% in the payout phase. At the end of 2025, a total of 321,246 members were saving in the mutual pension funds managed by Modra zavarovalnica.

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REPORT ON RELATIONS WITH SUBSIDIARIES

In 2025, there were no transactions between Kapitalska družba, Modra zavarovalnica and Hotelske nepremičnine that were carried out 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).

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INDICATORS[15]

in EUR 000

	31 Dec 2025	31 Dec 2024
a) Equity financing ratio		
The indicator is calculated as the ratio between the equity balance and the balance of all liabilities.		
Numerator:		
Equity	1,994,555	1,655,624
Denominator:		
Liabilities	2,830,132	2,313,562
Equity financing ratio	**0.70**	**0.72**
b) Operating efficiency ratio		
The indicator is calculated as the ratio between generated operating revenues and expenses		
Numerator:		
Operating revenues	36,805	36,401
Denominator:		
Operating expenses	40,568	31,229
Operating efficiency ratio	**0.91**	**1.17**
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	12,393	57,302
Denominator:		
Average equity	1,825,089	1,553,529
Net return on equity ratio (ROE)	**0.68%**	**3.69%**
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	93,875	122,302
Denominator:		
Average equity before ZPIZ transfer	1,898,330	1,618,529
Return on equity (ROE) before ZPIZ payment	**4.95%**	**7.56%**

15 Indicators are not audited.

in EUR 000

	31 Dec 2025	31 Dec 2024
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	328,095	187,321
Denominator:		
Average equity	1,825,089	1,553,529
Total comprehensive return on equity	**17.98%**	**12.06%**
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	409,577	252,321
Denominator:		
Average equity before ZPIZ transfer	1,898,330	1,618,529
Total comprehensive return on equity before ZPIZ transfer	**21.58%**	**15.59%**

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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 2025 to 31 December 2025.

I. Kapitalska družba, as a public limited company wholly owned by the Republic of Slovenia, is, pursuant to the provisions of the Ordinance on the strategy for the governance of the State's assets, required to apply, mutatis mutandis, the Corporate Governance Code for Companies with State Capital Investment (hereinafter: the Code), which sets out the principles, procedures and criteria governing the conduct of members of the management and supervisory bodies of companies in which the Republic of Slovenia is a shareholder. In addition, Kapitalska družba follows the valid Recommendations and expectations of Slovenian Sovereign Holding (SSH).

Kapitalska družba provides a declaration of compliance with the Code adopted by SSH and valid in 2025. 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 SSH - Key SSH Asset Management Documents; https://sdh.si/en/asset-management/strategic-insight/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 2025. Regardless of that, Kapitalska družba materially respects all essential guidelines of the provision in question regarding the management of the company.

Article 6.10 of the Code: 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 justifying its (election) proposal, the supervisory board also provides a description of the competence profile for the member of the supervisory board, as well as information about the candidate, which enables shareholders to assess the extent to which the candidate meets the characteristics of the required 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 previous explanation under article 6.10 of the Code.

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 after the announcement of the convening of the general meeting, which will elect new members of the supervisory board on the proposal of the supervisory board of the company with capital assets of the state, the chairman or secretary of the supervisory board of the company calls on the candidates proposed for election by the supervisory board to submit an application to the Human Resources Committee of SSH for accreditation and nomination. Candidates may also be invited to apply for accreditation and nomination by the Human Resources Committee of the SSH. The recommendation does not apply if the proposal of SSH candidates was the only recruitment route and the candidates have already been nominated by the SSH HR 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 implemented the recommendation from this point in 2025 in the second half of the year, and liability insurance was established in September 2025.

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. Kapitalska družba adopted a succession policy in the form of a single document for the company's management and leadership personnel, which is 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 of the Code: The management should implement the relevant principles of the National Action Plan of the Republic of Slovenia for the Commitment to Respect Human Rights in the Economy. Based on a due diligence review of operations, management should set goals and implementation measures to ensure respect for human rights across the company's entire operations.

Subsection 7.9.3 of the Code: Based on the company's long-term strategy, the management prepares a business plan for each financial year.

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. In addition, it cooperates with the competent ministry in the preparation of the Annual Capital Investment Management Plan of the Republic of Slovenia, which is designed for a three-year period. 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. Since 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, 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 22 August 2025, the company's financial statements for 2025 are audited by the audit company PricewaterhouseCoopers d. o. o., Ljubljana, which has been appointed as the company's auditor for the financial years 2025, 2026 and 2027.

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.

Back-office Support Sector, for the purpose of financial reporting, ensures pricing of non-marketable securities independently of the Asset Management Sector or the Accounting and Controlling Sector. Securities pricing is carried out in the sector using its own models or valuations, and for larger investments by ordering valuations from external certified corporate valuers. All bases for determining the prices of securities are submitted for review to an external auditor.

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 assurance 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 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 General Meeting of Kapitalska družba upon the proposal of the Management Board and Supervisory Board or at its own discretion.

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 and ZSDH-1. In 2025, one general meeting of the company was held.

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 2025 is provided in the Report of the Supervisory Board. In 2025, the Supervisory Board of Kapitalska družba operated in the following composition:

- Janez Tomšič, Chairman (until 20 October 2025)
- Boris Žnidarič, Deputy chairman
- Ladislav Rožič, Member (until 16 February 2025)
- Mirko Miklavčič, Member
- Boštjan Leskovar, Member (until 20 October 2025)
- Andreja Cedilnik, Member
- Mitja Brudar, Member (from 22 August 2025)
- Maja Menard, Member (from 21 October 2025), Chairman (from 23 October 2025)
- Krešo Šavrič, Member (from 21 October 2025)

In 2025, two Supervisory Board committees operated (Audit and Human Resources Committees), whose work is presented in the Supervisory Board Report.

In 2025, the Audit Committee of the Supervisory Board of Kapitalska družba operated until 22 October 2025 in the following composition: Andreja Cedilnik, Chairman, Boštjan Leskovar, Member (termination of mandate as at 20 October 2025), Mirko Miklavčič, Member, and Natalija Stošicki, External member. As at 23 October 2025, the composition of the audit committee was as follows: Andreja Cedilnik, Chairman, Mirko Miklavčič, Member, Krešo Šavrič, 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.

In the year 2025, until 12 March 2025, the Human Resources Committee of the Supervisory Board was composed of: Boštjan Leskovar, Chairman, Ladislav Rožič, Member (termination of mandate as at 16 February 2025), and Andreja Cedilnik, Member. From 13 March 2025 until 22 October 2025, the Human Resources Committee operated in the following composition: Boštjan Leskovar, Chairman (termination of mandate as at 20 October 2025), Andreja Cedilnik, Member, and Boris Žnidarič, Member. As of 23 October 2025, the Human Resources Committee operates in the following composition: Boris Žnidarič, Member, Andreja Cedilnik, Member, and Maja Menard, 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 2025, 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 1 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 2025, 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 26: Management's composition in the financial year 2025

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 27: Composition of the Supervisory Board and committees in the financial year 2025

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. (until 11 September 2025)	/	/	/
Boris Žnidaršič	Deputy	1 February 2015	1 February 2027	Representative of pensioners	9/9	M	RS	1948	PhD (Doctor of Science)	Master of Laws and PhD in Social Sciences, qualified university teacher	Yes	No	Krka, d. d. (until 21 August 2025)	HR	Member (Until 13 March 2025) Chairman (from 23 October 2025)	5/5
Ladislav Rožič	Member	31 January 2011	16 February 2025	Representative of the trade unions	0/0	M	RS	1957	MSc (Science)	finance, corporate governance	Yes	No	/	HR	Member (Until 16 February 2025)	0/0
Mirko Miklavčič	Member	2 February 2019	1 February 2027	representative of pensioners	9/9	M	RS	1947	BSc in labour relations	finance, corporate governance, insurance	Yes	No	/	Audit	Member	10/10
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	Chairman (until 20 October 2025)	3/3
														Audit	Member (Until 20 October 2025)	8/8
Andreja Cedilnik	Member	31 August 2022	30 August 2026	Representative of capital	9/9	F	RS	1974	BSc (Economics)	finance, accounting, controlling, corporate governance	Yes	No	/	Audit	Chairman	10/10
														HR	Member	5/5
Mitja Brudar	Member	22 August 2025	21 August 2029	Representative of the trade unions	3/3	M	RS	1970	MSc (Science)	finance, planning and analysis, management systems	Yes	No	/	/	/	/
Maja Menard	Member, Chairman from 23 October 2025	21 October 2025	20 October 2029	Representative of capital	2/2	F	RS	1976	PhD (Doctor of Science)	commercial law, corporate governance, EU law	Yes	No	/	HR	Member (From 23 October 2025)	1/1
Krešo Šavrič	Member	21 October 2025	20 October 2029	Representative of capital	2/2	M	RS	1974	BSc (Law)	corporate governance, real estate management, commercial law	Yes	No	/	Audit	Member (From 23 October 2025)	1/1

Table 28: External members of Supervisory Board committees in the financial year 2025

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 Stošicki	Audit	9/10	F	RS	BSc (Enterprise sector)	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, 28 May 2026



ACCOUNTING
REPORT

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board of Kapitalska družba pokojninskega in invalidskega zavarovanja, d. d., hereby confirms the Group's consolidated financial statements for the year ending 31 December 2025 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 consolidated financial statements, that accounting estimates were made according to the principle of prudence and the diligence of a good manager, and that the consolidated financial statements present a true and fair view of the Group's financial assets and operating results for 2025.

The Management Board is also responsible for appropriate accounting, the adoption of adequate measures for protection of property and other assets, and confirms that the consolidated financial statements, together with notes, have been prepared on the basis of the going concern assumption of the Company and the Group and in line with the applicable legislation and the International Financial Reporting Standards as adopted by the European Union.

The tax authorities may audit the Kapitalska družba Group 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 company's Management Board is not aware of any circumstances that could give rise to any significant liability on this account.

Gregor BAJRAKTAREVIĆ
Member of the Management Board

Bachtiar DJALIL
Chairman of the Management Board

Ljubljana, 28 May 2026

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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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of Kapitalska družba pokojninskega in invalidskega zavarovanja d. d. (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2025, and the Group's consolidated financial performance and consolidated 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 Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated 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 consolidated 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 Group and the Company in accordance with the ethical requirements of the Auditing Act (ZRev-2) that are relevant to audits of financial statements in Slovenia and the International Code of Ethics for Professional Accountants (including International Independence

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Matriculation No.: 5717159, VAT No.: SI35498161

The company is entered in the register of companies with the District Court of Ljubljana by decision Srg. 200110427 of 19 July 2001 under entry No. 12156800, and in the register of audit companies at the Agency for Public Oversight of Auditing under No. RD-A-014/94. The registered share capital amounts to EUR 34,802. The list of employed auditors with valid licenses is available at the company's registered office.

www.pwc.com

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.

Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have also fulfilled our other ethical responsibilities in accordance with the Auditing Act (ZRev-2) and the IESBA Code.

Reporting on other information including the Business Report

Management is responsible for the other information. The other information comprises the Business Report (but does not include the consolidated financial statements and our auditor's report thereon).

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

In connection with our audit of the consolidated 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 consolidated 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 Companies Act (ZGD-1). Those procedures include assessing whether the Business Report is consistent with the consolidated financial statements and whether the Business Report was prepared in accordance with the Companies Act (ZGD-1).

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 consolidated financial statements are prepared is, in all material respects, consistent with the consolidated financial statements; and
- the Business Report has been prepared, in all material respects, in accordance with the requirements of the Companies Act (ZGD-1).

In addition, in light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Business Report and other information. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

Translation note:

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's and 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 Group's and 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 consolidated 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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.

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

Refer to the original
signed Slovenian version

Primož Kovačič
Director, Certified auditor
28 May 2026
Ljubljana, Slovenia

Translation note:

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CONSOLIDATED FINANCIAL STATEMENTS FOR 2025

16.1 CONSOLIDATED STATEMENT OF PROFIT OR LOSS

in EUR 000

	Note	2025	2024
1. Net sales revenue	1	25,472	24,398
2. a) Insurance services income	2.1	10,342	9,942
2. b) Other operating revenues	2.2	991	2,061
Total operating revenue		**36,805**	**36,401**
3. Costs of materials and services	3	-5,599	-5,162
4. Labour costs	4	-8,973	-8,594
5. Write-downs in value	5	-1,987	-1,983
6. a) Insurance services expenses	6.1	-23,317	-14,215
6. b) Other operating expenses	6.2	-692	-1,275
Total cost and expenses		**-40,568**	**-31,229**
Results from operating activities		**-3,763**	**5,172**
7. Financial revenue	7.		
b) Financial revenue from shares in associates	7.1	12,689	12,302
c) Financial revenue from shares in other companies	7.1	102,841	124,954
č) Financial revenue from other investments and from loans	7.2	21,448	21,317
Total financial revenue		**136,978**	**158,573**
8. Financial expenses	8		
b) Financial expenses due to impairment and write down of other investments	8.1	-23,888	-3,532
č) Financial expenses from financial liabilities	8.2	-81,494	-65,010
d) Financial insurance contract expenses	8.3	-9,376	-8,534
Total financial expenses		**-114,758**	**-77,076**
Profit/loss before tax		**18,457**	**86,669**
9. Corporate income tax	9	-4,767	-8,756
10. Deferred tax	10	-1,297	-20,611
11. Net profit or loss for the period		**12,393**	**57,302**

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

16.2 CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

in EUR 000

	2025	2024
Profit or loss for the year	12,393	57,302
Other comprehensive income for the financial year	315,702	130,019
Items not to be reclassified subsequently to profit or loss	300,414	132,478
Actuarial gains/losses within defined employee benefits plans	-7	12
Gains/losses in relation to changes in fair value of investments in equity instruments, measured at fair value through other comprehensive income	345,472	154,082
Related net gains/losses recognised in revaluation surplus relating to investments in equity of associates and joint ventures accounted for using the equity method	476	-656
Tax on items subsequently not to be reclassified to profit or loss	-45,527	-20,960
Items that may be reclassified subsequently to profit or loss	15,288	-2,459
Gains/losses in relation to investments in debt instruments, measured at fair value through other comprehensive income	-6,695	-1,079
Net financial income/expenses from insurance contracts	21,718	-1,286
Tax on items that may be reclassified subsequently to profit or loss	265	-94
Total comprehensive income for the year	328,095	187,321

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

16.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in EUR 000

	Note	31 Dec 2025	31 Dec 2024
ASSETS			
A. Non-current assets			
I. Intangible assets and non-current deferred costs and accrued revenue	11	66,362	66,396
II. Property, plant and equipment	12	4,296	4,664
III. Investment property	13	22,492	23,145
IV. Long-term financial investments			
1. Long-term financial investments, except loans			
b. Shares and interests in associates	14	105,515	98,375
c. Other shares and interests	15	1,730,562	1,368,175
č. Other long-term financial investments	15	476,006	458,097
Total long-term financial investments, excluding loans		2,312,083	1,924,647
2. Long-term loans	16	134,106	91,688
Total long-term financial investments		2,446,189	2,016,335
V. Non-current operating receivables	17	1,099	1,347
VI. Deferred tax assets	10	3,929	5,321
Total non-current assets		2,544,367	2,117,208
B. Current assets			
III. Short-term financial investments			
1. Short-term financial investments, excluding loans	15	93,243	90,799
2. Short-term loans	16	6,687	3,444
Total short-term financial investments		99,930	94,243
IV. Current operating receivables			
2. Current trade receivables		3,699	4,101
3. Current operating receivables due from others		5,435	2,472
4. Other current operating receivables		156,319	85,885
Total current operating receivables	17	165,453	92,458
V. Cash and cash equivalents	18	20,382	9,653
Total current assets		285,765	196,354
Total assets		2,830,132	2,313,562

in EUR 000

	Note	31 Dec 2025	31 Dec 2024
EQUITY AND LIABILITIES			
A. Equity			
I. Called-up capital	19	364,810	364,810
II. Capital surplus	20	219,033	218,905
V. Reserves arising from valuation at fair value	21	916,955	600,832
VI. Retained earnings		481,364	413,775
VII. Net profit or loss for the year		12,393	57,302
Total equity		**1,994,555**	**1,655,624**
B. Provisions			
I. Provisions for pensions and similar obligations		804	759
II. Other provisions		2,720	3,509
Total provisions	24	**3,524**	**4,268**
C. Non-current liabilities			
I. Non-current financial liabilities		65,000	65,000
II. Non-current insurance contracts, which are liabilities		468,329	401,766
III. Other non-current liabilities		1,599	1,545
Total non-current liabilities	22	**534,928**	**468,311**
IV. Deferred tax liabilities	10	**130,384**	**85,535**
Total non-current liabilities		**665,312**	**553,846**
D. Current liabilities			
II. Current financial liabilities	22	**151,978**	**81,483**
III. Current operating liabilities			
2. Current trade payables		865	744
5. Current liabilities to the state		502	492
7. Other current operating liabilities		12,857	14,707
Total current operating liabilities	22	**14,224**	**15,943**
IV. Current tax liabilities	23	**539**	**2,398**
Total current liabilities		**166,741**	**99,824**
Total equity and liabilities		**2,830,132**	**2,313,562**

