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ANNUAL REPORT - MANAGEMENT OF CAPITAL ASSETS OF RS AND SSH FOR 2024

SSH’s Report to the National Assembly of RS

ANNUAL REPORT

ON MANAGEMENT OF CAPITAL ASSETS OF RS AND SSH FOR 2024

SSH'S REPORT TO THE NATIONAL ASSEMBLY OF RS

The State is an important owner of enterprises in Slovenia. As such, it has an extraordinary responsibility to be an active and professional owner.

The overreaching objective of state-owned companies managed by SSH is effective, profitable, economical operation, while creating value. Often, this includes the effective implementation of strategic and development objectives, often carried out within the scope of individual services of general economic interest. This must be achieved in a sustainable manner, with a responsible attitude towards society and the natural environment, and through responsible management.

Reporting to the National Assembly is important for transparency and accountability of the asset manager to the public and is also recommended by OECD guidelines.

Ljubljana, September 2025

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INTRODUCTION

KEY HIGHLIGHTS ON MANAGEMENT OF CAPITAL ASSETS FOR 2024

MANAGEMENT OF PORTFOLIO OF RS AND SSH CAPITAL ASSETS

6.3%

Expected ROE of the RS and SSH portfolio for 2024 as stated in Annual Asset Management Plan

9.6%

ROE of RS and SSH portfolio in 2024 amounted to

EUR 93.7 thousand

Value Added per Employee in SSH's Portfolio

EUR 383.9 million

The targeted sum of dividends paid out from RS and SSH Portfolio in 2024, as stated in Annual Asset Management Plan

EUR 487.7 million

Total sum of dividends paid to RS (and ZPIZ) and SSH in 2024

EUR 13.1 billion

Carrying amount of assets owned by RS and SSH as at 31 December 2024

82

The number of active portfolio companies in which capital assets are held by RS and SSH

31.1 % ♀ | 68.9 % ♂

Gender diversity of supervisory bodies in the RS and SSH portfolio

27.8 % ♀ | 72.2 % ♂

Gender diversity of management bodies in the RS and SSH portfolio

EUR 59.7 million

Inflows from claims management in 2024

EUR 156.9 million

Carrying amount (fair value) of claims as at 31 December 2024

LETTER BY THE MANAGEMENT BOARD

Dear stakeholders,

The year 2024 was one of significant events and achievements for Slovenian Sovereign Holding (SSH). On the occasion of its tenth anniversary, SSH further consolidated its role as the central manager of state assets, operating to high standards of professionalism, responsibility and commitment to sustainable business practices. With a focus on long-term portfolio performance and effective risk management and other key priorities, the ROE targets set out in the Annual Management Plan were achieved and, in many cases, exceeded in 2024.

Despite tighter economic and geopolitical conditions and a slowdown in economic activity, SSH achieved a 9.6% return on equity (ROE) on the managed portfolio, significantly outperforming the planned 6.7%. The carrying amount of capital assets under SSH's management at the end of 2024 totalled EUR 13.1 billion, continuing the growth trend in the value of state assets.

Maintaining an appropriate dividend policy remains one of the core objectives of asset management. In 2024, dividends received from capital assets under SSH's management totalled EUR 487.7 million, which is EUR 103.8 million above the planned EUR 383.9 million. Of this amount, the Republic of Slovenia received EUR 408.5 million, ZPIZ received EUR 13.7 million, and SSH received EUR 65.5 million.

In 2025, dividends are expected to amount to EUR 510.2 million, which is EUR 46.1 million more than the target set in the Annual Management Plan (EUR 464.1 million). Once again, the largest share of dividends was contributed by companies in the Energy pillar, followed by those in the Finance and Economy pillars. A portion was also contributed by companies in the Transport and Tourism pillars.

In the area of asset-management projects, SSH concluded the long-standing financial restructuring of Sava, d. d. in 2024, thereby creating the conditions for the Group's further development. Among the key milestones, it is also worth noting the recovery of T-2's debt, as, following several years of efforts, SSH concluded a settlement agreement amounting to EUR 90 million. In 2024, the carve-out of SSH's real estate activities was completed through their transfer to D.S.U., d. o. o., with the aim of optimising the management of tangible assets. Študentski dom Korotan was recapitalised in the amount of EUR 1.9 million, further reinforcing the State's strategic commitment to supporting the Slovenian educational, scientific and cultural sphere abroad.

The strategic governance framework for state capital assets was also enhanced. In July 2024, the National Assembly of the Republic of Slovenia adopted a new **State Assets Management Strategy**, which was further amended in March 2025. The document introduces an expanded and revised classification of capital assets. The Strategy emphasises the importance of raising corporate productivity, advancing digitalisation, and further strengthening ESG and corporate governance. It also sets out measures to develop the Slovenian capital market and introduces new strategic orientations for the management of enterprises employing persons with disabilities and for tourism companies.

In March 2025, SSH adopted a new corporate strategy defining **SSH's key strategic directions to 2030:** enhancing the performance, productivity and sustainable value of the state capital assets portfolio, and developing SSH's own competences and a modern organisational structure. Responsible implementation of SSH's business strategy is underpinned by strategic directions supported by specific strategic objectives, while observing **the principles of sustainable development** (a balanced strengthening of natural, human and produced capital).

Current challenges include technological development (digitalisation and artificial intelligence), climate change and the green transition, major geostrategic shifts, political, technological and military disputes, declining European competitiveness, and population ageing.

All of this increases uncertainty in the business environment and in the achievement of objectives by both companies and SSH. At the same time, significant opportunities are opening up in the fields of defence, security and resilience, where EU investment needs are rising and Slovenian companies can benefit from Europe's shift towards strategic autonomy. In September 2025, in line with the Republic of Slovenia's strategic orientations, SSH established a new company to invest in projects and enterprises that support the development of the defence industry, strengthen national security and enhance resilience. The company will serve as a platform for strategic partnerships with Slovenian and international stakeholders in the fields of defence, security and resilience, establish new undertakings, and implement development projects aligned with the objectives of the national strategy in these areas.

Janez Tomšič,
Member of the Management Board

Žiga Debeljak, MSc
President of the Management Board

ABOUT MANAGEMENT OF CAPITAL ASSETS HELD BY RS AND SSH

1 PRESENTATION OF SLOVENIAN SOVEREIGN HOLDING

Slovenian Sovereign Holding (hereinafter referred to as: "SSH") is the central manager of State's capital assets, claims (receivables), and tangible assets. SSH, whose sole founder and shareholder is the Republic of Slovenia (hereinafter referred to as: "RS"), operates as a public limited company with rights, obligations and responsibilities stipulated by ZGD-1, ZSDH-1, ZSOS, other applicable legislation, and its Articles of Association.