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

16.4 CONSOLIDATED STATEMENT OF CASH-FLOWS

in EUR 000

	2025	2024
A. Cash flows from operating activities		
a) Net profit or loss and adjustments		
Net profit or loss	12,393	57,302
Tax adjustment	6,064	29,367
Adjustments for depreciation of property, plant and equipment, amortisation of intangible assets, and depreciation of investment property	2,363	2,370
Adjustments for financial income	-124,289	-146,271
Adjustments for financial expenses	114,758	77,076
Adjustments for share of profit or loss of associates and jointly controlled entities	-12,689	-12,302
Operating profit before changes in net current assets and taxes	**-1,400**	**7,542**
b) Changes in net current assets and provisions		
Opening less closing operating receivables	-72,747	-9,108
Closing less opening operating liabilities	66,917	1,157
Closing less opening operating provisions	-744	-1,696
Cash generated from operating activities	**-6,574**	**-9,647**
c) Net cash (disbursements) from operating activities	-7,974	-2,105
B. Cash flows from investing activities		
a) Net receipts from investing activities		
Receipts from interest	13,324	13,410
Receipts from dividends	56,838	47,168
Receipts from disposal of property, plant and equipment	1	16
Receipts from decrease of long-term financial investments	129,947	131,809
Receipts from decrease of short-term financial investments	267,687	300,567
Total receipts from investing activities	**467,797**	**492,970**
b) Cash disbursements from investing activities		
Disbursements to acquire intangible assets	-404	-393
Disbursements to acquire plant, property and equipment	-260	-130
Disbursements to acquire investment property	-213	-74
Disbursements to acquire long-term financial investments	-160,512	-369,067
Disbursements to acquire short-term financial investments	-206,351	-51,827
Total cash disbursements for investing activities	**-367,740**	**-421,491**
c) Cash from investing activities	100,057	71,479
C. Cash flows from financing activities		
a) Cash receipts from financing activities		
Cash receipts from paid-in capital	128	104
Total cash receipts from financing activities	**128**	**104**
b) Cash disbursements for financing activities		
Cash disbursements for repayment of current financial liabilities	-81,482	-65,000
Total cash disbursements for financing activities	**-81,482**	**-65,000**
c) Cash from financing activities	-81,354	-64,986
D. Closing balance of cash		
a) Net cash flow for the period	10,729	4,478
b) Opening balance of cash	9,653	5,175
c) Total closing balance of cash	20,382	9,653

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

16.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR 000

		Share capital	Capital surplus	Reserves arising from valuation at fair value: Financial investments	Reserves arising from valuation at fair value: Insurance contracts	Retained earnings	Net profit or loss for the current period	Majority equity interest	Total
	Note	19	20	21					
A. 1.	Balance as at 1 January 2025	364,810	218,905	556,174	44,658	413,775	57,302	1,655,624	1,655,624
B. 1.	Changes in equity – transactions with owners	0	128	0	0	0	0	128	128
d)	Entry of additional paying-up of the capital	0	128	0	0	0	0	128	128
B. 2.	Total comprehensive income for the period	0	0	293,984	21,718	0	12,393	328,095	328,095
a)	Net profit or loss for the reporting period	0	0	0	0	0	12,393	12,393	12,393
d)	Changes in reserves arising from valuation of investments at fair value	0	0	293,515	21,718	0	0	315,233	315,233
e)	Changes in reserves arising from valuation at fair value - associates	0	0	476	0	0	0	476	476
f)	Other components of the comprehensive income of the period	0	0	-7	0	0	0	-7	-7
B. 3.	Changes in equity	0	0	421	0	67,589	-57,302	10,708	10,708
a)	Distribution of the remaining part of the net profit of the comparative reporting period to other components of equity	0	0	421	0	56,877	-57,302	-4	-4
f)	Profits/losses from derecognition of equity investments measured at fair value through other comprehensive income to retained earnings	0	0	0	0	10,712	0	10,712	10,712
C.	Closing balance as at 31 December 2025	364,810	219,033	850,579	66,376	481,364	12,393	1,994,555	1,994,555

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

in EUR 000

		Share capital	Capital surplus	Reserves arising from valuation at fair value: Financial investments	Reserves arising from valuation at fair value: Insurance contracts	Retained earnings	Net profit or loss for the current period	Majority equity interest	Total
	Note	19	20	21					
A. 1.	**Balance as at 1 January 2024**	**364,810**	**218,801**	**425,147**	**45,944**	**320,405**	**76,326**	**1,451,433**	**1,451,433**
B. 1.	**Changes in equity – transactions with owners**	**0**	**104**	**0**	**0**	**0**	**0**	**104**	**104**
d)	Entry of additional paying-up of the capital	0	104	0	0	0	0	104	104
B. 2.	**Total comprehensive income for the period**	**0**	**0**	**131,305**	**-1,286**	**0**	**57,302**	**187,321**	**187,321**
a)	Net profit or loss for the reporting period	0	0	0	0	0	57,302	57,302	57,302
d)	Changes in reserves arising from valuation of investments at fair value	0	0	131,949	-1,286	0	0	130,663	130,663
e)	Changes in reserves arising from valuation at fair value - associates	0	0	-656	0	0	0	-656	-656
f)	Other components of the comprehensive income of the period	0	0	12	0	0	0	12	12
B. 3.	**Changes in equity**	**0**	**0**	**-278**	**0**	**93,370**	**-76,326**	**16,766**	**16,766**
a)	Distribution of the remaining part of the net profit of the comparative reporting period to other components of equity	0	0	-278	0	76,660	-76,326	56	56
f)	Profits/losses from derecognition of equity investments measured at fair value through other comprehensive income to retained earnings	0	0	0	0	16,710	0	16,710	16,710
C.	**Closing balance as at 31 December 2024**	**364,810**	**218,905**	**556,174**	**44,658**	**413,775**	**57,302**	**1,655,624**	**1,655,624**

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, COMPRISING MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION

17.1 GENERAL DISCLOSURES

Controlling 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. Kapitalska družba does not have its own shares and the management board does not have the authority to issue or purchase them.

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 of the Controlling Company

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 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 breach of the Articles of Association of Kapitalska družba representing a severe dereliction of duties may constitute cause for dismissal.

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.

Subsidiaries

The subsidiaries of Kapitalska družba, which are included in the consolidated financial statements of the Kapitalska družba Group as of 31 December 2025, are shown in the table below.

in EUR 000

Name of subsidiary	Registered office	Equity share (in %)	Voting rights (in %)	Equity as at 31 Dec 2025	Net result in 2025
Modra zavarovalnica, d. d.	Slovenia	100.00	100.00	438,375	1,049
Hotelske nepremičnine, d. o. o.	Slovenia	50.00	50.00	12,512	584

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

Data on consolidation

The consolidation of accounting data takes place at Kapitalska družba as the highest level. The consolidated Annual Report of the Kapitalska družba Group will be published at https://www.kapitalska-druzba.si/o-kapitalski-druzbi/letna-porocila/.

Data on the ownership shares

The Group has no treasury shares.

Employee data

At the end of 2025, the Kapitalska družba Group had 126 employees, of which 58 were employed at Kapitalska družba (31 Dec 2024: 57) and 68 at Modra zavarovalnica (31 Dec 2024: 65). In 2025, the Group had an average of 124.24 employees (2024: 124.32). The company Hotelske nepremičnine has no employees.

17.2 MATERIAL ACCOUNTING POLICY INFORMATION

Basis for preparation of financial statements

The financial statements for 2025 have been prepared in accordance with the International Financial Reporting Standards (hereinafter: IFRS), as adopted by the EU, and the Companies Act.

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.

Basics of consolidation

The consolidated financial statements comprise the financial statements of Kapitalska družba and its subsidiaries as at 31 December of each year. The financial statements of subsidiaries are prepared for the same financial year as the financial statements of the parent company using uniform accounting policies. In the event of inconsistencies in accounting policies, appropriate adjustments are made in the consolidated financial statements.

All intercompany balances and transactions, including unrealized gains arising from intercompany balances and transactions, are eliminated in full.

All subsidiaries are consolidated from the date control is transferred to the Group, and consolidation ceases when control over the subsidiary is transferred out of the Group. If the Group loses control over a subsidiary during the year, the subsidiary's results are included in the consolidated financial statements up to the date when control was still maintained.

Statement of compliance

The consolidated financial statements of Kapitalska družba and all of its subsidiaries (hereinafter: the Group) have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union.

In its financial statements, the Group applied all IFRSs and IFRICs required in 2025. It did not apply any standard or interpretation before its application became obligatory in 2025.

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. Foreign currencies are translated into euros using the ECB reference exchange rate or, for currencies for which the ECB does not publish reference rates, the exchange rate published by the Bank of Slovenia. Transactions in foreign currencies are translated into euros at the exchange rate prevailing on the transaction date at initial recognition. At subsequent measurement, monetary items denominated in foreign currencies are translated at the closing rate at the reporting date, with the resulting effects recognised in the income statement. Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rate on the transaction date, while non-monetary items measured at fair value are translated at the exchange rate on the date when the fair value was determined.

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 Group, except from development costs, are not capitalised. Costs represent expenses of the period in which they are incurred.

A recognised intangible asset is impaired if its carrying amount exceeds its net recoverable amount.

Asset	Depreciation rate in %
Software	20.00–33.33

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. In the Group, 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 in the Group on property, plant and equipment. Tangible fixed assets are impaired if their carrying amount exceeds their recoverable amount.

Land, buildings or equipment are derecognised when the relevant asset is sold or when the Group 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

The Group initially measures investment property 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 in the Group on investment property. Investment properties are impaired if their carrying amount exceeds their recoverable amount.

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 Group 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 at:

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 Group 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 Group 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 Group 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 debt financial assets are stated according to the classification of financial 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 stated at amortised cost,
- financial assets measured at fair value through other comprehensive income are disclosed using the FIFO method.

Assessment of contractual cash flows

If a financial asset is held within a business model whose objective is to collect contractual cash flows, or within a business model in which the objective is achieved by collecting contractual cash flows and by selling financial assets, the Group must assess whether the contractual cash flows

from the financial asset represent solely payments of principal and interest on the outstanding principal amount. For this purpose, the Group performs the so-called SPPI test (Solely Payments of Principal and Interest). If this condition is not met, the financial asset is measured at fair value through profit or loss, irrespective of the business model.

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 associated companies

Associates in which the parent company has significant influence are included in the consolidated financial statements using the equity method.

Modification of cash flows and derecognition of a financial asset

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and the transfer meets the criteria for derecognition.

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

Measurement and grouping of exposures into groups for credit loss assessment

The Group classifies exposures into three stages:

a. exposures for which there has not yet been a significant increase in credit risk, expected credit losses are measured based on a 12-month period (stage 1);
b. exposures for which the credit risk has increased significantly in the period from initial recognition to the reporting date, expected credit losses are recognized for the entire life of the financial instrument (stage 2);
c. exposures in a position of significantly impaired payment worthiness and “default”, for which expected credit losses are also recognized for the entire life of the financial instrument (stage 3).

The Group classifies all exposures into stage 1 upon initial recognition, unless they are purchased or issued financial assets that are defined as unpaid exposures, i.e., purchased or originated credit-impaired financial assets (POCI). Such exposures are classified in the third stage.

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

For trade receivables, the company uses the number of days past due as the criterion for staging. A receivable is automatically classified in Stage 2 when the payment is more than 30 days past due, and in Stage 3 when the payment is more than 90 days past due.

The Group 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 Group 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 Group for classification into stages is the credit rating or internal evaluation of a particular financial instrument. The internal evaluation is defined based on an algorithm in the information system and is based on international credit ratings, or, if no international credit ratings are available, it is determined internally. The Group uses the Bloomberg Credit Rating as the primary source for determining the internal valuation (credit rating).

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

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

- government,
- companies and
- financial institutions.

For classification into stages, the Group 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 Group takes into account when assessing expected credit losses are based on past events, current conditions and forecasts regarding future economic circumstances.

If the Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 take economic cycles into account, the Group takes into account forecasts of future economic circumstances and a correction for the economic cycle when calculating the probability of default for the first three years for all classes of investments (government, corporate and financial institution bonds).

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 Group 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 OTC[16] (applies to debt investments).

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

On the date of measurement of the fair value of the financial investment, the Group 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 (for the Ljubljana Stock Exchange, an average daily turnover higher than EUR 0.1 million is taken into account for investments owned by Kapitalska družba, while this does not apply when determining an active market for investments owned by Modra zavarovalnica). 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 CBBT[17] 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[18], if available, is used for 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 six months from the fair value measurement date to which the value estimate will be applied. Market data and parameters used in the valuation must include the most recent information and must be compliant with the date the estimated value will be applied to. If six 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 Group uses the unadjusted price, when an active market exists.

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

17 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 (both indicative and as undertaking) from a large number of quote providers.

18 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 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 Group 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 29: 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 30: 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 that are measured at amortized cost and are measured by the Group 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 31: 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.
	A quoted price older than 90 days can be used if the materiality criterion is not met.

Table 32: 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 target funds

Table 33: 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.

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. 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. These deposits 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. Such an asset (or group) is measured at the lower of its carrying amount before classification or fair value less costs to sell. Upon reclassification, amortization ceases.

Operating receivables

Operating receivables also include accrued revenue and deferred costs, the majority of which relate to short-term deferred costs arising from transfers to ZPIZ (see section 17.2 *Material accounting policy information in Financial liabilities).*

Cash and cash equivalents

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

Equity

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 share capital of Kapitalska družba 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.

Reserves arising from valuation at fair value

Reserves from valuation at fair value arise from the effects of valuation of financial assets at fair value through other comprehensive income, net financial income/expenses from insurance contracts 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

The Group establishes non-current provisions:

- when the guaranteed value of assets of the SODPZ, ZPJU, MZP and PPS fund exceeds the actual value of assets belonging to an individual insured member, 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 a company in the Group, or if they estimate 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 internal regulations of the companies in the Group, using the projected unit credit method.

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.

Insurance contract liabilities

Definition of the insurance contract

An insurance contract occurs when the insurance company assumes a substantial insurance risk from the policyholder. In this case, the recognition of the insurance risk itself and the assessment of its importance are inherently subjective. Life insurance contracts, the main purpose of which is to provide an annuity, carry a significant insurance risk. Consequently, they are categorised as insurance contracts.

Valuation of insurance contracts

A general valuation model is used for all insurance products under IFRS 17.

Table 34: Products of Modra zavarovalnica, d. d., in the context of IFRS 17

Insurance group	Product	Stage	Description
Life insurance (pensions)	KS MR	Payout	Old generation of pensions – no profit; closed for new contributions; the asset group is not clearly defined
	KS MR II	Payout	New generation of pensions – with profit; 90% participation in profit; the asset group is clearly defined
	PPS	Savings	After the accumulation phase, the insurance policy is transferred to KS PPS; guaranteed 1% return on assets; the asset group is clearly defined
	KS PPS	Payout	PPS payout phase; 100% participation in profit
Property insurance	KPN	/	Accident, monthly/annual premium

Aggregation levels

The process of determining the aggregation level can be formally divided into three groups:

- the portfolio level, where groups of contracts with similar risks that the insurance company manages together are defined,
- the group level, where individual portfolios are divided into at least 3 groups based on the rate of return: onerous contracts, contracts unlikely to become onerous in the future and “other” contracts, and
- the cohort level, as the IFRS 17 prohibits combining contracts that were issued more than one year apart, which is why the insurance company must divide the defined groups according to the issue date of the contracts.

At the insurance company, life insurance policies with active participation in profit are treated separately from contracts without participation in profit. KS PPS and PPS products are treated together, as one group of insurance contracts.

For property insurance, the insurance company used the Line of Business (LoB) in accordance with the Solvency 2 directive, taking into account the basic characteristics of the risk (risks covered, severity, period of validity of the policy, distribution of risk during the entire period of validity, etc.).

When determining the cohorts, the insurance company decided on the following approach:

- cohort date: insurance start date,
- cohort period: calendar year,
- possible other significant assumptions are taken into account (change in the technical interest rate),
- taking into account the analogy with the general principles in IAS 8, the treatment of cohorts represents the accounting policy choice.

Contractual boundaries

The contractual boundary represents a period after the end of which the insured person no longer has material rights and the insurance company no longer has any material obligations to provide services arising from the insurance contract, which is key to determining the valuation method and the cash flows which have to be part of the valuation.

The cash flow estimates in an individual scenario must include all cash flows within the contractual boundary of the existing contract and no other cash flows.

Cash flows fall within the contractual boundary of the insurance contract if they arise from material rights and obligations that exist during the reporting period, in which the insurance company can require the insured person to pay premiums or has a material obligation to provide contractually defined services to the insured person. A liability or asset related to an expected premium or an expected loss outside the contractual boundary of the insurance contract may not be recognised.

When the insurance company has to renew the contract (specified in the contract) or otherwise continue with the contract, it must assess which premiums and related cash flows arising from the renewed contract are within the contractual boundaries of the original contract.

In accordance with the requirements of the standard, the insurance company considers the following cash flows:

- premiums,
- payment of benefits and damage claims to the insured person,
- claims processing costs (policy management costs, claim processing costs, allocation of relevant overhead costs),
- administrative costs of policy management (policy management costs, allocation of relevant overheads),
- cash flows for the acquisition (acquisition costs, allocation of relevant overhead costs),
- payouts of investment components.

Recognition and measurement

Valuation approaches

The insurance company uses a general measurement model for all its products (GMM model).

Calculation of the contractual service margin

Since the insurance company uses the general model for measuring its products, it is obliged to recognize the Contractual Service Margin – at the initial recognition of groups of insurance contracts, which it later releases into the profit or loss over the coverage periods.

Upon initial recognition, the contractual service margin (assuming the contract is not onerous[19]) represents a compensation amount for derecognition of any first-day "differences", which prevents the recognition of a day-one profit.

At the end of the reporting period, the contractual service margin represents the profit from a group of insurance contracts that the insurance company has not yet recognised in the profit or loss, as it relates to future services that the insurance company will provide under these contracts.

Calculation of the loss component

For an onerous contract or a group of onerous contracts, the company recognises the day-one loss in the statement of profit or loss in the amount of the net outflow and thus forms liabilities for remaining coverage (LRC), which are actually a loss component (LC). CSM in this case is zero.

A contract or group of insurance contracts becomes onerous (or more onerous) upon subsequent measurement if, due to adverse changes, the realised cash flows from changes in the estimate of future service cash flows allocated to the group exceed the carrying amount of the contractual service margin (CSM). In this case, the insurance company recognises a loss in the profit in the amount of this surplus.

The initial amount of the loss is determined and adjusted by the insurance company for possible subsequent losses and for the elimination and release of losses during the entire period so that at the end of the coverage period of the group of contracts the loss component equals zero.

Methodologies for risk adjustment

Article 17.32 of IFRS 17 states that upon initial measurement of a group of insurance contracts, realised cash flows and contractual service margin (CSM) are taken into account. Realised cash flows include risk adjustment (RA) for non-financial risk with referring to Article 17.37 of IFRS 17, which prescribes the basic requirement for measuring the risk adjustment for non-financial risk.

Considering that the major part of the insurance company's portfolio consists of annuity products, longevity risk is the one that represents a significant part of non-financial risks. To assess the risk adjustment, the insurance company used the confidence interval method analogous to the regulation brought about by the Solvency II directive. The Solvency 2 regime uses a confidence level of 99.5%, and the insurance company chooses a lower VaR for the purposes of IFRS 17, as it is not reasonable to expect that margins, which enable "almost certain" achievement of the contractual service margin (CSM), can be built into the product prices.

The insurance company has chosen a confidence level of 70% for risk adjustment, which, when calibrated using the standard formula, represents a shock size of 4.07%.

Discount rate

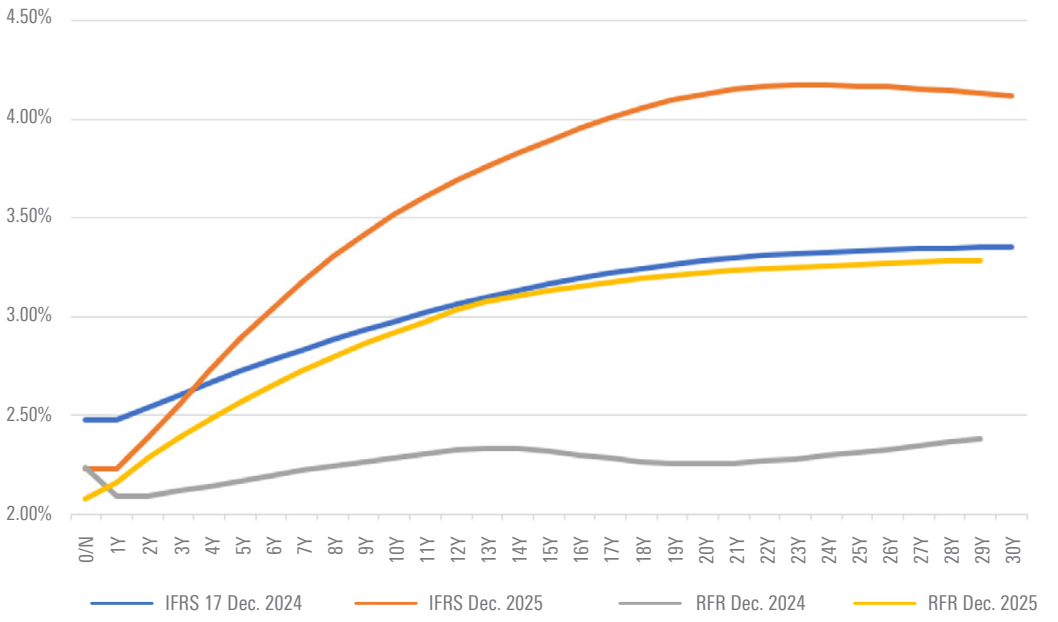
The valuation of non-current insurance liabilities and the resulting recognition of profit are largely sensitive to the discount rate. The IFRS 17 standard establishes general principles for determining discount rates but does not detail instructions for their application.

19 An insurance contract is onerous if, on the date of initial recognition, the sum of the realised cash flows allocated to the contract (risk-adjusted present value of future cash flows), all previously recognised cash flows for insurance acquisition and all cash flows from the contract equals the net cash outflow.

Modra zavarovalnica's decision is to use a single methodology for deriving the risk-free discount curve for all portfolios, taking into account the illiquidity premium. A bottom-up approach is applied. The discount rate curve therefore consists of the risk-free interest rate and the illiquidity premium. The source for the risk-free interest rate is the RFR (risk free rate) curve published by EIOPA (no volatility adjustment spot curve).

The illiquidity premium estimate is calculated from the difference between the RFR curve and the covered bond curve. The determined illiquidity premium is fully attributed to the risk-free discount curve, which results from the characteristics of insurance contracts of Modra zavarovalnica (high illiquidity, it is difficult for the insured person to cash out the contract early). The basis for calculating the return on each index is covered bonds issued in euros with a BBG composite AAA credit rating. At the end of December 2025, the indices consisted of 517 bonds with these characteristics. The missing yields for maturities between 10 and 30 years are calculated using the Nelson-Siegel-Svensson model. The extrapolation of the IFRS 17 discount curve is done using the Smith-Wilson model, considering the last liquid point (LLP) at 20 years and the ultimate forward rate (UFR) published on the EIOPA website.

Figure 7: Risk-free RFR curve, IFRS 17 discount curve and illiquidity premium as at 31 December 2025 and 31 December 2024



Treatment of costs

In the framework of IFRS 17, the insurance company treats the costs related to the cost units KS PPS, KS MR, KS MR II and accidents. In doing so, to measure insurance contracts, it uses all costs related to the insurance contract or to the portfolio of insurance contracts. In this sense, it is therefore necessary to take into account the costs associated with the acquisition, conclusion and implementation of these contracts, while the third group of costs does not enter into the calculation of the insurance result.

The insurance company distinguishes three types of costs in its classification:

1. Directly attributable policy costs, or costs that are directly related to the policies (portfolio). This group includes:
   - direct costs of obtaining insurance,
   - administrative costs of policies (e.g. premium billing, policy changes),
   - claim management costs.
2. Indirect costs of policies (allocation of fixed and variable overheads), which are attributed to the policies or portfolio based on the keys. This group includes:
   - labour costs,
   - IT costs,
   - leases,
   - depreciation that can be directly attributed to the performance of insurance contracts.
3. Costs that are not directly related to policies (non-attributable). This group includes certain general costs that are not attributed to policies, such as:
   - costs of general marketing activities,
   - insurance development costs,
   - education and training costs,
   - costs of the management and supervisory board.

Subsequent measurement of insurance contracts

The sum of liabilities for residual coverage (LRC) and liabilities for incurred claims (LIC) constitutes the carrying amount of the group of insurance contracts at the end of the reporting period; the residual coverage liability is equal to the sum of the expected future cash flows at fulfilment (which are related to future service) and the contractual service margin for that group of insurance contracts, and the incurred claims liability represents the cash flows related to past service.

The insurance company recognises in the current period:

- income and expenses from the change in the carrying amount of the liability for the remaining coverage, namely:
  - insurance income from the reduction of the liability for the remaining coverage due to the services performed during this period,
  - income and expenses from the change in the carrying amount of liabilities for incurred damages, namely,
  - financial revenue or expense from discounting (which includes the effect of the time value of money and financial risk);
- revenue and expenses from the change in the carrying amount of liabilities for incurred damages, namely:
  - expenses from the increase in liabilities due to claims and expenses incurred during this period,
  - expenses for all subsequent changes in cash flows in fulfilment in relation to incurred claims and expenses,
  - financial revenue or expense from discounting (which includes the effect of the time value of money and financial risk).

The insurance company recognises changes in expected cash flows related to current or past service in the statement of profit or loss or the statement of comprehensive income. These include:

- the effect of the time value of money and the effect of financial risk (where the effect of the changed discount rate using the same curve is recognised in the statement of profit or loss, and the effect of the shift in the discount curve is recognised in the statement of comprehensive income),
- changes in estimates of expected cash flows at fulfilment, which relate to liabilities for already incurred claims and are recognised in the statement of profit or loss, and
- experience adjustments for insurance expenses, which are recognised in the statement of profit or loss.

Changes in expected cash flows related to future service are reflected in the change in the contractual service margin or in the loss component within the liabilities for remaining coverage. Such changes are:

- experience adjustments arising from premiums received in the period relating to future service,
- changes in the estimate of the present value of future cash flows for remaining coverage liabilities,
- changes in investment components,
- adjustment changes due to non-financial risk relating to future service.

The amount of contractual service margin, which represents the profit of a group of insurance contracts that has not yet been recognised in the statement of profit and loss because it relates to future service, is affected by changes in estimates of future cash flows at fulfilment, the effect of accrued interest, which is calculated using discount rates, which were determined at the initial recognition of the contract, the transfer of the contractual service margin to income (which in the case of annuity insurance is determined by the amount of the annuity in the period) and recognised new insurance contracts in the period.

Derecognition of insurance contracts

An insurance contract is derecognised when the contract is terminated, whereby the contractual obligation expires, is fulfilled or cancelled; derecognition also occurs when the contract is transferred to a third party or if the terms of the contract change significantly, by agreement between the parties or due to a change in regulations, and based on the terminated contract, a new – amended contract is concluded under certain conditions.

Operating liabilities

Operating liabilities comprise trade payables for acquired assets or services, and liabilities to employees, the state, etc.

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 2026 and 2027 (ZIPRS2627), Kapitalska družba must transfer each year to the ZPIZ - in the years

2026 and 2027 - 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 2026 as a short-term financial liability in the amount of EUR 151,978 thousand, and for 2027 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 81.5 million to ZPIZ in 2025 based on the Act Regulating the Implementation of the Budgets of the Republic of Slovenia for 2025 and 2026 (ZIPRS2526) (2024: EUR 65 million based on the Act Regulating the Implementation of the Budgets of the Republic of Slovenia for 2024 and 2025). 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 Group recognises revenue in an amount that reflects the expected consideration to which the Group will be entitled in exchange for the promised goods or services. The group considers the terms of the contract and all relevant facts and circumstances.

The Group's key revenue streams are as follows:

Revenues from fees

The Group is entitled to entry and exit fees, an annual management fee for the management of the pension funds and to the costs of paying out occupational pensions or annuities.

Entry fee

The Group charges entry fee for the performance of its activities in accordance with individual pension plans. This means that the assets collected and transferred to an individual pension fund are reduced by the amount of the entry fee 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.

Management fee

The Group charges management fees to mutual pension funds, meaning that the monthly value of the assets of individual funds is reduced by the amount of management costs. The management fee for an individual fund 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.

Exit fee

In accordance with individual pension plans, the Group 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.

Income from costs of paying out occupational pensions or annuities

In accordance with individual pension plans, the Group is entitled to income from costs of paying out occupational pensions or annuities, which is calculated as a percentage of the monthly amount.

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.

Insurance services income

Insurance service income encompasses expected changes in cash flows resulting from the fulfilment of insurance contracts during the period. This includes the release of annuities, costs attributable to claim payments, and administrative expenses.

Financial revenue

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.

Dividends

Dividends are recognised in the statement of profit or loss when the Group 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.

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.

Revenue from revaluation of financial investments

Investment revaluation gains relate to 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 Group does not classify costs by functional type, because the entire Group 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 Group 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.

Insurance service expenses

Insurance service expenses include expenses from claims with attributable costs of claims payments, expenses for net operating expenses and other insurance expenses. Acquisition costs include labour costs and other costs of employees directly involved in insurance acquisition. Administrative part of the attributable costs relates to the preparation, handling, administration, updating of insurance policies. Attributable policy administrative costs include labour costs and other employee costs.

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 arising from recognized credit losses on financial assets and the effect of the time value of money when measuring insurance contracts that are liabilities (unwinding of the discount resulting from movements in the existing discount curve).

Financial expenses also include payments that Kapitalska družba makes to the ZPIZ in accordance with the legislation, namely in the financial year to which they relate (Chapter 17.2 *Material accounting policy information in Financial liabilities).*

Taxes

Current tax

Current tax assets and liabilities in respect of present and past periods are recognised at amounts which the Group 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 reporting date.

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 regulations) 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.