The extensive and diversified portfolio of capital assets under SSH's management spans a wide range of sectors, including energy, manufacturing, insurance, banking, transport, infrastructure, the general economic sector, tourism and other industries.

As a liable entity, SSH also participates in proceedings for determining compensation for nationalised property and ensures the regular settlement of obligations arising from denationalised assets.

In 2024, SSH was additionally responsible for the management of tangible assets, primarily real estate, which as of 1 October 2024 was transferred, through a carve-out, to D. S. U., d. o. o. (hereinafter referred to as: "D. S. U."). The carve-out included the transfer of the entire business activity, together with employees, processes, assets, and liabilities functionally related to the management of tangible assets, primarily real estate.

SDH SLOVENIAN SOVEREIGN HOLDING

Company name:	Slovenian Sovereign Holding d. d.
Registered office:	Ljubljana
Business address:	Mala ulica 5, 1000 Ljubljana
Telephone No.:	+386 1 300 91 13
Web site and e-mail:	www.sdh.si; info@sdh.si
Core activity (NACE code):	K 64.990
VAT ID:	SI46130373
Registration No.:	5727847000
Transaction Accounts:	SI56 0291 3001 6492 958, held by NLB; SI56 2900 0005 1319 162, held by Unicredit Banka
Registered legal form:	Public limited company registered before Ljubljana District Court, under the Reg. Entry No. 1/21883/00
Share capital as at 31 December 2024:	EUR 301,765,982.30
No. of employees as at 31 December 2024:	84
Membership in other organisations:	Directors' Association of Slovenia, Association of Employers of Slovenia, Chamber of Commerce and Industry of Slovenia, CER– Sustainable Business Network
Management Board:	Žiga Debeljak, MSc, President of SSH Management Board Janez Tomšič, Member of SSS Management Board
Members of Supervisory Board in 2024:	Suzana Bolčič Agostini, President Franjo Bobinac, Deputy President Ivan Simič, MSc, Member, Miro Medvešek, Member
Members of the Supervisory Board's Audit Committee in 2024:	Ivan Simič, MSc, President, Suzana Bolčič Agostini, Member Darinka Virant, External Member

Members of the Supervisory Board's Risk Committee in 2024:	Miro Medvešek, President Franjo Bobinac, Member Darinka Virant, External Member
Members of the Nomination Committee in 2024:	Samo Roš, President Urška Podpečan, Deputy President Vlasta Lenardič, Member
Members of ECESA:	Zdenko Lorber, President until 4 December 2024, Member as of 5 December 2024 (the Slovenian Federation of Trade Unions - Alternative) Saška Kiara Kumer, Deputy President until 4 December 2024, President as of 5 December 2024 (the Association of Free Trade Unions of Slovenia) Jakob Krištof Počivavšek, Member until 4 December 2024, Deputy President as of 5 December 2024 (Pergam Confederation of Trade Unions) Albert Pavlič, Member(Association of Workers Trade Unions of Slovenia – Solidarity) Tjaša Benčina, Member since 21 March 2024 f (Trade Unions Confederation 90 of Slovenia) Boris Verdnik, Member since 27 August 2024 (the Confederation of new Trade Unions of Slovenia Independence) Martina Vuk, Member since 5 December 2024 (Confederation of Slovenian Public Sector Trade Unions) Damjan Volf, Member until 18 March 2024 (Trade Unions Confederation 90 of Slovenia) Evelin Vesenjak, Member since 27 August 2024 (the Confederation of new Trade Unions of Slovenia Independence)

1.1 SSH CORPORATE STRATEGY 2025–2030

The Slovenian Sovereign Holding Strategy for the period 2025–2030, adopted in March 2025, is founded on the principles of sustainable development, with a strong emphasis on optimising the long-term interests of all stakeholders — including the natural environment.

Vision 2030

A successful manager of state assets and a model of excellence in corporate governance at both the national and international levels.

Mission

We manage investments with due care, efficiency, independence and transparency, in line with the State Assets Management Strategy.

SSH Strategic Directions

To support the responsible implementation of the strategy, SSH's strategic directions are supported by clearly defined strategic objectives, guided by the principles of sustainable development and the balanced strengthening of natural, human, and manufactured capital.

The key strategic directions to 2030 are to:

– strengthen the performance, productivity, and sustainable value of the state asset portfolio; and
– develop internal competences and a modern organisational structure.

SSH Values

INTEGRITY

RESPECT

PROFESSIONALISM

COOPERATION

SSH Objectives

Key objectives pursued by SSH in managing SOEs:

- efficient, prudent, transparent and responsible management of capital assets, in accordance with the provisions of ZSDH-1;
- achieving the strategic, economic- financial, and other goals of companies, as defined in the State Assets Management Strategy and each Annual Asset Management Plan;
- continuously improving the efficiency of operation of the portfolio companies;
- increasing their value of capital and their return on equity (ROE) of portfolio companies.

Key objectives pursued by SSH in managing claims and tangible assets:

- increasing the value of claims and tangible assets through appropriate management activities and achieving proceeds planned.

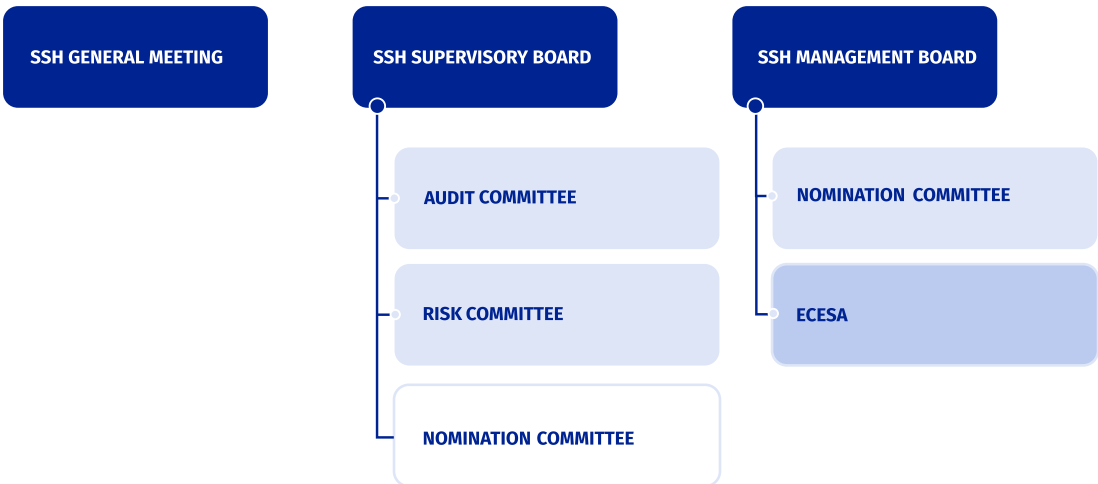
The objectives of SSH as a business entity are presented in the annual report, prepared in compliance with the Companies Act (ZGD-1).