Statement of cash flows

The statement of cash flows is compiled under the indirect method 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 group'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 and estimates relate to:

- definition or recognition of insurance contracts,
- expected credit loss model for financial assets and
- determining the fair value of non-marketable financial and non-financial assets.

Definition or recognition of insurance contracts

A part of important judgements relate to the definition or recognition of insurance contracts, which we are talking about when the insurance company assumes a significant insurance risk from the insurance policy holder upon their conclusion, by agreeing to compensate the policy holder for the damage that they would have suffered in certain future event (insured event). The definition of insurance risk is a matter of subjective judgement. The Management estimates that life insurance contracts, the purpose of which is to provide an annuity, carry a significant insurance risk. In the same manner, insurance contracts also include accident insurance contracts. Accounting policies are detailed in the sub-chapter *Insurance contract liabilities*.

Expected credit loss model for financial assets

For assessment of credit losses, the Group 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 Group 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 Group 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 important for economic cycle forecasting. The Group 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 Group 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 2025: EUR 176,035 thousand or 31 December 2024: EUR 171,110 thousand) and units of target funds (31 December 2025: EUR 84,936 thousand or 31 December 2024: EUR 50,798 thousand), while the third level includes equity instruments (31 December 2025: EUR 77,080 thousand or 31 December 2024: EUR 70,062 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 Group 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. e) *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 Group 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 2025 and 2024 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 the financial section of Note 13. *Investment property.*

Reporting by segments

The Kapitalska družba Group does not report in accordance with IFRS 8 for 2025 and 2024, as the securities of the parent company are not listed on the stock exchange.

Amendments to standards and interpretations

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

- **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 amendments did not have a significant impact on the consolidated financial statements.

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

- **Changes in 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 amendments to IFRS 9 and IFRS 7 for:
  a) clarifying the date of recognition and derecognition of certain financial assets and liabilities, with a new exception for certain financial liabilities settled through electronic money transfer systems,
  b) clarifying and providing further guidance on assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion,
  c) adding new disclosures for certain instruments with contractual terms that may change cash flows (such as certain instruments with features linked to achieving environmental, social, and governance (ESG) objectives) and
  d) updating disclosures for equity instruments measured at fair value through other comprehensive income (FVOCI).

The Group estimates that the amendments will not have a significant impact on the consolidated financial statements.

- **Annual Improvements to IFRS Accounting Standards** (issued in July 2024 and effective for annual periods beginning on or after 1 January 2026). The Group estimates that the amendments will not have a significant impact on the consolidated financial statements.
- **Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7** (issued on 18 December 2024, and effective for annual periods beginning on or after 1 January 2026). The Group estimates that the amendments will not have a significant impact on the consolidated financial statements.
- **IFRS 18 – Presentation and Disclosures 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 the 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:

a) the structure of the profit or loss statement,

b) required disclosures in the financial statements for certain performance metrics reported outside the company's financial statements (i.e., performance metrics determined by management),

c) and enhanced principles on aggregation and disaggregation applicable to primary financial statements and notes in general.

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

IASB standards or interpretations not yet approved by the EU

- **IFRS 19 – Subsidiaries without Public Accountability: Disclosures** (issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027).
- **Amendments to IFRS 19 – Subsidiaries without Public Accountability: Disclosures** (issued on 21 August 2025 and effective for annual periods beginning on or after 1 January 2027).
- **Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Translation into a Hyperinflationary Presentation Currency** (issued on 13 November 2025 and effective for annual periods beginning on or after 1 January 2027).

Given that the mentioned standards have neither been adopted nor are in effect, the Group is still assessing the potential impacts of these changes on the consolidated financial statements.

Risk Management

Risk management has proven to be a very important area, especially in times of economic crisis, as effective risk management enables more stable and successful operations in the long term. Therefore, risk management is of key importance in carrying out activities to achieve the Group's objectives. 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.

The Group 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.

In its operations, the Group is exposed to financial, insurance, operational and strategic risks. Financial risks, described in more detail in section 17.3.3 *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

Changes in securities prices, which are the result of various factors, largely affect the value of the equity investment portfolio. The risk is managed by regular monitoring of 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 the Group's portfolio of 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), both at the level of the entire portfolio and separately for equity and debt securities. The beta indicator is also calculated for equity securities, as a measure of systematic risk. Fluctuations in securities prices are also monitored on an ongoing basis.

Interest rate risk

The very nature of investments in debt instruments exposes the Group to the risk associated with changes in the value of investments and interest income due to changes in market interest rates. During periods of falling interest rates, assets are exposed to reinvestment risk. Internal committees monitor the fluctuation in interest rates and market forecasts and analysis on a weekly basis, providing investment recommendations on this basis. The exposure to interest rate risk is regularly measured by the modified duration indicator.

The Group endeavours to minimise risks arising from interest rates by restructuring the portfolio based on market conditions, by reducing the average maturity of the debt portfolio, by classifying investments in the group of investments at amortised cost, by purchasing inflation-protected debt securities and by classifying fixed-interest rate investments into investment subject to variable interest rate or vice versa based on expected movements in market interest rates. The Group did not use derivatives to hedge against interest rate risk in 2025.

Currency risk

In managing a portion of financial assets invested in foreign currencies, the Group is also exposed to the risk of changes in 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 investments and entails the possibility of investments being repaid only in part or not at all. Credit risk management is carried out through careful selection of business partners (counterparty analysis before assuming credit risk), through ongoing monitoring of companies' operations, and by setting investment limits regarding permitted investment exposure. Credit risk is also managed by diversification of investments by issuers, sectors and geographical areas, 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 credit risk of foreign debt securities is generally managed by investing in foreign debt securities with a credit rating provided by a recognised credit rating agency higher than BBB–, and by adjusting the portfolio's credit rating structure to the internal restrictions adopted. The maximum permitted exposure to so-called "high yield" debt securities is determined.

With regards to investments in deposits, debentures and certificates of deposits, an internal model for determination of limits of such investments in individual banks has been developed. Internal limits across banks are updated regularly. Total exposure to individual banks is determined regularly and is in line with regulations.

To identify and monitor credit risk, the Group 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 the Group. Resources and investments are managed in such a way that the Group is able to meet all maturing obligations at any time. A policy of regular management of liquidity is implemented in accordance with legal and regulatory requirements.

Due to the low liquidity of the Slovenian capital market, liquidity risk is encountered in a major portion of investments in domestic equity and debt securities, with the highest risk posed by non-listed investments. By dispersing a portion of investments abroad, the Group is able to reduce liquidity risk by investing in highly liquid securities. Moreover, liquidity risk is managed by daily monitoring of the inflows and outflows of assets and precise matching of maturity of assets and liabilities.

Insurance risks

Insurance risk is the risk of loss or unfavourable changes in the value of insurance liabilities due to inadequate premiums and inadequate assumptions taken into account in the calculation of insurance liabilities.

Insurance risks are divided into life insurance risks, health insurance risks, which also includes accident insurance, and non-life insurance risks. The Group is primarily exposed to the life insurance risks. The most important insurance risk is the longevity risk in the case of annuity payments. Longevity risk is the risk that a person will live longer than predicted based on the mortality tables used.

Due to its small volume the health insurance risk is not of material importance. The Group is not exposed to non-life insurance risk.

Operational 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 Group 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.

Operational risk is managed through a system of authority, internal controls and by defining business processes and ensuring the suitable employee qualifications. With the aim of minimizing operational risk, the companies have established a system for recording loss events and continuously monitoring the implementation of adopted measures. 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 and the risk of cyber-attacks, which is assessed as a material moderate risk.

Strategic risk

Strategic risk is the risk of a loss owing to incorrect business decisions, inappropriate organisation and strategy, as well as insufficient response to the changes in the business environment. Significant strategic risks include the risk of loss of reputation, the risk of competition and market position, legislative, tax and political risks, resulting from the state's discretionary 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 the Group 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 strategies, must adopt all measures suitable for achieving the strategic goals as well as to preserve and strengthen the Group'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 and legislative, tax and political risk, which is assessed as a materially moderate.

Risks related to investments where Kapitalska družba Group holds a significant share

The Group devotes special attention to the management of risks, which arise from investments where the Group 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 defined standards that are complied with and abided by all companies in the Group, laid down new guidelines on risk management. Corporate governance of the Group is carried out by functional areas. The Group Code precisely defines the types and methods of reporting by subsidiaries and their deadlines.

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 and Modra zavarovalnica 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.

17.3 NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS

17.3.1 Notes to the Statement of Profit or Loss

1. Net sales revenue

in EUR 000

	2025	2024
Income from asset management	22,189	21,147
management fee	19,464	18,119
entry fee	2,464	2,334
exit fee	36	34
income from costs of paying out occupational pensions	38	32
other	187	628
Revenue from lease payments	3,264	3,233
Other income	19	18
Total	25,472	24,398

Income from asset management is income from the management of mutual pension funds managed by the Group. Other income from asset management is income from the management of the KS MR II fund, which mainly relates to income from the distribution of the fund's positive result, and to a lesser extent to income from the approval of advances.

2.1 Insurance services income

in EUR 000

	2025	2024
Amounts related to the change of liabilities for remaining coverage	10,069	9,627
release of expected expenses from claims and other expenses from insurance services	6,961	7,209
release of the non-financial risk adjustment for expired risks	3	3
amount of contractual service margin recognised in profit or loss upon transfer for insurance contract services	3,105	2,415
Reimbursement of insurance acquisition cash flows	273	315
Total	10,342	9,942

The release of expected expenses from claims and other expenses from insurance services includes the expected changes in cash flows arising from the fulfilment of insurance contracts during the period and includes the release of annuities and attributable costs of claims payments.

The non-financial risk adjustment for annuities covers longevity risk only and only applies to non-guaranteed annuity payments. The release of the risk adjustment in the period takes into account the release due to the fulfilment of contractual obligations (with unchanged expectations).

The release of the service margin represents the recognised revenues from insurance services rendered during the period.

2.2 Other operating revenue

in EUR 000

	2025	2024
Release of non-current provisions	795	1,735
for failure to achieve the guaranteed return on funds	755	1,735
for onerous contracts	40	0
Other operating revenue	196	326
Total	991	2,061

Other operating revenue in 2025 mainly relates to income from compensation received amounting to EUR 62 thousand (2024: EUR 78 thousand). In 2024, in addition to compensation received, Kapitalska družba also received a top-up of severance payment in the amount of EUR 147 thousand in connection with the squeeze-out of minority shareholders in 2022.

3. Costs of materials and services

in EUR 000

	2025	2024
Costs of materials	-339	-362
Energy	-121	-160
Small inventory	-22	-17
Office equipment and specialised literature	-175	-162
Other	-21	-23
Costs of services	-5,867	-5,357
Transport services	-56	-46
Services in relation to maintenance of business premises and fixed assets	-948	-819
Rents	-858	-735
Employees' work-related costs	-113	-100
Payment transactions and bank services, and insurance premiums	-1,043	-810
Intellectual and personal services	-562	-619
Fairs, advertising and entertainment	-598	-542
Services rendered by individuals	-289	-265
Other services	-1,400	-1,421
Total	-6,206	-5,719
Attributable insurance activity costs	-607	-557
Total excluding attributable insurance activity costs	-5,599	-5,162

Costs of material decreased in 2025 compared to 2024, largely due to lower energy prices (electricity), while costs of services increased mainly as a result of higher payment transaction and banking fees, as well as higher insurance premiums and higher costs of maintaining office buildings and fixed assets.

a) Costs of audit

In 2025, the costs of auditing the annual reports of companies in the Group amounted to EUR 116 thousand including VAT (2024: EUR 117 thousand including VAT). For other assurance services in the financial years 2025 and 2024, the Group paid EUR 17 thousand to the auditor, and no amount was paid for the provision of other non-audit services in 2025. In 2024, the Group paid EUR 7 thousand including VAT for the presentation on sustainability reporting. The Group did not pay any amount to the auditor for tax advisory services in the financial years 2025 and 2024.

4. Labour costs

in EUR 000

Labour costs	2025	2024
Payroll costs	-7,174	-6,842
Compensations for salaries/wages	-90	-109
Supplementary pension insurance	-310	-299
Holiday allowance, reimbursements and other receipts	-883	-847
Employer's contributions on salaries, wage compensation, bonuses, reimbursements and other receipts	-1,210	-1,121
Provisions for termination benefits upon retirement and jubilee benefits	-58	-90
Total	-9,725	-9,307
Attributable insurance activity costs	-752	-713
Total excluding attributable insurance activity costs	-8,973	-8,594

5. Write-downs in value

in EUR 000

	2025	2024
Amortisation/Depreciation	-1,986	-1,983
Amortisation of intangible fixed assets	-462	-405
Depreciation of buildings	-309	-307
Depreciation of equipment and spare parts	-352	-417
computers and computer equipment	-88	-121
other equipment	-264	-296
Depreciation of investment property	-864	-854
commercial property	-515	-515
parking spots	-39	-39
parts of investment property	-310	-300
Revaluation operating expenses of fixed assets	-1	0
Total	-1,987	-1,983

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

Depreciation of buildings refers to the depreciation of commercial property owned and used by the Kapitalska družba Group.

6.1 Insurance services expenses

in EUR 000

	2025	2024
Accrued damages (annuities)	-8,061	-8,058
total accrued damages (annuities)	-44,290	-39,837
accrued guaranteed damages (annuities)	36,229	31,779
Actual attributable costs (administrative expenses and acquisition costs of insurance)	-1,007	-1,008
Expenses of onerous insurance contracts	-15,864	-6,012
Change in the loss of onerous insurance contracts	1,615	863
Total	-23,317	-14,215

Expenses from claims also include the attributable costs of claims payments.

Costs of obtaining insurance include labour costs and other costs of employees directly involved in insurance acquisition. Costs of obtaining insurance refer to KS PPS, KS MR II and accidents. Administrative expenses include that part of the attributable costs relating to the preparation, handling, administration, updating of insurance policies.

Expenses of onerous insurance contracts represent the effect of higher expected costs and changes in the expected outcome of guaranty funds or the expected profit distribution.

Change in loss of onerous insurance contracts refers to the claims payments from these contracts.

6.2 Other operating expenses

Other operating expenses in 2025 and 2024 largely include indirect costs of KS MR II and payments made by the fund manager to settle the difference to the guaranteed return of mutual pension funds.

7. Financial revenue

in EUR 000

	2025	2024
Financial revenue from shares and interests in associates and other companies *(note 7.1)*	115,530	137,256
Financial revenue from other investments and from loans *(note 7.2)*	21,448	21,317
Total	136,978	158,573

7. 1 Financial income from shares in associates and other companies

in EUR 000

	2025	2024
Dividends and shares in profits	51,082	47,426
Exchange differences revenue	202	7,543
Revenue from valuation of investments measured at fair value through profit or loss	47,295	63,393
Attributable gains/(losses) from investments in associates accounted for using the equity method	12,689	12,302
Realized gains revenue from the disposal of financial investments measured at fair value through profit or loss	4,245	6,581
Revenue from acquisition of abandoned securities	17	11
Total	115,530	137,256

Revenue from dividends and shares in companies' profits amounting to EUR 51,082 thousand (2024: EUR 47,426 thousand) include domestic and foreign dividends and dividends from shares in companies.

Revenue from the valuation of investments measured at fair value through profit or loss in the amount of EUR 47,295 thousand (2024: EUR 63,393 thousand) is the result of positive trends in the financial markets in 2025.

In 2025, the net effect from investments in associates, accounted for using the equity method amounts to EUR 12,689 thousand (2024: EUR 12,302 thousand).

Revenue from acquisition of abandoned securities amounting to EUR 17 thousand (2024: EUR 11 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.

7. 2 Financial revenue from other investments and from loans

in EUR 000

	2025	2024
Interest revenue	18,173	18,518
thereof interest income calculated using the effective interest method	14,234	13,548
Revenue from valuation of investments at fair value through profit or loss	1,150	1,037
Revenue from sales	1,927	1,600
Financial investments measured at fair value through profit or loss	161	522
Financial investments measured at fair value through other comprehensive income	1,729	1,078
Financial investments measured at amortized cost	36	0
Revenue from decrease in credit losses	147	149
Financial investments measured at amortized cost	13	36
Financial investments measured at fair value through other comprehensive income	134	113
Exchange differences revenue	43	0
Other financial income	8	13
Total	21,448	21,317

a) Interest income

in EUR 000

	2025	2024
Deposits	175	137
at amortised cost (using effective interest method)	175	137
Bonds, commercial papers	16,808	15,320
at fair value through profit or loss	2,913	1,963
at fair value through other comprehensive income (using effective interest method)	11,422	10,735
at amortised cost (using effective interest method)	2,473	2,622
Other financial investments	1,190	3,061
at fair value through profit or loss	0	2,390
at amortized cost	1,190	671
thereof using effective interest method	164	54
Total	18,173	18,518

8. Financial expenses

in EUR 000

	2025	2024
Financial expenses due to impairment and write-down of investments *(note 8.1)*	-23,888	-3,532
Financial expenses from financial liabilities *(note 8.2)*	-81,494	-65,010
Financial expenses from insurance contracts *(note 8.3)*	-9,376	-8,534
Total	-114,758	-77,076

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

in EUR 000

	2025	2024
Expenses from valuation of investments measured at fair value through profit or loss	-5,431	-2,310
Expenses from disposals	-2,184	-874
Financial investments measured at fair value through profit or loss	-1,136	-874
Financial investments measured at fair value through other comprehensive income	-1,048	0
Exchange differences losses	-15,769	-150
Expenses from credit losses	-478	-184
Financial investments measured at fair value through other comprehensive income	-467	-172
Financial investments measured at amortized cost	-11	-12
Interest expenses	-4	-11
thereof interest expenses calculated using the effective interest method	-3	-3
Expenses from mutual funds	-22	0
Other financial expenses	0	-3
Total	-23,888	-3,532

8.2 Financial expenses from financial liabilities

in EUR 000

	2025	2024
Interest expenses	-12	-10
thereof interest expenses calculated using the effective interest method	0	0
Expenses for ZPIZ	-81,482	-65,000
Total	-81,494	-65,010

Kapitalska družba transferred EUR 81.5 million to ZPIZ in 2025 (2024: EUR 65 million).

8.3 Financial insurance contract expenses

in EUR 000

	2025	2024
Accrued interest at the locked-in rate (unwinding)	-9,306	-8,472
Other insurance contract expenses	-70	-62
Total	-9,376	-8,534

Accrued interest at the locked-in rate (unwinding) covers the unwinding of the discount that arises due to the movement along the existing discount curve; in other words, the difference between the discounted value of the expected insurance liabilities at the reporting date and at the last day of the previous year.

a) Result from financing

in EUR 000

	2025	2024
Financial revenue	136,978	158,573
Financial expenses	-114,758	-77,076
Net result from financing	22,220	81,497

9. Income tax

in EUR 000

	2025	2024
Profit or loss for the period before tax	21,020	88,683
Increases in retained earnings	10,753	2,874
Decreases in retained earnings	-2	-1,461
Total	31,771	90,096
Expenses not recognised for tax	3,970	3,054
Provisioning	-32	-32
Untaxed revenue	-58,733	-53,822
Tax relief	-336	-513
Tax losses	0	-10,605
Tax on dividends from abroad	212	104
Other	8,605	11,937
Total	-14,543	40,219
Income tax	4,767	8,756
Tax on dividends from abroad up to an agreement	661	627

In both years presented, the impact from the introduction of IFRS 17 and the sale of equity investments is shown under the item Other. In accordance with point 3 of Article 61 of the Corporate Income Tax Act, the guarantee funds of Modra zavarovalnica are taxed at a rate of 0%.

The Management Board believes that the calculation of tax liability is appropriate and is based on the opinions obtained from tax advisers. It is however possible that the competent tax authorities adopt a different position on certain issues, which could result in a difference between the tax liabilities disclosed in the consolidated financial statements of the companies and the amount assessed by the tax authority.

10. Deferred tax

in EUR 000

	Statement of financial position		Statement of profit or loss	
	31 Dec 2025	31 Dec 2024	2025	2024
Deferred income tax liabilities, of which:				
Revaluation of financial investments measured at fair value through other comprehensive income	131,702	86,862	0	0
Total deferred income tax liabilities	131,702	86,862	0	0
Deferred income tax assets:				
Loss brought forward to be used as tax allowance	3,890	5,274	-1,383	-20,478
Value adjustments for received unpaid dividends	0	1	-1	1
Value adjustment of investments	1,318	1,327	93	-129
Provisions	39	46	-6	-5
Total deferred income tax assets	5,247	6,648	-1,297	-20,611
Netting of assets and liabilities	1,318	1,327	–	–
Deferred income tax assets after netting	3,929	5,321	–	–
Deferred income tax liabilities after netting	130,384	85,535	–	–

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 carry-forward of tax losses was not limited in time. As a result, when preparing the financial statements for 2025, 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 1,383 thousand. The deferred tax asset relating to this item as of 31 December 2025 amounts to EUR 3,890 thousand (31 December 2024: EUR 5,274 thousand), and the unused tax loss is EUR 553,673 thousand (31 December 2024: EUR 537,072 thousand).

Modra zavarovalnica and Hotelske nepremičnine do not report tax losses as at 31 December 2025 and 31 December 2024.

a) Changes in deferred tax recognised directly in equity

in EUR 000

Changes in deferred tax	2025	2024
Balance as at 1 January	86,862	66,002
Changes during the year	44,840	20,860
Balance as at 31 December	131,702	86,862

The increase in deferred tax liabilities in 2025 in the amount of EUR 44,840 thousand is the result of the revaluation of financial investments measured at fair value through other comprehensive income (2024: EUR 20,860 thousand).

17.3.2 Notes to the Statement of Financial Position

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

in EUR 000

	2025			2024		
	Software and licences	Non-current accrued revenue and deferred costs	Total	Software and licences	Non-current accrued revenue and deferred costs	Total
Cost						
Cost as at 1 January	5,818	65,047	70,865	5,464	65,000	70,464
Additions	427	65,048	65,475	436	65,047	65,483
Disposals	-96	-65,047	-65,143	-82	-65,000	-65,082
Cost as at 31 December	**6,149**	**65,048**	**71,197**	**5,818**	**65,047**	**70,865**
Value adjustment						
Value adjustment as at 1 January	4,468	0	4,468	4,147	0	4,147
Disposals	-96	0	-96	-83	0	-83
Amortisation/Depreciation *(note 5)*	463	0	463	405	0	405
Value adjustment as at 31 December	**4,835**	**0**	**4,835**	**4,469**	**0**	**4,469**
Carrying amount						
Carrying amount as at 1 January	1,350	65,047	66,397	1,317	65,000	66,317
Carrying amount as at 31 December	**1,314**	**65,048**	**66,362**	**1,349**	**65,047**	**66,396**

Intangible assets have not been pledged as security.

Non-current deferred costs and accrued revenue as of 31 December 2025 in the amount of EUR 65,000 thousand relate to the accrued liability to ZPIZ, which matures in 2027 (31 December 2024: EUR 65,000 thousand, which matures in 2026).

12. Property, plant and equipment

in EUR 000

	2025			2024		
	Buildings	Other plant and equipment	Total	Buildings	Other plant and equipment	Total
Cost						
Cost as at 1 January	9,854	4,506	14,360	9,839	4,420	14,259
Additions	0	303	303	15	125	140
Disposals	0	-46	-46	0	-39	-39
Cost as at 31 December	**9,854**	**4,763**	**14,617**	**9,854**	**4,506**	**14,360**
Value adjustment						
Value adjustment as at 1 January	6,045	3,651	9,696	5,737	3,273	9,010
Disposals	0	-35	-35	0	-39	-39
Amortisation/Depreciation *(note 5)*	309	351	660	308	417	725
Value adjustment as at 31 December	**6,354**	**3,967**	**10,321**	**6,045**	**3,651**	**9,696**
Carrying amount						
Carrying amount as at 1 January	3,809	855	4,664	4,102	1,147	5,249
Carrying amount as at 31 December	**3,500**	**796**	**4,296**	**3,809**	**855**	**4,664**

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

13. Investment property

in EUR 000

	2025			2024		
	Land	Buildings	Total	Land	Buildings	Total
Cost						
Cost as at 1 January	3,669	29,675	33,344	3,669	29,600	33,269
Additions	0	212	212	0	75	75
Other	0	0	0	0	0	0
Cost as at 31 December	**3,669**	**29,887**	**33,556**	**3,669**	**29,675**	**33,344**
Value adjustment						
Value adjustment as at 1 January	0	10,199	10,199	0	9,345	9,345
Amortisation/Depreciation *(note 5)*	0	865	865	0	854	854
Value adjustment as at 31 December	**0**	**11,064**	**11,064**	**0**	**10,199**	**10,199**
Carrying amount						
Carrying amount as at 1 January	3,669	19,476	23,145	3,669	20,255	23,924
Carrying amount as at 31 December	**3,669**	**18,823**	**22,492**	**3,669**	**19,476**	**23,145**

The Group did not impair any investment property in 2025.

As at 30 September 2024 and 31 October 2024, the value of investment properties was assessed by certified property valuers and amounts to EUR 33,539 thousand. The Group estimates that values of investment property could also be used as at 31 December 2025. The fair value of each individual investment property exceeds its carrying amount, therefore no impairment is required. As at 31 December 2025, the total estimated value of investment properties exceeds their carrying amount by EUR 11,047 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

The valuation of the investment property of Hotelske nepremičnine as at 31 October 2024 was performed using the market comparison approach for the valuation of the land and garage, and an income-based valuation approach applying the discounted free cash flow method (discount rate: 6.69%) for the valuation of the hotel properties. The Group estimates that the valuation estimates can also be used as at 31 December 2025.

Investment property is not pledged.

Rental income from investment property and costs related to investment property

in EUR 000

	2025	2024
Rental income from investment property *(note 1)*	3,265	3,233
Costs related to investment property	909	889

14. Investments in associates

Investments in associates as at 31 December 2025 include:

in EUR 000

Associate	Registered seat	Equity stake (in %)	Voting rights (in %)	Company equity as at 31 Dec 2025[20]	Net profit/ loss for the year 2025[21]
Gospodarsko razstavišče, d. o. o.	Dunajska cesta 18, Ljubljana	29.51	29.51	17,676	121
HIT, d. d.	Delpinova ulica 7a, Nova Gorica	20.32	33.33	74,715	6,705
Loterija Slovenije, d. d.	Gerbičeva ulica 99, Ljubljana	25.00	25.00	24,149	8,924
Sava, d. d.	Dunajska cesta 152, Ljubljana	29.05	29.05	173,587	11,058
Terme Čatež, d. d.	Čatež ob Savi, Topliška cesta 35, Brežice	23.82	23.79	101,861	1,894
Terme Olimia, d. d.	Zdraviliška cesta 24, Podčetrtek	24.79	24.79	59,123	6,584
Cinkarna Celje, d. d.	Kidričeva ulica 26, Celje	20.17	20.94	216,755	19,470

Kapitalska družba accounts for all associates using the equity method in its consolidated financial statements.

Cinkarna Celje, d. d., is an associate of Modra zavarovalnica, which does not prepare consolidated financial statements.

Kapitalska družba Group is not exposed to the risk of providing financial support for the operations/capital adequacy of associates due to its ownership interests in associates, nor to the risk of participating in the settlement of any potential liabilities of associates.

At the end of 2025, the Group reassessed, reviewed and measured the value of its associates as at 31 December 2025 using valuations performed by external independent certified valuers and internal valuation models, taking into account the most recent available operating data of the entities.

Changes in investments in associates

in EUR 000

	2025	2024
Carrying amount as at 1 January	98,375	84,808
Changes	7,140	2,377
Net effect of valuation of associates using the equity method	12,685	12,357
Net profit attribution due to adjustment of associates under the equity method	12,685	12,357
Disposals of dividends	-6,021	-9,324
Disposals in revaluation surplus	476	-656
Conversion of a financial receivable	0	11,190
Carrying amount as at 31 December	105,515	98,375

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.

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

15. Financial investments, excluding loans

in EUR 000

	Non-current		Current		Total	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Financial investments measured at fair value through profit or loss	703,082	660,146	58,600	59,109	761,682	719,255
Equity instruments	29,867	24,777	0	0	29,867	24,777
Debt instruments	114,515	86,801	58,600	59,109	173,115	145,910
Units of target funds	558,700	548,568	0	0	558,700	548,568
Financial investments measured at fair value through other comprehensive income	1,437,506	1,092,751	26,406	24,896	1,463,912	1,117,647
Equity instruments	1,141,995	794,831	0	0	1,141,995	794,831
Debt instruments	295,511	297,920	26,406	24,896	321,917	322,816
Financial investments measured at amortized cost	65,980	73,375	8,237	6,794	74,217	80,169
Debt instruments	65,980	73,375	8,237	6,794	74,217	80,169
Total	2,206,568	1,826,272	93,243	90,799	2,299,811	1,917,071

a) Changes in financial investments, excluding loans

in EUR 000

	Financial investments measured at fair value through profit or loss	Financial investments measured at fair value through other comprehensive income	Financial investments measured at amortized cost	Total
1 January 2025	719,255	1,117,647	80,169	1,917,071
Acquisitions	274,187	105,278	500	379,965
Disposals	-195,343	-90,477	0	-285,820
Maturity and interest payments	-70,404	-29,943	-8,504	-108,851
Revaluation and other changes	33,987	361,407	2,052	397,446
31 December 2025	761,682	1,463,912	74,217	2,299,811

in EUR 000

	Financial investments measured at fair value through profit or loss	Financial investments measured at fair value through other comprehensive income	Financial investments measured at amortized cost	Total
1 January 2024	645,637	915,768	81,883	1,643,288
Acquisitions	290,743	135,940	7,635	434,318
Disposals	-131,162	-54,755	-310	-186,227
Maturity and interest payments	-163,498	-49,569	-11,630	-224,697
Revaluation and other changes	77,535	170,264	2,591	250,390
31 December 2024	719,255	1,117,647	80,169	1,917,071

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

b) Financial assets with respect to the interest rate type

in EUR 000

Investment	31 Dec 2025	31 Dec 2024
Debt instruments	569,249	548,895
fixed interest rate	532,296	547,586
variable interest rate	36,953	1,309
Loans and deposits *(note 16)*	140,793	95,132
fixed interest rate	140,793	95,132

c) Top ten investments in equity instruments measured at fair value through other comprehensive income as at 31 December 2025

ISIN code	Value in EUR
SI0031102120	719,549,943
SI0031102153	181,298,922
SI0021110513	52,329,116
SI0031101346	50,584,896
SI0031104290	33,340,200
SI0031117813	21,689,536
US5949181045	6,851,352
US02079K3059	5,709,919
SI0031103805	5,354,055
DE0008430026	4,588,676
Other	60,698,901
Total	1,141,995,516

In 2025, the Group received dividends from equity investments measured at fair value through other comprehensive income amounting to EUR 41,312 thousand (2024: EUR 34,566 thousand). In 2025, upon derecognition of equity instruments measured at fair value through other comprehensive income, the Group realised a positive effect of EUR 10,395 thousand (2024: EUR 16,632 thousand), which was recognised in retained earnings.