1.2 SSH STATUS

SSH operates as a public limited company with a two-tier governance system, comprising a Management Board and a Supervisory Board. The powers and duties held by the SSH General Meeting are carried out by the Government of the Republic of Slovenia. In accordance with ZSDH-1, the Supervisory Board consists of five members, appointed by the National Assembly of the Republic of Slovenia on the proposal of the Government. The SSH Management Board is composed of the President and up to two members. Both, the President and the members are appointed by the SSH Supervisory Board. There are two standing committees operating within the SSH Supervisory Board: the Audit Committee and the Risk Committee. For the purpose of appointing members of the Management Board, an Ad Hoc Nomination Committee is also established.

The SSH Management Board has two advisory bodies: the Expert Committee for Economic and Social Affairs (hereinafter referred to as: “ECESA”), which, under statutory and Articles of Association provisions, also holds the status of a body of SSH, as well as the Nomination Committee. The members of ESSO are appointed by national-level trade union federations or confederations that are members of the Economic and Social Council. Their appointment is confirmed by the Management Board of SDH.

THE COMPANY’S BODIES AND THEIR WORKING AND CONSULTATION BODIES



1.3 ACTIVITIES OF SSH

The core activity of SSH is managing capital assets of the Republic of Slovenia and SSH. A brief overview of all SSH activities is outlined below.

MANAGEMENT OF STATE CAPITAL ASSETS

Acquiring and disposing of capital assets in accordance with the Annual Asset Management Plan, as well as exercising the rights of a shareholder or partner and rights pertaining to a founder.

MANAGEMENT OF CLAIMS AND TANGIBLE ASSETS

Acquiring and disposing of SSH claims and other forms of their management, including the engagement in restructuring of companies.

Disposing of real estate and movable property owned by SSH and other forms of their management.

DENATIONALISATION AND SETTLEMENT OF LIABILITIES

Participation in procedures under the Denationalization Act (ZDen) to determine compensation for expropriated property and settling liabilities on behalf of and for the account of SSH.

Settlement of liabilities under the following Acts: ZIOOZP and ZIOOZP, on behalf of and for the account of the Republic of Slovenia.

2 SUPERVISORY BOARDS OF PORTFOLIO COMPANIES AND CANDIDACY PROCEDURES

One the key ownership levers of corporate governance is the right and the duty of owners to appoint independent professionals to the supervisory bodies of companies who oversee the work carried out by management boards of companies in a responsible manner while cooperating with the boards in their governance.

2.1 ELIGIBILITY CRITERIA FOR MEMBERS OF SUPERVISORY BOARDS OF SOES

Members of supervisory bodies must satisfy two categories of requirements: **those prescribed by ZSDH-1**, and **additional internal criteria.** The statutory criteria outlined in Article 21 of ZSDH-1 are summarised in the scheme below.

REQUIREMENTS FOR SUPERVISORY BOARD MEMBERS UNDER ZSDH-1

- **PERSONAL INTEGRITY AND BUSINESS ETHICS**
- **BUSINESS PERFORMANCE AND REPUTATION**
- **APPROPRIATE EDUCATION AND PROFESSIONAL EXPERIENCE**
- **COMPREHENSIVE BUSINESS AND OTHER RELEVANT KNOWLEDGE**
- **KNOWLEDGE OF THE RIGHTS AND DUTIES OF A MEMBER OF THE SUPERVISORY BOARD**
- **CONSIDERATION OF THE COMPANY'S LONG-TERM INTERESTS**
- **ABSENCE OF CONFLICTS OF INTEREST (ZINTPK)**
- **SUFFICIENT AVAILABILITY TO PERFORM THE FUNCTION**
- **ECONOMIC, PERSONAL OR OTHER INDEPENDENCE FROM THE COMPANY OR ITS MANAGEMENT**

In addition to **the statutory conditions** (as set out not only in ZSDH-1, but also in ZGD-1, ZIntPK, and other laws governing specific regulated activities), which all potential candidates for supervisory bodies must meet in order to be successfully accredited, SSH has defined additional criteria in its internal rules, namely:

- formal education;
- corporate governance experience (supervisory, managerial, and specific governance experience);
- professional competencies (defined competencies according to relevant fields);
- personal integrity (assessment of suitability by the Nomination Committee); and
- successful completion of an online examination in corporate governance for candidates.

The "Rules on the Assessment of Potential Candidates for Members of Supervisory and Management Boards of SOEs" defines in detail the conditions, criteria, and procedures for evaluating and determining the suitability of potential candidates for members of supervisory and management boards of SOEs in accordance with the provisions of ZSDH-1 and the SSH Asset Management Policy. Together with the SSH Asset Management Policy, these Rules represent an important step towards a more transparent and structured framework for appointment procedures, which are now clearly defined and based on strict nomination criteria – particularly for candidates for the supervisory bodies of companies with state capital assets classified as complex systems in terms of corporate governance (including public companies, banks, insurance companies, and major corporate groups).

The concept of accreditation and nomination process for candidates for supervisory bodies is designed to further strengthen the quality of corporate governance.

2.2 CANDIDACY PROCEDURE

The key features of **the candidacy procedures** are presented in the diagram below.

ACCREDITATION PROCEDURE

The additional eligibility criteria include: formal education, corporate governance experience (supervisory, managerial or specific), professional competences in defined areas, and personal integrity.

Two levels of accreditation are established: basic accreditation, and accreditation for the supervision of **complex systems**, which applies to:

- public limited companies;
- banks and insurance companies; and
- selected large companies and corporate groups.

NOMINATION PROCEDURE

- The characteristics of the company for which the candidate is applying.
- The target competence composition of the Supervisory Board, based on the company's competence profile and the competence needs assessment prepared by SSH.
- The diversity of composition and the ability to cooperate effectively.

Nomination activities

- The submission of declarations of compliance with the eligibility requirements, consents, declarations of independence and absence of conflicts of interest, and a declaration of personal integrity and business ethics.
- A nomination letter prepared by the candidate for the specific company.
- An **online examination**, serving as a practical test of the candidate's knowledge of corporate governance, carried out as part of the nomination process.

The Nomination Committee conducts structured interviews with candidates who successfully complete the knowledge test. The Committee presents its findings in a Nomination Report, which contains descriptive evaluations. Furthermore, the SSH Management Board conducts an interview with all short-listed candidates for supervisory positions in complex systems, provided they have received a suitable rating.

2.3 VOTING AT COMPANY GENERAL MEETINGS

One of the responsibility of SSH is to ensure that **the composition of supervisory boards is heterogeneous** and to uphold robust oversight of supervisory board activities in SOEs. In accordance with Article 21 of ZSDH-1, SSH is required to vote at General Meetings of companies in a manner that ensures the appointment of specialists in finance, corporate governance, business operations, and other relevant areas to supervisory boards. This approach is designed to provide effective oversight aligned with the company's sector, scale of operations, and other key characteristics.

TARGETED PROFILE OF EXPERTS FOR SUPERVISORY BOARDS

SUPERVISORY BOARDS

- **EXPERTS IN FINANCE**
- **EXPERTS IN OPERATIONS**
- **EXPERTS IN CORPORATE GOVERNANCE**
- **OTHER EXPERTS, DEPENDING ON THE COMPANY'S LINE OF BUSINESS, SCALE OF OPERATIONS AND OTHER CHARACTERISTICS**

2.4 ABOUT SSH'S NOMINATION COMMITTEE

The Nomination Committee is a consultation body to the SSH Management Board, which, based on the ZSDH-1, SSH Asset Management Policy, and Rules on the Assessment of Potential Candidates for Members of Supervisory and Management Bodies of SOEs carries out procedures for recruiting candidates for members of supervisory bodies of SOEs, as well as procedures for their accreditation and nomination.

The Nomination Committee is composed of three members who collectively cover the areas of corporate governance, the functioning of supervisory boards, and human resource management. The members of the Nomination Committee are appointed by the SSH Management Board for a four year term of office.

2.5 WORK PERFORMED BY NOMINATION COMMITTEE IN 2024

In 2024, the SSH Nomination Committee comprised the following members: Samo Roš, President of the Committee, expert in the functioning of supervisory boards; Urška Podpečan, Deputy President, expert in corporate governance; and Vlasta Lenardič, expert in human resource management.

During 2024, the mandates of 72 members of supervisory bodies and 40 members of management bodies in SOEs expired, with 17 of these members being replaced prematurely.

The SSH Nomination Committee convened 49 regular meetings and held four meeting by correspondence in 2024. At regular meetings, it considered 70 candidates in the context of 40 nomination procedures for 31 different SOEs.

During these procedures, the Nomination Committee considered candidates for members of the supervisory bodies and candidates for the managerial posts, specifically:

- **candidates for members of supervisory bodies of the following companies:**

Bodočnost Maribor, d. o. o., Cinkarna Celje, d. d., DARS, d. d., DRI upravljanje investicij, d. o. o., Elektro Celje, d. d., Elektrooptika, d. d., HIT, d. d., Kobilarna Lipica, d. o. o, KOPP, d. o. o., Krka, d. d., Novo mesto, KZPS, d. o. o., MEJA Šentjur, d. d., MLM, d. d., NLB, d. d., Petrol, d. d., Ljubljana, Pomgrad – VGP, d. d., Sava Re, d. d., SiDG, d. o. o., Slovenske železnice, d. o. o., STH Ventures, družba tveganega kapitala, d. o. o. – in liquidation, Talum, d. d., Telekom Slovenije, d. d., Unior, d. d., Zavarovalnica Triglav, d. d.;

- **candidates for managerial posts of the following companies:**

Argolina, d. o. o., CSS, d. o. o., EGS – RI, d. o. o., Factor projekt, d. o. o., Istrabenz, d. d., KZPS, d. o. o., PS za avto, d. o. o., Studentenheim Korotan, d. o. o., VGP Drava Ptuj, d. o. o.

In 2024, the regular sessions of the SSH Nomination Committee were mainly conducted via video conference calls. The operations of the SSH Nomination Committee are as fully digitalised as possible. Candidates interested in membership in the supervisory and management bodies of SOEs can register and submit their accreditation application with all required documents through the SSH Nomination Committee's Portal at http://kk.sdh.si/.

2.6 EDUCATIONAL AND OTHER MEETINGS FOR SUPERVISORS AND DECISION-MAKERS OF PORTFOLIO COMPANIES

In 2024, as part of its activities to update the skills and improve the quality of the work of the members of the Supervisory Boards, SSH focused on the strategic themes of **sustainability, resilience, new technologies and integrity**. It organised the following training sessions:

- Shaping a Positive Corporate Culture in Projects: Opportunities and Challenges in Management,
- Integrity in Practice,
- Corporate Sustainability Due Diligence Directive CS3D and Its Impact on Business Operations,
- The Impact of Artificial Intelligence on the Future: Examples of Good Practices,
- The Impact of Cyber (In)Security on Business and Strengthening Resilience of Organisations,
- Integrity in the Economy.

All members of the management and supervisory bodies of companies within SSH's managed portfolio, as well as all SSH employees, are always invited to attend the training sessions, which are provided free of charge. In 2024, more than 1,280 participants attended the training sessions organised by SSH, either in person or via the Zoom platform.

In 2024, SSH also continued to organise meetings of Chief Compliance and Integrity Officers from SOEs in which SSH holds a majority stake or exerts controlling influence. These gatherings aim to facilitate the exchange of professional insights, best practices, and held discussions on common challenges. The meetings also seek to strengthen SSH's advisory role and facilitate joint training initiatives on compliance and integrity.

2.7 GENDER DIVERSITY AND PROFILES OF CANDIDATES, MEMBERS OF SUPERVISORY AND MANAGEMENT BOARDS OF PORTFOLIO COMPANIES

Ensuring diversity of membership of supervisory bodies is important to improve the quality of decision-making, as it enables a broader range of perspectives, opinions, experience, perceptions and values. The goal of the Diversity Policy is to achieve better efficiency of a Supervisory Board and the senior management as a whole.