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

in EUR 000

	Carrying amount		Fair value	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Financial investments measured at fair value through profit or loss	761,682	719,255	761,682	719,255
Financial investments measured at fair value through other comprehensive income	1,463,912	1,117,647	1,463,912	1,117,647
Financial investments measured at amortized cost	74,217	80,169	71,845	79,688
Loans and deposits	140,793	95,132	140,789	95,135
Cash and cash equivalents	20,382	9,653	20,382	9,653
Total	2,460,986	2,021,856	2,458,610	2,021,378

e) Fair value hierarchy

in EUR 000

31 December 2025	Level 1	Level 2	Level 3	Total
Financial investments measured at fair value	1,955,898	278,628	96,583	2,331,109
Financial investments measured at fair value through profit or loss	637,621	104,558	19,503	761,682
Equity instruments	18,582	11,285	0	29,867
Debt securities	164,778	8,337	0	173,115
Units of target funds	454,261	84,936	19,503	558,700
Financial investments measured at fair value through other comprehensive income	1,318,277	174,070	77,080	1,569,427
Equity instruments	1,005,680	164,750	77,080	1,247,510
Debt securities	312,597	9,320	0	321,917
Financial investments measured at amortised cost with fair value disclosed	65,460	142,820	4,354	212,634
Debt securities	65,460	2,031	4,354	71,845
Loans and deposits	0	140,789	0	140,789
Total	2,021,358	421,448	100,937	2,543,743

in EUR 000

31 December 2024	Level 1	Level 2	Level 3	Total
Financial investments at fair value	1,600,995	240,638	93,644	1,935,277
Financial investments measured at fair value through profit or loss	628,870	66,803	23,582	719,255
Equity instruments	17,764	7,013	0	24,777
Debt securities	133,422	8,992	3,496	145,910
Units of target funds	477,684	50,798	20,086	548,568
Financial investments measured at fair value through other comprehensive income	972,125	173,835	70,062	1,216,022
Equity instruments	659,047	164,097	70,062	893,206
Debt securities	313,078	9,738	0	322,816
Financial investments measured at amortised cost with fair value disclosed	72,802	100,943	1,078	174,823
Debt securities	72,802	5,808	1,078	79,688
Loans and deposits	0	95,135	0	95,135
Total	1,673,797	341,581	94,722	2,110,100

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 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 the Group received from individual companies.

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

Type of financial investment	Valuation method	Non-market investment as at 31 December 2025	
		Company	Discount rate/yield capitalisation rate in %
Equity instruments	Discounting the free cash flows	Elektro Ljubljana, d. d.	10.4
		Elektro Celje, d. d.	10.5
		Elektro Gorenjska, d. d.	9.5
		Elektro Maribor, d. d.	10.5
		Elektro Primorska, d. d.	10.6
		HIT, d. d.	10.5
		Terme Olimia, d. d.	13.6 and 13.5
		Loterija Slovenije, d. d.	10.53
		Gospodarsko razstavišče, d. o. o.	8.5 and 8.6
		Sava turizem, d. d.	8.1 and 7.8
		TKI Hrastnik, d. d.	10.7
		Talum, d. d.	8.9
		Delavska hranilnica, d. d.	11.33
	Net asset value method	Sava, d. d., PS za avto, d. o. o., Plinhold, d. o. o.	/
	Fair value of consideration for prohibition of disposal	Casino Bled, d. d., Casino Portorož, d. d.	/
Debt securities	Bloomberg BVAL	Bonds SIJ8, GB02, GE03, IN02, KBM12	/
Units of target funds	Quarterly publication of fund unit value	ALFI PE, ALFI PE GROWTH SIS, ADVANCE CAPITAL PARTNERS I, ALFI RE, AMC CAPITAL IV, AMC V, AQUILA CAPITAL INFRASTRUCTURE, CGO VII, ELEMENTS CREDIT OPPORTUNITIES I, ELEMENTS CREDIT OPPORTUNITIES II, FRC 3 CROATIA PARTNERS SCS, MPEP III SCS 2018, SAGA VII COMBINED, SGF III, TIVOLI VENTURES, TRIGAL RE, VESNA DEEP TECH	/

Type of financial investment	Valuation method	Non-market investment as at 31 December 2024	
		Company	Discount rate/yield capitalisation rate in %
Equity instruments	Discounting the free cash flows	Elektro Ljubljana, d. d.	5.58
		Elektro Celje, d. d.	8.14
		Elektro Gorenjska, d. d.	8.14
		Elektro Maribor, d. d.	8.14
		Elektro Primorska, d. d.	8.14
		HIT, d. d.	12.19
		Terme Olimia, d. d.	8.9
		Loterija Slovenije, d. d.	10.4
		Gospodarsko razstavišče, d. o. o.	8.4
		Sava turizem, d. d.	7.9 and 7.3
		TKI Hrastnik, d. d.	10.9
		Talum, d. d.	12.0 and 12.1
	Net asset value method	Sava, d. d., PS za avto, d. o. o., Plinhold, d. o. o.	/
	Fair value of consideration for prohibition of disposal	Casino Bled, d. d., Casino Portorož, d. d.	/
	Dividend discount model	Delavska hranilnica, d. d.	11.2
Debt securities	Bloomberg BVAL	Bond SIJ8	/
	Cost	KFWP ECP 0 13/01/25	/
Units of target funds	Quarterly publication of fund unit value	ALFI PE, ALFI PE GROWTH SIS, ACP I, ALFI, ALFI II, ALFI PD, INVL STAFF II, ADVANCE CP I, ALFI RE, AMC CAPITAL IV S.C.SP., AMC V, AQUILA CAP. INFRAS. FUND, CGO VII, ELEMENTS, ELEMENTS CO II, Generali AVF, MPEP III SCS 2018, SAGA VII COMBINED, SGF III, TRIGAL RE	/

f) Changes in investments in level 3

in EUR 000

	Equity instruments	Debt securities	Units of target funds	Total
Balance as at 1 January 2025	70,062	4,574	20,086	94,722
Disposals	-34	0	-9,224	-9,258
Maturity	0	-3,500	0	-3,500
Acquisitions	0	0	8,036	8,036
Revaluation	6,214	-540	605	6,279
Reclassifications	838	3,820	0	4,658
Balance as at 31 December 2025	77,080	4,354	19,503	100,937

in EUR 000

	Equity instruments	Debt securities	Units of target funds	Loans and deposits	Total
Balance as at 1 January 2024	51,862	3,130	19,144	28,416	102,552
Disposals	-155	0	-4,598	0	-4,753
Maturity	0	-1,927	0	-28,416	-30,343
Acquisitions	11,191	3,491	3,757	0	18,439
Revaluation	5,741	5	1,783	0	7,529
Reclassifications	1,423	-125	0	0	1,298
Balance as at 31 December 2024	70,062	4,574	20,086	0	94,722

The revaluation of Equity instruments in the amount of EUR 6,214 thousand (2024: EUR 5,741 thousand) relates mainly to the higher valuation of material investments which was carried out by external authorized company appraisers and professionally qualified persons and to the revaluation of associated companies using the equity method.

In 2024, 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.

g) Transition between levels of the fair value hierarchy of financial assets

in EUR 000

31 December 2025	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	22,723	3,096	0	0
Equity instruments	0	0	0	0
Debt securities	0	0	0	0
Units of target funds	22,723	3,096	0	0
Financial investments measured at fair value through other comprehensive income	1,257	51,571	1,082	56
Equity instruments	111	50,585	1,082	56
Debt securities	1,146	986	0	0
Financial assets measured at amortised cost with fair value disclosed	0	0	3,820	0
Debt securities	0	0	3,820	0
Total	23,980	54,667	4,902	56

in EUR 000

31 December 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

in EUR 000

31 December 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 other comprehensive income	27,971	117,079	1,426	4
Equity instruments	27,971	115,907	1,426	4
Debt securities	0	1,172	0	0
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	121,786	2,504	1,345

Transitions between levels of the fair value hierarchy of assets in 2025 and 2024 were made mainly due to changes in the average value of investment turnover on stock markets.

h) Effective interest rate by investment groups

	2025	2024
Financial investments measured at amortized cost	3.93%	3.35%
Financial investments measured at fair value through other comprehensive income	3.35%	3.51%

Financial assets disclosed in the table above comprise all debt financial instruments with effective interest rates.

16. Loans and deposits

in EUR 000

	Non-current		Current		Total	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Deposits	134,106	91,688	6,687	3,444	140,793	95,132
Total	134,106	91,688	6,687	3,444	140,793	95,132

17. Operating receivables

in EUR 000

	Non-current		Current		Total	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Operating receivables due from domestic customers	0	0	3,699	4,101	3,699	4,101
Operating receivables due from others	1,099	1,347	5,435	2,472	6,534	3,819
Accrued revenue and deferred costs	0	0	156,319	85,885	156,319	85,885
Total	1,099	1,347	165,453	92,458	166,552	93,805

The largest part of operating receivables is represented by accrued revenue and deferred costs, which as at 31 December 2025, in the amount of EUR 151,978 thousand relate to current deferred expenses from the ZPIZ transfer for 2026 (31 December 2024: EUR 81,482 thousand for 2025), while the remaining part is represented by current deferred receivables due from mutual pension funds for guarantee fund premiums arising from the last conversion in the period.

As of 31 December 2025, operating receivables due from others in the amount of EUR 1,029 thousand relate to receivables from the sale of financial investments (31 December 2024: EUR 1,286 thousand), of which EUR 772 thousand are recognized as long-term receivables (31 December 2024: EUR 1,029 thousand), and EUR 257 thousand as short-term receivables (31 December 2024: EUR 257). Other operating receivables due from others relate primarily to payments into the reserve fund and receivables from securities transactions.

Most operating receivables due from domestic customers are receivables from mutual pension funds from services provided by the Group as a fund manager (31 December 2025: EUR 1,866 thousand and 31 December 2024: EUR 1,800 thousand).

As at 31 December 2025 and 31 December 2024, the Group had no credit losses from operating receivables.

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

a) Breakdown of operating trade receivables by maturity

in EUR 000

	Non due	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 December 2025	3,698	1	0	0	0	0
31 December 2024	4,099	2	0	0	0	0

18. Cash and cash equivalents

in EUR 000

	31 Dec 2025	31 Dec 2024
Bank balances	5,701	8,053
Cash assets on demand	14,681	1,600
Total	20,382	9,653

19. Equity

	31 Dec 2025	31 Dec 2024
Share capital (in EUR 000)	364,810	364,810
Ordinary shares (number)	874,235	874,235

The share capital of the parent company in the amount 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.

20. Capital reserves

in EUR 000

Capital reserves	2025	2024
Balance as at 1 January	218,905	218,801
Increase in capital reserves	128	104
Balance as at 31 December	219,033	218,905

In 2025, the capital reserves increased by EUR 128 thousand on account of additional assets received in accordance with the Ownership Transformation of Companies Act (2024: EUR 104 thousand).

21. Changes in fair value reserves and deferred taxes in equity

in EUR 000

	2025	2024
Gross fair value reserves as at 1 January	687,694	537,093
Deferred taxes	86,862	66,002
Net fair value reserves as at 1 January	**600,832**	**471,091**
Changes during the year – Gross increase in reserves	374,104	167,531
Changes during the year – Gross decrease in reserves	-13,141	-16,930
Gross fair value reserves as at 31 December	**1,048,657**	**687,694**
Adjustments (criteria: 8%, 6 months)	-280,671	-280,671
Balance as at 31 December, gross after adjustment	**767,986**	**395,833**
Deferred tax as at 31 December	**131,702**	**86,862**
Net fair value reserves as at 31 December	**916,955**	**600,832**

22. Financial and operating liabilities and insurance contract liabilities

in EUR 000

	Non-current		Current		Total	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Financial liabilities	65,000	65,000	151,978	81,483	**216,978**	**146,483**
Trade payables	1,473	1,437	865	744	**2,339**	**2,181**
Operating liabilities from advances	4	3	0	0	**4**	**3**
Liabilities to the state	0	0	502	492	**502**	**492**
Other operating liabilities	122	105	12,857	14,707	**12,978**	**14,812**
Insurance contract liabilities	468,329	401,766	0	0	**468,329**	**401,766**
Total	**534,928**	**468,311**	**166,202**	**97,426**	**701,130**	**565,737**

Financial liabilities in the amount of EUR 216,978 thousand (31 Dec 2024: EUR 146,482 thousand) are the Kapitalska družba's obligation for ZPIZ transfer in accordance with ZIPRS2627 (31 Dec 2024: ZIPRS2526), namely a non-current financial liability in the amount of EUR 65,000 thousand for the transfer in 2027 (31 Dec 2024: EUR 65,000 thousand for the transfer in 2026) and a current financial liability in the amount of EUR 151,978 thousand for the transfer in 2026 (31 Dec 2024: EUR 81,482 thousand for the transfer in 2025).

Non-current trade payables as at 31 December 2025 in the amount of EUR 1,473 thousand (31 December 2024: EUR 1,437 thousand) largely represent already calculated claims (rents) that have not been paid for various reasons.

Current operating liabilities consist of trade payables, liabilities to the state and other operating liabilities. The latter mainly relate to deferred revenues of KS MR II from premiums received from the insured who, based on an informative calculation, expressed their intention to take out insurance from 1 January 2026 or 1 January 2025, in the amount of EUR 11,196 thousand (31 December 2024: EUR 12,927 thousand).

a) Maturity structure of financial and operating liabilities and insurance contract liabilities

in EUR 000

	Maturity				
31 December 2025	Up to 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years	Total
Financial liabilities	151,978	65,000	0	0	216,978
Operating liabilities	14,225	1,595	1	2	15,823
Trade payables	866	1,473	0	0	2,339
Operating liabilities from advances	1	0	1	2	4
Liabilities to the state	502	0	0	0	502
Other operating liabilities	12,856	122	0	0	12,978
Insurance contract liabilities	31,883	29,130	74,560	332,756	468,329
Total	198,086	95,725	74,561	332,758	701,130

in EUR 000

	Maturity				
31 December 2024	Up to 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years	Total
Financial liabilities	81,483	65,000	0	0	146,483
Operating liabilities	15,943	1,543	0	2	17,488
Trade payables	744	1,437	0	0	2,181
Operating liabilities from advances	0	1	0	2	3
Liabilities to the state	492	0	0	0	492
Other operating liabilities	14,707	105	0	0	14,812
Insurance contract liabilities	34,725	30,388	73,312	263,341	401,766
Total	132,151	96,931	73,312	263,343	565,737

b) Non-current insurance contracts liabilities

in EUR 000

	31 Dec 2025	31 Dec 2024
Present value of future cash flows	431,962	372,944
Risk adjustment	2,685	2,396
Contractual Service Margin	33,682	26,426
Total liability for remaining coverage	468,329	401,766

c) Changes in insurance contracts liabilities

in EUR 000

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	No loss component	Loss component		
Liabilities	387,430	14,336	0	401,766
Starting balance – net liabilities 1 January 2025	**387,430**	**14,336**	**0**	**401,766**
Changes in profit or loss statement or statement of other comprehensive income				
Insurance contracts income	**-10,343**	**0**	**0**	**-10,343**
Contracts for which the fair value approach was applied	-4,794	0	0	-4,794
Other contracts	-5,549	0	0	-5,549
Insurance contracts expenses				
Incurred claims (without investment component) and other insurance contracts expenses	0	-1,615	8,698	7,083
Changes in fulfilment cash flows related to incurred claims	0	0	0	0
Incurred claims	**0**	**-1,615**	**8,698**	**7,083**
Amortization of insurance acquisition costs	273	0	0	273
Changes relating to future service	0	15,962	0	15,962
Insurance operating costs	**273**	**15,962**	**0**	**16,235**
Total insurance contract expenses	**273**	**14,347**	**8,698**	**23,318**
Investment component excluded from income and expenses from insurance services	-36,327	0	36,327	0
Insurance result	**-46,397**	**14,347**	**45,025**	**12,975**
Net financial revenue/expenses from insurance	-12,438	96	0	-12,342
Total changes in profit or loss statement and statement of other comprehensive income	**-58,835**	**14,443**	**45,025**	**633**
Cash flows				
Received premiums for issued insurance contracts	111,221	0	0	111,221
Incurred claims that have been paid and paid insurance services expenses	0	0	-45,025	-45,025
Insurance acquisition cash flows	-266	0	0	-266
Total cash flows	**110,955**	**0**	**-45,025**	**65,930**
Liabilities	439,550	28,779	0	468,329
Final balance – net liabilities 31 December 2025	**439,550**	**28,779**	**0**	**468,329**