Proportion of Under-Represented Gender in Register of Candidates

As of 31 December 2024, the Register of Potential Candidates for the Supervisory Boards of SOEs on the SSH Nomination Committee Portal held 678 accredited candidates, of whom **25% were women.**

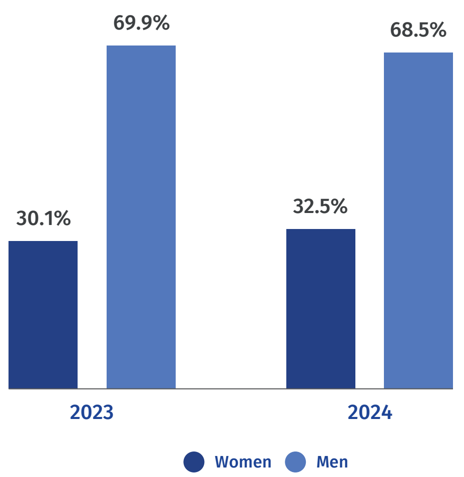
The highest interest in membership of supervisory and management bodies was shown by candidates aged 51 to 60 (40%) and 41 to 50 (33%), followed by those aged over 61 (21%), while the lowest interest was recorded among candidates aged up to 40 (6%).

Gender Diversity in Supervisory and Management Bodies of SOES

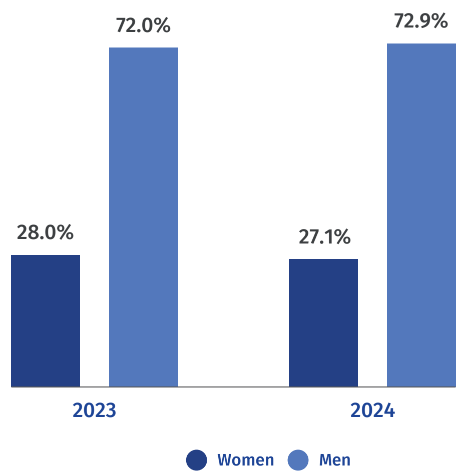
The composition of supervisory and management bodies by gender remained imbalanced in 2024, as in previous years, with men continuing to dominate these bodies. Men continue to be strongly predominant in the supervisory and management bodies; however, in recent years the gender balance has improved in favour of women.

COMPOSITION OF SUPERVISORY AND MANAGEMENT BODIES OF SOES BY GENDER AS AT 31 DECEMBER 2024 (EXCLUDING COMPANIES IN BANKRUPTCY OR LIQUIDATION)

Supervisory Bodies



Management Bodies



The Diversified Composition of Supervisory and Management Boards of 20 Largest Companies Owned by RS and SSH by Gender as at 30 June 2025

The aggregate data presented below are complemented by current figures for the 20 largest companies under SSH's management, as at 30 June 2025.

Company	Gender Diversity in Supervisory Bodies		Gender Diversity in Management Bodies		TOTAL Gender Diversity in Supervisory and Management Bodies	
	Men (in %)	**Women (in %)**	**Men (in %)**	**Women (in %)**	**Men (in %)**	**Women (in %)**
Dars	77.78	22.22	75.00	25.00	76.92	23.08
D. S. U.	66.67	33.33	100.00	0.00	80.00	20.00
Elektro Celje	83.33	16.67	100.00	0.00	85.71	14.29
Elektro Gorenjska	100.00	0.00	100.00	0.00	100.00	0.00
Elektro Ljubljana	83.33	16.67	100.00	0.00	85.71	14.29
Elektro Maribor	83.33	16.67	0.00	100.00	71.43	28.57
Elektro Primorska	66.67	33.33	100.00	0.00	71.43	28.57
Gen energija	62.50	37.50	100.00	0.00	66.67	33.33
HSE	66.67	33.33	100.00	0.00	72.73	27.27
KRKA	55.56	44.44	80.00	20.00	64.29	35.71
Luka Koper	88.89	11.11	75.00	25.00	84.62	15.38
NLB	62.50	37.50	83.33	16.67	71.43	28.57
Petrol	88.89	11.11	100.00	0.00	93.33	6.67
Plinhold	33.33	66.67	100.00	0.00	50.00	50.00
Pošta Slovenije	37.50	62.50	50.00	50.00	41.67	58.33
Sava RE	83.33	16.67	75.00	25.00	80.00	20.00
SID banka	83.33	16.67	50.00	50.00	75.00	25.00
Slovenske železnice	77.78	22.22	75.00	25.00	76.92	23.08
Telekom Slovenije	66.67	33.33	40.00	60.00	57.14	42.86
Zavarovalnica Triglav	62.50	37.50	80.00	20.00	69.23	30.77

3 LEGAL FRAMEWORK FOR MANAGING CAPITAL ASSETS OF RS AND SSH

In 2024, SSH undertook the following key activities to elevate corporate governance standards within portfolio companies:

- the Adoption of the Annual Asset Management Plan for 2025 (approved by the Government of the Republic of Slovenia on 15 May 2025);
- an update of the SSH Recommendations and Expectations for SOEs (with a focus on sustainability-related recommendations);
- a survey and analysis of responses to the questionnaire on the implementation of the Corporate Governance Code for SOEs and SSH Recommendations and Expectations.

3.1 FRAMEWORK FOR OPERATION OF SOES

	Publicly traded SOEs	Non-publicly traded SOEs	Single-member companies
LEGAL FRAMEWORK FOR THE ORGANISATION OF THE CORPORATE STRUCTURE (AS A CONDITION FOR CONDUCTING BUSINESS ACTIVITIES)	ZGD-1, ZBan-3 (banks), ZZavar-1 (insurance companies) Articles of Association,	ZGD-1, special legislation, Articles of Association, Partnership Agreement	ZGD-1, special legislation, Articles of Incorporation (or Articles of Association in the case of d. d)
RELEVANT CORPORATE GOVERNANCE CODES	Corporate Governance Code for SOEs – only selected recommendations marked JDD Corporate Governance Code for Listed Companies	Corporate Governance Code for SOEs Corporate Governance Code for Non-Publicly Traded Companies (for companies liable to carry out audit review)	Corporate Governance Code for SOEs
GOALS AND ASSIGNMENTS	increasing the return and value of a company in the long term (exceptionally, also non-financial objectives, particularly if the company qualifies as public based on a public bond issuance, e.g., DARS)	increasing the return and value of a company in the long term carrying out other tasks and duties defined by the laws and Articles of Association or Partnership Agreement, which may be of a non-financial nature	increasing the return and value of a company in the long term other tasks and duties stipulated by the law and Articles of Incorporation

For SOEs in which the State or SSH holds a majority stake or exercises controlling influence, specific laws apply alongside general legislation (e.g., ZGD-1, ZFPPIPP). Examples include the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities, the Transparency of Financial Relations and Maintenance of Separate Accounts for Different Activities Act, and ZSDH-1 (in particular with regard to the provisions on restrictions on transactions with related parties, the oversight of the Commission for the Prevention of Corruption concerning asset declarations, the supervision of the Court of Audit, and the obligations relating to disclosure of information).

Depending on their legal organisation, Articles of Association, type of activities, size, number of employees, whether their securities are listed on a stock exchange, presence on international markets, and other factors, companies are also required to comply with all other relevant national and European legislation in the course of their operations.

3.2 CORPORATE GOVERNANCE SYSTEMS FOR SOES

SSH manages state assets in compliance with the Slovenian Sovereign Holding Act (ZSDH-1), the Companies Act (ZGD-1), other applicable laws and regulations, companies' founding acts, and governance documents, observing the company's legal structure and best practices in corporate governance. When pursuing its asset management activities, SSH adheres to the limits of corporate governance system and the authority of the management and supervisory bodies of companies under management, as stipulated by Article 20 of ZSDH-1.

The overarching law governing the management of capital assets by SDH is ZSDH-1. One of SSH's key responsibilities is to contribute to and ensure the ongoing development of the corporate governance system for SOEs. This system is founded on the provisions of the governance instruments, which are publicly available and ensure both the predictability and transparency of the governance framework, as well as its effective functioning.

The systemic regulation of the management of state assets is primarily reflected in the SSH's governance instruments, which sets out the foundations of the corporate governance system and ensure its transparency. Four fundamental documents, referred to as governance instruments, together with the procedure for their adoption, are defined and governed directly by ZSDH-1 in Chapter 3. These documents are: **the State Assets Management Strategy, the Annual Asset Management Plan, the Asset Management Policy, and the Corporate Governance Code for SOEs.**

The Act also provides the legal basis for the preparation and adoption of SSH's internal document – SSH Criteria for Measuring the Performance of SOEs (hereinafter referred to as: the "SSH Performance Criteria") – and for setting out the criteria and procedures for assessing the suitability of candidates, as well as the operating rules of the SSH's Nomination Committee. In this regard, the SSH Management Board is required to adopt and publish a specific governance document – Rules on the Assessment of Potential Candidates for Members of Supervisory and Management Boards of SOEs.

TABULAR OVERVIEW OF KEY CORPORATE GOVERNANCE INSTRUMENTS

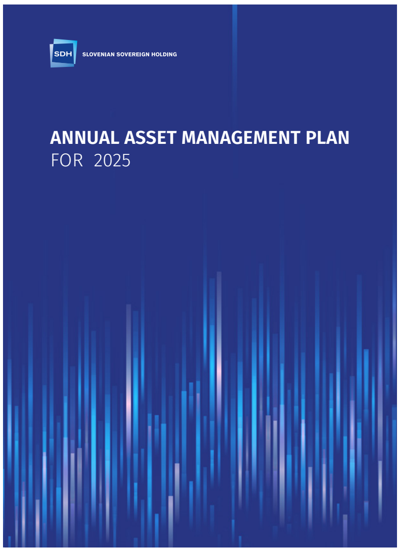
ADOPTED BY	GOVERNANCE INSTRUMENT	CONTENT
PARLIAMENT	State Assets Management Strategy	The definition and classification of assets into three types of assets: strategic, important and portfolio assets. It defines development policy of RS. It defines individual strategic objectives
MANAGEMENT BOARD UPON CONSENT BY SUPERVISORY BOARD AND GOVERNMENT OF RS	Annual Asset Management Plan	Defining the objectives for managing individual investments and outlining the measures and guidelines for achieving them; setting out expected cash flows
	Criteria for Measuring Performance of SOEs	It must observe strategic objectives as determined by the Strategy and it must determine economic and financial goals.
TOGETHER BY SSH MANAGEMENT AND SUPERVISORY BOARDS	Corporate Governance Code for SOEs	Principles and recommendations regarding good practice in asset management.
	SSH Asset Management Policy	Principles, procedures and criteria for ensuring the transparency and traceability of decisions.
MANAGEMENT BOARD	SSH Recommendations and Expectations	Specific recommendations and expectations from SOEs are followed on a *"comply or explain"* basis.
	The Rules on Assessment of Potential Candidates for Members of Supervisory and Management Bodies of SOEs	Rules on conditions, criteria, and procedure for evaluating, assessing suitability, and selecting potential candidates for the members of supervisory boards of SOEs in accordance with ZSDH-1 and SSH Asset Management Policy.

3.2.1 State Assets Management Strategy

The key document for corporate governance is the State Assets Management Strategy by way of which state assets are classified into strategic, important and portfolio assets. By classifying capital assets in an individual group of assets, goals for asset management and the minimum state shareholding in an individual company have been set. Based on the applicable State Assets Management Strategy, an Annual Assets Management Plan is adopted each year as its implementing document.

On 10 July 2024, the National Assembly adopted a new State Assets Management Strategy, replacing the previous one adopted in 2015. The new Strategy introduced changes to the classification of certain capital assets (in terms of their categorisation as strategic, important, or portfolio assets) and to their respective mandates – for example, those of D. S. U., Geoplin, Nafta Lendava, SIJ, Studentenheim Korotan, Talum, Telekom Slovenije, Terme Olimia, and the water management companies. A more detailed overview of the amendments to the State Assets Management Strategy and the related development directions is provided in Section 5.1.2.

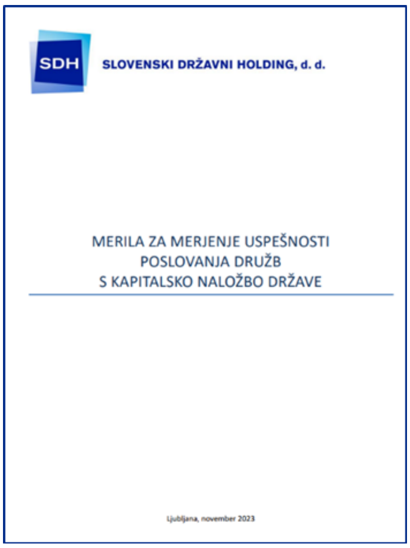
3.2.2 Annual Asset Management Plan



Each year, the Government of the Republic of Slovenia grants its consent to the Annual Assets Management Plan (hereinafter referred to as: "AAMP"), which is prepared by SSH in cooperation with the companies and other stakeholders. The AAMP sets out the detailed objectives of the asset manager (SSH) in line with the adopted state assets management strategy. It includes a specific plan (defining measures and guidelines) to achieve objectives for the management of individual companies with capital assets each business year and specifies the expected cash flows from managing state capital assets, claims (receivables), and tangible assets.

The general section of the AAMP is made publicly available, while the specific section is a confidential document, as it contains business-sensitive information relating to the companies' business plans.