in EUR 000

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	No loss component	Loss component		
Liabilities	328,018	8,612	0	336,630
Starting balance – net liabilities 1 January 2024	**328,018**	**8,612**	**0**	**336,630**
Changes in profit or loss statement or statement of other comprehensive income				
Insurance contracts income	**-9,943**	**0**	**0**	**-9,943**
Contracts for which the fair value approach was applied	-5,248	0	0	-5,248
Other contracts	-4,695	0	0	-4,695
Insurance contracts expenses				**0**
Incurred claims (without investment component) and other insurance contracts expenses	0	-862	8,214	7,352
Changes in fulfilment cash flows related to incurred claims	0	0	0	0
Incurred claims	**0**	**-862**	**8,214**	**7,352**
Amortization of insurance acquisition costs	315	0	0	315
Changes relating to future service	0	6,549	0	6,549
Insurance operating costs	**315**	**6,549**	**0**	**6,864**
Total insurance contract expenses	**315**	**5,687**	**8,214**	**14,216**
Investment component excluded from income and expenses from insurance services	-32,316	0	32,316	0
Insurance result	**-41,944**	**5,687**	**40,530**	**4,273**
Net financial revenue/expenses from insurance	9,758	63	0	9,821
Total changes in profit or loss statement and statement of other comprehensive income	**-32,186**	**5,750**	**40,530**	**14,094**
Cash flows				**0**
Received premiums for issued insurance contracts	91,821	0		91,821
Incurred claims that have been paid and paid insurance services expenses	0	0	-40,530	-40,530
Insurance acquisition cash flows	-249	0	0	-249
Total cash flows	**91,572**	**0**	**-40,530**	**51,042**
Liabilities	387,404	14,362	0	401,766
Final balance – net liabilities 31 December 2024	**387,404**	**14,362**	**0**	**401,766**

d) Changes in insurance contracts liabilities and contractual service margin

in EUR 000

	Present value of future cash flows	Non-financial risk premium	Contracts for which the fair value approach was applied	Other contracts	Total contractual service margin	Total
Liabilities	372,944	2,396		26,426	26,426	401,766
Starting balance – net liabilities 1 January 2025	**372,944**	**2,396**	**0**	**26,426**	**26,426**	**401,766**
Changes in profit or loss statement or statement of other comprehensive income						
Changes relating to future service	**5,753**	**794**	**0**	**9,415**	**9,415**	**15,962**
Changes in estimates that adjust the contractual service margin	4,159	86		-4,068	-4,068	177
Changes in estimates that do not adjust the contract service margin (losses/loss reversals on onerous contracts)	15,228	476		0	0	15,704
Effects of contracts for which initial recognition was made during the period	-13,634	232		13,483	13,483	81
Changes relating to current service	**126**	**-8**	**0**	**-3,105**	**-3,105**	**-2,987**
Contractual service margin recognised in profit or loss that reflects the transfer of services	0	0		-3,105	-3,105	-3,105
Change in the adjustment for non-financial risk that does not relate to a future or past service	0	-8		0	0	-8
Experience adjustments	126	0		0	0	126
Changes relating to past service	**0**	**0**	**0**	**0**	**0**	**0**
Insurance result	**5,879**	**786**	**0**	**6,310**	**6,310**	**12,975**
Net financial revenue/expenses from insurance	-12,789	-498		945	945	-12,342
Total changes in profit or loss statement and statement of other comprehensive income	**-6,910**	**288**	**0**	**7,255**	**7,255**	**633**
Cash flows					**0**	**0**
Received premiums for issued insurance contracts	111,221	0		0	0	111,221
Incurred claims that have been paid and paid insurance services expenses	-45,025	0		0	0	-45,025
Insurance acquisition cash flows	-266	0		0	0	-266
Total cash flows	**65,930**	**0**	**0**	**0**	**0**	**65,930**
Liabilities	431,964	2,684	0	33,681	33,681	468,329
Final balance – net liabilities 31 December 2025	**431,964**	**2,684**	**0**	**33,681**	**33,681**	**468,329**

in EUR 000

	Present value of future cash flows	Non-financial risk premium	Contracts for which the fair value approach was applied	Other contracts	Total contractual service margin	Total
Liabilities	316,459	2,200	0	17,971	17,971	336,630
Starting balance – net liabilities 1 January 2024	**316,459**	**2,200**	**0**	**17,971**	**17,971**	**336,630**
Changes in profit or loss statement or statement of other comprehensive income						
Changes relating to future service	**-3,743**	**145**	**0**	**10,147**	**10,147**	**6,549**
Changes in estimates that adjust the contractual service margin	1,066	-14	0	-568	-568	484
Changes in estimates that do not adjust the contract service margin (losses/loss reversals on onerous contracts)	5,976	-33	0	0	0	5,943
Effects of contracts for which initial recognition was made during the period	-10,785	192	0	10,715	10,715	122
Changes relating to current service	**147**	**-8**	**0**	**-2,415**	**-2,415**	**-2,276**
Contractual service margin recognised in profit or loss that reflects the transfer of services	0	0	0	-2,415	-2,415	-2,415
Change in the adjustment for non-financial risk that does not relate to a future or past service	0	-8	0	0	0	-8
Experience adjustments	147	0	0	0	0	147
Changes relating to past service	**0**	**0**	**0**	**0**	**0**	**0**
Insurance result	**-3,596**	**137**	**0**	**7,732**	**7,732**	**4,273**
Net financial revenue/expenses from insurance	9,039	59	0	723	723	9,821
Total changes in profit or loss statement and statement of other comprehensive income	**5,443**	**196**	**0**	**8,455**	**8,455**	**14,094**
Cash flows						
Received premiums for issued insurance contracts	91,821	0	0	0	0	91,821
Incurred claims that have been paid and paid insurance services expenses	-40,530	0	0	0	0	-40,530
Insurance acquisition cash flows	-249	0	0	0	0	-249
Total cash flows	**51,042**	**0**	**0**	**0**	**0**	**51,042**
Liabilities	372,944	2,396	0	26,426	26,426	401,766
Final balance – net liabilities 31 December 2024	**372,944**	**2,396**	**0**	**26,426**	**26,426**	**401,766**

e) New insurance contracts

in EUR 000

	Contracts issued in 2025		Contracts issued in 2024	
	Profitable	Onerous	Profitable	Onerous
Insurance contracts				
Incurred claims and other insurance services expenses	94,844	72	78,014	97
Insurance acquisition cash flows	200	61	186	73
Present value of expected cash outflows	95,044	133	78,200	170
Present value of expected cash inflows	-108,756	-55	-89,102	-52
Adjustment for Non-Financial Risk	229	3	188	5
Contractual Service Margin	13,483	0	10,715	0
Total at the initial recognition	0	81	0	122

f) Estimated release of the contractual service margin by year

in EUR 000

	Up to 1 year	1 up to 2 years	2 up to 3 years	3 up to 4 years	From 4 to 5 years	From 5 to 10 years	More than 10 years	Total
31 December 2025	3,216	2,893	2,599	2,302	2,046	8,113	12,513	33,682
31 December 2024	2,616	2,304	2,056	1,820	1,578	6,246	9,806	26,426

g) Expected maturity of insurance contracts liabilities by year

in EUR 000

	Up to 1 year	1 up to 2 years	2 up to 3 years	3 up to 4 years	From 4 to 5 years	More than 5 years	Total
31 December 2025	41,904	38,286	35,316	32,620	30,058	437,339	615,523
31 December 2024	37,832	33,969	30,960	28,454	26,037	343,787	501,039

23. Current tax liabilities

in EUR 000

	31 Dec 2025	31 Dec 2024
Current income tax liabilities	539	2,398

The current income tax liability as at 31 December 2025 includes the current income tax liability of Modra zavarovalnica amounting to EUR 533 thousand (31 December 2024: EUR 658 thousand) and of Hotelske nepremičnine amounting to EUR 6 thousand (31 December 2024: EUR 104 thousand). As at 31 December 2025, Kapitalska družba had no recognized liability for current tax (31 December 2024: EUR 1,636 thousand).

24. Provisions

in EUR 000

	Provisions for pensions and similar liabilities	Other provisions	Total
Balance as at 1 January 2025	759	3,509	4,268
Newly created provisions	74	5	79
Utilisation	-29	0	-29
Reversal of provisions	0	-794	-794
Balance as at 31 December 2025	804	2,720	3,524

in EUR 000

	Provisions for pensions and similar liabilities	Other provisions	Total
Balance as at 1 January 2024	720	5,244	5,964
Newly created provisions	106	0	106
Utilisation	-67	0	-67
Reversal of provisions	0	-1,735	-1,735
Balance as at 31 December 2024	759	3,509	4,268

In 2025, the Kapitalska družba Group additionally formed provisions for benefits upon retirement and jubilee benefits in the amount of EUR 74 thousand, mostly through the statement of profit or loss (2024: EUR 106 thousand additionally formed).

Due to favourable conditions on financial markets in 2025, the Group eliminated provisions for failure to achieve the guaranteed fund return under management in the amount of EUR 794 thousand (31 December 2024: EUR 1,735 thousand). Thus, at the end of 2025, the balance of provisions for failure to achieve the guaranteed return of funds under management amounted to EUR 2,720 thousand (31 December 2024: EUR 3,509 thousand).

a) Capital Management – Solvency II

Due to the long-term improvement in operations, the Group continuously develops and enhances its entire risk management system. It is particularly important for Modra zavarovalnica to operate in accordance with the requirements of Solvency II, the strategic goal of which is to protect the insured member's assets. In order to ensure long-term target capital adequacy, Modra zavarovalnica regularly performs Own Risk and Solvency Assessment by way of which it determines the ongoing and expected capital requirements and defines the appropriate capital management measures.

Its own risk and solvency assessment, conducted in 2025, shows that Modra zavarovalnica has sufficient capital to cover all risks it assumes in its operations. In 2025, the SCR (Solvency Capital Requirement) ratio decreased from an initial 324% to 283% compared to 2024. The main reason for the decrease in the SCR ratio was the higher relative increase in the denominator (capital requirements) compared to the relative change in the numerator (eligible own funds). Capital requirements increased by EUR 39 million, primarily as a result of the growth in the value of equity investments and the revised treatment of expenses under insurance policies, while eligible own funds increased by approximately EUR 56 million.

b) Capital adequacy of Modra zavarovalnica pursuant to the requirements of Solvency II

in EUR 000

Item	31 Dec 2025	31 Dec 2024
Total capital requirement	173,653	134,333
Available eligible own funds	490,967	435,167
Surplus (+)/deficit (-) of available own funds	317,314	300,834
Eligible own funds to total capital need ratio	283%	324%

Annual solvency reports as at 31 December 2025 and 31 December 2024 are presented in the Solvency Report and Financial Position of Modra zavarovalnica, published on its website.

17.3.3 Risk management of financial assets

Important risks that the Group is exposed to, along with risk management measures and criteria, are detailed in chapter 17.2 *Material accounting policy information*. The Group estimates that the financial assets are exposed to credit, market (interest rate, currency, price) and liquidity risk. The presented tables include own assets of the Group and the assets of the guarantee funds (KS PPS, KS MR and KS MR II).

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 Moody`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 35: Net exposure of financial assets to credit risk without considering potential collateral (security)

in EUR 000

31 December 2025 Internal rating	Method of measuring expected loss rate	Credit rating	Bonds	Deposits	Other	Total
Secure investments	12-month expected losses	AAA	32,879	0	0	32,879
		AA	109,468	0	2,530	111,998
		A	246,674	134,106	29,793	410,573
		BBB	123,573	0	34,077	157,650
Less secure investments	12-month / lifetime expected losses	BB	5,948	6,687	0	12,635
		CCC	1,708	0	0	1,708
		C	2,241	0	0	2,241
		No credit rating	0	0	3	3
Units of target funds					558,700	558,700
Total			522,491	140,793	625,103	1,288,387

in EUR 000

31 December 2024 Internal rating	Method of measuring expected loss rate	Credit rating	Bonds	Deposits	Other	Total
Secure investments	12-month expected losses	AAA	30,292	0	7,735	38,027
		AA	122,827	0	28,060	150,887
		A	210,913	91,688	1,585	304,186
		BBB	118,157	0	25,931	144,088
Less secure investments	12-month / lifetime expected losses	BB	5,904	3,444	0	9,348
		B	4,672	0	0	4,672
		CCC	1,944	0	0	1,944
		No credit rating	0	0	4	4
Units of target funds					548,568	548,568
Total			494,709	95,132	611,883	1,201,724

Table 36: Changes in loss allowance for investments measured at amortised cost and investments measured at fair value through other comprehensive income

in EUR 000

	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2025	178	50	469	696
Transfer between stages	0	-47	473	426
Transfer from stage 2 to stage 3	0	-47	473	426
bonds	0	-47	473	426
Derecognition of financial assets in the period	-84	-2	-114	-200
bonds	-74	-2	-114	-190
deposits	-10	0	0	-10
Acquisition of financial assets in the period	89	0	0	89
bonds	79	0	0	79
deposits	10	0	0	10
Other changes	1	0	15	16
Loss allowance as at 31 December 2025	184	1	843	1,027

in EUR 000

	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2024	134	115	414	663
Transfer between stages	-3	14	0	11
Transfer from stage 1 to stage 2	-3	47	0	44
bonds	-3	47	0	44
Transfer from stage 2 to stage 3	0	-33	0	-33
bonds	0	-33	0	-33

in EUR 000

	Stage 1	Stage 2	Stage 3	Total
Derecognition of financial assets in the period	-55	-79	-31	-165
bonds	-43	-70	-31	-144
deposits	-9	-9	0	-18
other	-3	0	0	-3
Acquisition of financial assets in the period	73	0	0	73
bonds	67	0	0	67
deposits	6	0	0	6
Other changes	29	0	85	114
Loss allowance as at 31 December 2024	178	50	468	696

Table 37: 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 EUR 000

	Gross carrying amount		Loss allowance	
	2025	2024	2025	2024
Balance as at 1 January	500,407	420,420	696	663
Transfer between stages	0	-644	426	11
Transfer from stage 1 to stage 2	0	0	0	44
Transfer from stage 2 to stage 3	0	-644	426	-33
Derecognition of financial assets in the period	-161,639	-119,591	-200	-165
Acquisition of financial assets in the period	202,663	200,040	89	73
Other changes	168	182	16	114
Balance as at 31 December	541,599	500,407	1,027	696

Table 38: Geographical concentration of credit risk exposure of financial assets

in EUR 000

Region	31 Dec 2025	31 Dec 2024
Slovenia	244,343	209,532
EU (excluding Slovenia)	406,652	375,290
USA	54,993	42,012
Other	23,699	26,322
Units of target funds	558,700	548,568
Total	1,288,387	1,201,724

b) Currency risk

Table 39: Currency composition of financial assets

in EUR 000

Currency of the financial asset	31 Dec 2025	in %	31 Dec 2024	in %
EUR	2,282,648	88.9	1,843,519	86.9
USD	269,952	10.5	264,971	12.5
Other currencies	13,901	0.6	11,741	0.6
Total	2,566,501	100.0	2,120,231	100.0

Table 40: Currency risk of financial assets

in EUR 000

Change of the USD exchange rate by +/- 10%	31 Dec 2025	31 Dec 2024
Impact on statement of profit or loss	+/–23,365	+/–22,914
Impact on other comprehensive income	+/–3,630	+/–3,583
Total	+/–26,995	+/–26,497

The currency structure of financial assets is presented considering the currency in which the underlying instrument is denominated. In 2025, 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 fund investments 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, including investments in bond investment funds (investments in equity investment funds are not included because they do not carry interest rate risk). These include investments, the income from which is linked to variable interest rates, and investments 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 41: Analysis of investment sensitivity to changes in market interest rates – change in interest rates by 100 basis points

in EUR 000

31 December 2025	Interest rate change	Sensitivity of interest income	Effect on fair value	Total
Financial investments measured at fair value through profit or loss	+/–1%	+/–4,107	–/+16,868	–/+12,761
Financial investments measured at amortized cost	+/–1%	+/–0	–/+0	–/+0
Financial investments measured at fair value through other comprehensive income	+/–1%	+/–0	–/+20,852	–/+20,852
Total		+/–4,107	–/+37,720	–/+33,613

in EUR 000

31 December 2024	Interest rate change	Sensitivity of interest income	Effect on fair value	Total
Financial investments measured at fair value through profit or loss	+/–1%	+/–2,126	–/+15,601	–/+13,475
Financial investments measured at amortized cost	+/–1%	+/–0	–/+0	–/+0
Financial investments measured at fair value through other comprehensive income	+/–1%	+/–0	–/+19,991	–/+19,991
Total		+/–2,126	–/+35,592	–/+33,466

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 in-

vestments as at 31 December 2025 would have changed by EUR 33,613 thousand (31 December 2024: EUR 33,466 thousand). In 2025, interest rate risk slightly increased due to higher exposure to investments sensitive to changes in market interest rates.

d) Market risk

Market risk represents the possibility that the value of equity securities, including investments in equity investment funds, will change due to changes in market indices or in the market values of individual equity investments. For equity securities, beta indicator is calculated as a measure of systematic risk. The value-at-risk (VaR) indicator is also monitored.