3.2.3 Criteria for Measuring Performance of SOEs



The Criteria for Measuring Performance of SOEs (hereinafter referred to as: the "Performance Criteria") are an internal document of a shareholder in which the criteria (indicators) are defined for SSH to monitor the performance of these companies. These indicators are categorised as economic-financial and strategic, tailored to each company or group, taking into account their unique characteristics. The quantification of these indicators is set annually for each company or group within the Annual Asset Management Plan.

The performance measurement criteria must be designed in accordance with the type of capital asset and must take into account the strategic directions set in the State Assets Management Strategy, while also defining economic and financial objectives. For evaluating the performance of important and portfolio assets, the criteria may be limited to financial and economic indicators, as well as those evaluating the corporate social responsibility of companies. In the Annual Asset Management Plan, SSH also establishes ESG targets for all major companies.

These criteria are established by internal rules and regulations of SSH. The SSH Management Board drafts the criteria, which are then approved by the SSH Supervisory Board and formally adopted upon approval by RS the Government of RS, acting in the capacity of the SSH General Meeting. The current criteria were adopted by the Government of the Republic of Slovenia as the General Meeting on 15 May 2025.

3.2.4 State Assets Management Policy

The Asset Management Policy of Slovenian Sovereign holding (hereinafter referred to as: the "Asset Management Policy") is a legal instrument which sets out principles, procedures, and criteria which are applied by SSH in carrying out its duties and activities in accordance with ZSDH-1.

The Asset Management Policy is divided into two parts: the General Section, which outlines the core framework for the SSH's operation and certain key guidelines for fulfilling its responsibilities, and the Special Section. The specific section of the Asset Management Policy is organised into articles, establishing rules for conduct in individual situations, specifically, in candidacy procedures, in procedures for acquiring and disposing of the State's capital assets, and other specific cases. Both sections of the Asset Management Policy are binding for SSH.

The purpose of the Asset Management Policy is to provide for the transparency and traceability of decisions made by SSH. SSH has updated its Assets Management Policy twice in the recent period: first in 2022, following the amendment to ZSDH-1 and the transfer of assets from BAMC – in particular, its real estate and claims portfolios – and again in 2023, to reflect the new organisational structure of SSH after the merger with BAMC and the transfer of its assets under SSH's management. The Assets Management Policy was further revised and, in its core principles and practices, largely harmonised across the management of all three types of assets – capital assets, claims, and tangible assets.

3.2.5 Corporate Governance Code for SOEs and SSH Recommendations and Expectations

On 19 December 2014, SDH adopted the **Corporate Governance Code for SOEs**, which sets out the principles and recommendations of good practice for the governance of these companies, their subsidiaries within the group, and SSH itself. The recommendations are divided into general and specific categories, depending on the company's legal form, their ownership structure, and status on the securities market. The Code also includes SSH's general expectations and defines standards of management, supervision, and transparency. The Code is adopted by the SSH Management Board, with the consent of the Supervisory Board. Companies apply it in accordance with the "comply or explain" principle.

The most recent revision, adopted in December 2023, incorporated current topics – such as gender balance and sustainability reporting – and enhanced governance areas with a view to strengthening transparency, accountability, and trust. The new Code applies to non-listed public companies and non-public companies, whereas listed public companies follow only those principles explicitly intended for them, but may choose to adopt the Code as their reference governance code.

Every two years, SSH monitors compliance with the Code through electronic questionnaires, which complement reporting under the "comply or explain" principle. The analysis of responses enables the identification of deviations and serves as a basis for future revisions of the Code. The analysis conducted in autumn 2024 showed a high level of compliance (between 70% and 100%). Where recommendations were not followed, the reasons were mostly related to the company's legal form, size, or the stage of adoption of internal legal documents. SSH proposed measures to further enhance corporate governance and to strengthen the observance of the Corporate Governance Code for SOEs and of SSH Recommendations and Expectations.

SSH Recommendations and Expectations is a distinct governance instrument which is adopted by the SSH Management Board without the need for the SSH Supervisory Board's approval. These apply to the same companies as the Corporate Governance Code for SOEs and are subject to the same "comply or explain" approach. Unlike the Code, the SSH Recommendations and Expectations represent a dynamic and often more specific management tool, as the document is updated more frequently and its provisions are therefore more operational and, where appropriate, more individually targeted.

At the end of 2024, SSH amended and supplemented its Recommendations and Expectations, focusing primarily on SSH's sustainability expectations and on sponsorship activities of companies fully financed from public funds. The Recommendations were also supplemented with a model internal regulation of the Supervisory Board for setting out the criteria for determining the variable component of management remuneration.

4 MACROECONOMIC ENVIRONMENT AND DEVELOPMENTS IN THE MOST IMPORTANT SECTORS OF PORTFOLIO

4.1 OVERVIEW OF SELECTED MACROECONOMIC DATA AND DATA OF SLOVENIAN AND GLOBAL CAPITAL MARKETS

OVERVIEW OF MACROECONOMIC INDICATORS FOR REPUBLIC OF SLOVENIA

	2024	BoS, June Forecast for 2025	BoS, June Forecast for 2026
Real GDP growth (%)	1.6*	1.3	2.4
Registered survey-based unemployment rate (%)	3.7	3.5	3.4
HICP inflation – annual average vs. previous year's average (%)	2.0	2.5 (Forecast according to the HICP methodology, annual average)	2.2 (Forecast according to the HICP methodology, annual average)
HICP inflation, YoY– December vs. December (%)	2.0		

* Estimate by the Statistical Office of the Republic of Slovenia based on quarterly data.
Source: Statistical Office of the Republic of Slovenia, Bank of Slovenia – Forecast of Macroeconomic Developments in Slovenia.

Slovenia

In 2024, Slovenia's economic growth slowed to 1.6%, down from 2.1% in 2023. Despite the general economic conditions in Europe, Slovenia's GDP growth remained 0.4 percentage points above the EU average. Growth was supported by final household and government consumption, while gross investment and net trade contributed negatively. Private consumption rose by 1.6%, driven by easing price pressures, wage growth, favourable labour market conditions, and higher social transfers. Government consumption increased by 8.5%, mainly as a result of the restructuring of the health insurance system, post-flood reconstruction, and higher employment in the public sector.

The contribution of net trade to GDP growth was negative (–0.4 percentage points). Exports of goods and services increased by 3.2%, supported primarily by exports of pharmaceutical products, electrical machinery, and food products. Production strengthened in energy-intensive industries, except in the manufacture of non-metallic mineral products, while output in the machinery, motor vehicle and trailer industries declined. Exports of services also increased, particularly business and ICT services, whereas exports of transport and construction services fell.