Table 42: Market risk of the equity securities portfolio and investments in equity investment funds

in EUR 000

Change by +/- 10%	Index change		Price change	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Impact on statement of profit or loss	+/–33,373	+/–31,972	+/–35,190	+/–32,955
Impact on other comprehensive income	+/–56,015	+/–5,548	+/–118,807	+/–81,431
Total	+/–89,388	+/–37,520	+/–153,997	+/–114,386

The impact assessment takes into account market equity investments, including investments in equity investment funds (investments in bond investment funds are not included). 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 at fair value, measured through other comprehensive income. Index risk is calculated using the beta indicator relative to the global stock index, while price risk takes into account a +/- 10% change in market investment prices. The market risk of equity securities and investment funds with investments in equity securities increased in 2025 due to the higher value of the equity portfolio and the higher beta coefficient, particularly of domestic market equity investments.

Table 43: Overview of financial instruments according to marketability

in EUR 000

	31 Dec 2025	31 Dec 2024
Financial investments traded on the regulated market	2,251,186	1,858,118
Financial investments measured at fair value through profit or loss	721,770	670,495
Financial investments measured at amortized cost	70,291	76,245
Financial investments measured at fair value through other comprehensive income	1,459,125	1,111,379
Financial investments not traded on the regulated market	154,140	157,327
Financial investments measured at fair value through profit or loss	39,912	48,759
Financial investments measured at amortized cost	3,925	3,925
Financial investments measured at fair value through other comprehensive income	110,303	104,643
Cash and cash equivalents	20,382	9,653
Total	2,425,708	2,025,098

As at 31 December 2025, investments traded on regulated securities markets comprised 93% of financial instruments or 80% of the group's total assets (this group also includes OTC investments or interbank market investments).

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 by precise matching of maturity of assets with liabilities. As at 31 December 2025, the Group recorded a total of EUR 2,030,012 thousand (31 December 2024: EUR 1,676,353 thousand) of surplus of expected non-discounted cash inflows over outflows. The shortfall in expected non-discounted cash flows over a period of more than one year to five years will be covered by inflows from investments with no maturity.

Table 44: Expected actual non-discounted cash flows

in EUR 000

31 December 2025	Maturity			No maturity	Total
	Up to 1 year	From 1 to 5 years	More than 5 years		
Investments in securities	107,818	186,161	555,912	1,841,996	2,691,887
Financial investments measured at fair value through profit or loss	63,560	39,627	99,965	588,567	791,719
Financial investments measured at amortized cost	10,285	25,393	195,013	0	230,691
Financial investments measured at fair value through other comprehensive income	33,973	121,141	260,934	1,253,429	1,669,477
Cash and cash equivalents	20,382	0	0	0	20,382
Operating receivables	165,453	1,099	0	0	166,552
Total assets	293,653	187,260	555,912	1,841,996	2,878,821
Operating liabilities	14,763	1,545	0	0	16,308
Financial liabilities	151,978	65,000	0	0	216,978
Annuity fund liabilities	41,904	136,280	437,339	0	615,523
Total operating and financial liabilities	208,645	202,825	437,339	0	848,809
Difference	85,008	-15,565	118,573	1,841,996	2,030,012

in EUR 000

31 December 2024	Maturity			No maturity	Total
	Up to 1 year	From 1 to 5 years	More than 5 years		
Investments in securities	101,846	223,030	442,915	1,472,513	2,240,304
Financial investments measured at fair value through profit or loss	61,474	45,644	59,785	573,345	740,249
Financial investments measured at amortized cost	8,478	29,784	157,977	0	196,239
Financial investments measured at fair value through other comprehensive income	31,894	147,601	225,153	899,168	1,303,816
Cash and cash equivalents	9,653	0	0	0	9,653
Operating receivables	92,458	1,347	0	0	93,805
Total assets	203,957	224,377	442,915	1,472,513	2,343,762

in EUR 000

31 December 2024	Maturity			No maturity	Total
	Up to 1 year	From 1 to 5 years	More than 5 years		
Operating liabilities	18,341	1,545	0	0	19,886
Financial liabilities	81,483	65,000	0	0	146,483
Annuity fund liabilities	37,832	119,421	343,787	0	501,040
Total operating and financial liabilities	**137,656**	**185,966**	**343,787**	**0**	**667,409**
Difference	66,301	38,411	99,128	1,472,513	1,676,353

The “No maturity” column includes stocks, shares, and investment coupons.

f) Contingent assets and liabilities

Table 45: Contingent assets and liabilities

in EUR 000

	31 Dec 2025	31 Dec 2024
Contingent assets	7,674	7,674
Contingent liabilities	14,108	3,312

As at 31 December 2025, 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 2024: EUR 7,674 thousand).

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

17.4 OTHER DISCLOSURES

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

In 2025, 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 1,229 thousand.

The names of the members of the Management Board and other bodies are listed in the introductory part of the Annual Report under section *Presentation of the Kapitalska družba Group*. In 2025, Kapitalska družba Group granted no prepayments or loans to members of its Management or Supervisory Boards, and neither did it assume any liabilities on their behalf.

Table 46: Remuneration of Kapitalska družba, d. d., by category of beneficiaries in 2025

in EUR

Category of beneficiaries	Remuneration amounts
Management Board members	383,617
Members of the Supervisory Board	102,017
Employees with executive employment contracts	743,245
Total	1,228,879

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 2025.

b) Remuneration of Members of Management and Supervisory Boards of Kapitalska družba, d. d.

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 SSH 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 2025 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 47: Remuneration of members of the Management Board of Kapitalska družba in 2025

in EUR

Name and surname	Fixed remuneration	Variable income	Benefits	Cost reimbursement	Insurance premiums (PDPZ)	Other additional payments	Total gross	Deferred income
Bachtiar Djalil (Chairman)	165,985	21,360	466	2,175	3,055	3,157	**196,196**	42,374
Gregor Bajraktarević (Member)	158,001	20,279	399	2,532	3,055	3,157	**187,421**	39,904
Total	**323,986**	**41,638**	**864**	**4,706**	**6,109**	**6,314**	**383,617**	**82,278**

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 remuneration received by the management board refers to the first part of the remuneration from business performance for 2024 based on a combination of quantitative and qualitative criteria. Benefits include benefits from the collective accident insurance as well as liability insurance. Cost reim-

bursements 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 (summer) holiday allowance and winter holiday allowance. Deferred remuneration comprises the second part of the payment of variable remuneration for 2023, which will be paid in 2026. The second part of the payment of variable remuneration for 2024 will be paid in 2027.

Table 48: Remuneration of members of the Supervisory Board of Kapitalska družba in 2025

in EUR

Name and surname	Fixed remuneration – payment for performance of duties	Fixed remuneration – attendance fees	Benefits	Cost reimbursement	Total gross
Janez Tomšič (Chairman of the Supervisory Board, until 20 October 2025)	13,268	1,760	96	0	**15,124**
Boris Žnidarič (Deputy chairman; Member of the HR Committee from 13 March 2025, Chairman of the HR Committee from 23 October 2025)	14,221	2,915	144	62	**17,342**
Ladislav Rožič (Member of the Supervisory Board; Member of the HR Committee, until 16 February 2025)	2,865	0	0	0	**2,865**
Boštjan Leskovar (Member of the Supervisory Board; Chairman of the HR Committee, Member of the Audit Committee, until 20 October 2025)	13,268	4,092	96	602	**18,058**
Mirko Miklavčič (Member of the Supervisory Board; Member of the Audit Committee)	13,750	3,927	144	946	**18,767**
Andreja Cedilnik (Member of the Supervisory Board; Chairman of the Audit Committee, Member of the HR Committee)	16,500	4,807	144	112	**21,563**
Mitja Brudar (Member of the Supervisory Board, from 22 August 2025)	3,025	550	144	129	**3,848**
Maja Menard (Member of the Supervisory Board from 21 October 2025; Chairman of the Supervisory Board and Member of the HR Committee from 23 October 2025)	2,125	275	96	17	**2,513**
Krešo Šavrič (Member of the Supervisory Board from 21 October 2025, Member of the Audit Committee from 23 October 2025)	1,542	275	96	26	**1,938**
Total	**80,564**	**18,601**	**958**	**1,894**	**102,017**

Fixed remuneration 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. Credit ratings include credit ratings from liability insurance. Cost reimbursements include reimbursement of travel expenses.

Table 49: Remuneration of the external members of the Supervisory Board's committees of Kapitalska družba in 2025

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	1,892	224	5,716

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 50: Remuneration of the members of the management and supervisory bodies of Kapitalska družba d. d., arising from the performance of duties in the subsidiary Modra zavarovalnica d. d., in 2025

in EUR

Name and surname	Fixed remuneration – payment for performance of duties	Fixed remuneration – attendance fees	Benefits	Cost reimbursement	Total gross
Bachtiar Djalil	16,264	2,721	57	75	19,117

Fixed income consists of the remuneration for the work performed and attendance fees at the meetings. Fringe benefits include benefits from the liability insurance of members of the Supervisory Board. Cost reimbursements include reimbursement of travel expenses.

c) Activities of the Supervisory Board and committees of Kapitalska družba

The Supervisory Board held nine meetings in 2025 and its members attended the meetings regularly.

The Audit Committee of the Supervisory Board held ten meetings. Its members attended the meetings regularly; external member Natalija Stošicki was not able to attend one meeting for justifiable reasons.

The HR Committee held five meetings. All members attended all sessions.

d) Remuneration of the Management Board, Supervisory Board and employees with executive employment contracts of Modra zavarovalnica, d. d.

In 2025, total remuneration of the members of the Management Board, Supervisory Board of Modra zavarovalnica and employees with executive employment contracts for performing their function and to whom the tariff section of the collective agreement does not apply amounted to EUR 1,955 thousand.

In 2025, Modra zavarovalnica granted no prepayments or loans to members of its Management or Supervisory Boards, and neither did it assume any liabilities on their behalf.

Table 51: Remuneration by category of beneficiaries of Modra zavarovalnica, d. d., in 2025

in EUR

Category of beneficiaries	Amount
Management Board members	607,612
Members of the Supervisory Board	105,356
Employees with executive employment contracts	1,242,212
Total	1,955,180

e) Remuneration of members of Management and Supervisory Boards of Modra zavarovalnica, d. d.

Table 52: Remuneration of members of the Management Board of Modra zavarovalnica, d. d., in 2025

in EUR

Name and Surname	Fixed remuneration	Variable income	Benefits	Cost reimbursement	Insurance premiums (PDPZ)	Other additional payments	Total gross	Deferred income
Matej Golob Matzele (Chairman of the Management Board)	155,711	22,184	10,086	15,265	3,069	3,157	**209,472**	34,887
Matija Debelak (Member)	150,537	33,142	6,809	2,614	3,069	3,157	**199,328**	39,587
Boštjan Vovk (Member)	150,537	33,151	858	8,040	3,069	3,157	**198,812**	39,602
Total	**456,785**	**88,477**	**17,753**	**25,919**	**9,207**	**9,471**	607,612	**114,076**

Fixed income includes gross salary receipts. Variable remuneration includes the payment of variable remuneration, namely the regular payment of the second part from 2022 (Debelak, Vovk) and the first part from 2024 (Golob Matzele, Debelak, Vovk). Reimbursements of expenses include meal and/or travel allowances and compensation for the use of own funds and/or other reimbursements of travel expenses (per diems, mileage expenses, costs of overnight stays, parking, taxi). Fringe benefits include company cars and benefits arising from collective accident insurance as well as from collective insurance for specialist outpatient treatment, medical examinations, liability insurance benefit as well as the life insurance benefit. Insurance premiums represent payments of the voluntary supplementary pension insurance premium.

Table 53: Remuneration of members of the Supervisory Board and external members of the Supervisory Board committees of Modra zavarovalnica, d. d., in 2025

in EUR

Name and Surname	Fixed remuneration – payment for performance of duties	Fixed remuneration – attendance fees	Benefits	Cost reimbursement	Total gross
Branimir Štrukelj (Deputy Chairman of the Supervisory Board until 22 December 2025 and Chairman of the Supervisory Board from 23 December 2025)	12,060	2,721	44	0	**14,825**
Bachtiar Djalil (Chairman of the Supervisory Board until 22 December 2025 and Deputy Chairman of the Supervisory Board from 23 December 2025)	16,264	2,721	57	75	**19,117**

in EUR 000

Name and Surname	Fixed remuneration – payment for performance of duties	Fixed remuneration – attendance fees	Benefits	Cost reimbursement	Total gross
Janez Prašnikar (Member of the Supervisory Board)	5,987	2,365	0	275	**8,627**
Aljoša Valentinčič (Member from 9 June 2025)	8,620	2,413	59	0	**11,092**
Marko Cvetko (Member from 9 December 2024)	10,960	2,721	44	336	**14,061**
Goranka Volf (Member from 9 December 2024)	10,963	2,721	41	98	**13,823**
Irena Ilešič Čujovič (Member from 9 December 2024)	13,695	4,778	60	0	**18,533**
Dragan Martinović (External member of the Audit Committee of the Supervisory Board)	2,057	2,866	0	355	**5,278**
Total	**80,606**	**23,306**	**305**	**1,139**	**105,356**

Fixed remuneration includes attendance fees for meetings of the Supervisory Board and its Audit Committee. Compensation includes the monthly remuneration for performing the function of member of the Supervisory Board and member of the Supervisory Board's Audit Committee. Benefit ratings include liability insurance. Expense reimbursements include reimbursement of travel expenses and educational/training expenses.

f) Remuneration of the management bodies of the company Hotelske nepremičnine, d. o. o.

The company Hotelske nepremičnine has no employees, and both directors manage the company based on a management contract.

Table 54: Remuneration of the management bodies of the company Hotelske nepremičnine, d. o. o., in 2025

in EUR

Name and Surname	Fixed remuneration	Cost reimbursement	Total
Zoran Perše	10,956	396	**11,352**
Roman Jerman	11,085	2,229	**13,314**

Fixed remuneration means payment based on a management contract. Reimbursements of expenses are the costs of using their own car for business travel.

g) Transactions with related companies and parties

In 2025, the Kapitalska družba Group didn't make any significant transactions with its related parties, that would not be concluded under normal market conditions.

h) 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 25 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.

i) Important events after the date of the statement of financial position

From the end of 2025 until the date of approval of the financial statements for publication, the Group had no business events that could have a significant impact on its financial statements for 2025.

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