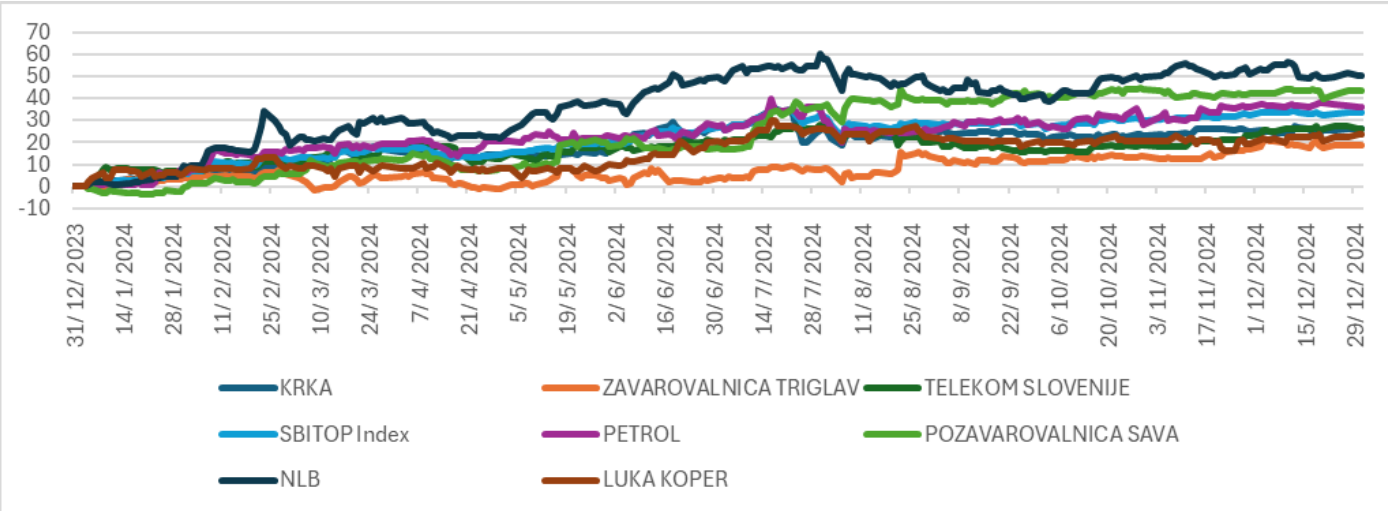
Output in agriculture, forestry and fisheries (Section A) contracted by 3.5%, and in construction (Section F) by 1.4%. Companies under SSH's management performed broadly in line with their European counterparts, while also reflecting the impact of domestic specific factors. Imports of goods and services grew by 3.9%, primarily due to higher household consumption and increased activity in export-oriented sectors.

Slovenian Capital Market and the Impact on Listed Companies with State-Owned Capital Assets

In 2024, the SBITOP index rose by 33%, outperforming the average returns on European stock exchanges and broadly matching the performance of the US S&P 500 index. The highest trading volume was recorded in the shares of Krka (EUR 157 million), which also maintained the largest market capitalisation, at EUR 4.6 billion. NLB shares followed with EUR 152 million, and Cinkarna Celje ranked third with EUR 27.5 million in trading volume. By market capitalisation, NLB (EUR 2.6 billion) and Petrol (EUR 1.3 billion) held the second and third positions, respectively, while Zavarovalnica Triglav (EUR 921 million) ranked fourth. These companies carry considerable weight both in the calculation of the return on equity (ROE) of the equity investment portfolio managed by SSH and in the dividend income SSH receives through the management of state capital assets.

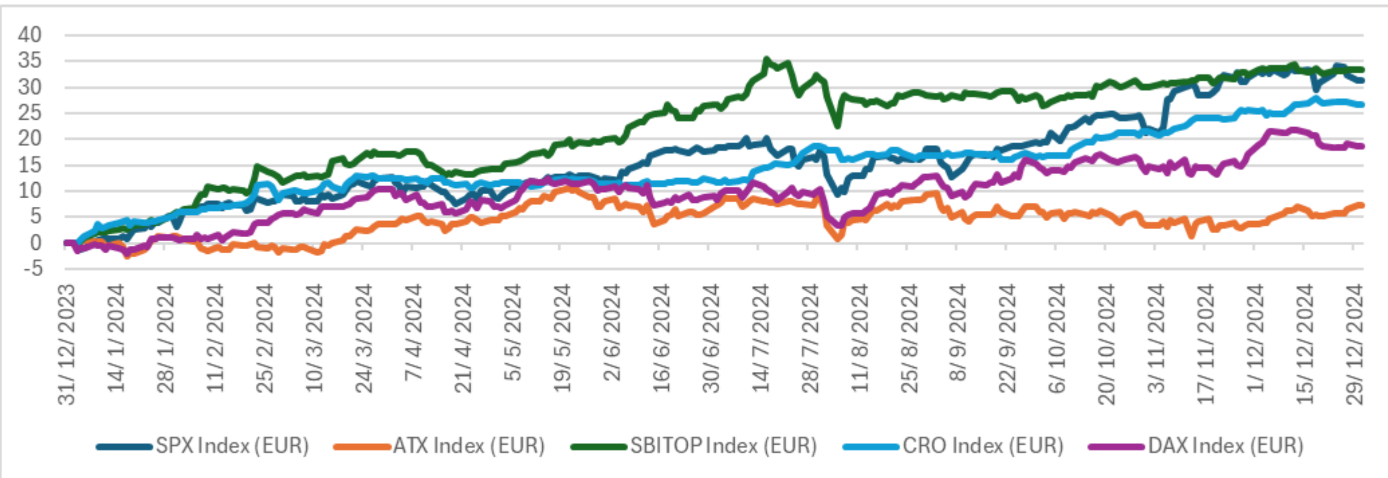
Most shares listed on the Ljubljana Stock Exchange recorded positive performance in 2024, with only five posting a decline in value. SSH manages the majority of shares included in the SBITOP index. The total trading volume on the exchange amounted to EUR 505.6 million, comprising 18 shares, 26 bonds, 14 treasury bills, and four structured products. During the year, two new bonds were listed—both linked to companies in which SSH holds equity stakes. The chart below illustrates the total returns of selected shares from SSH's managed portfolio compared with the total return of the SBITOP index in 2024.

THE RETURN FROM BLUE CHIP SHARES TRADED ON LJUBLJANA STOCK EXCHANGE, REPRESENTING SUBSTANTIAL PORTION OF EQUITY INVESTMENTS MANAGED BY SSH, IN 2024, IN PERCENTAGE TERMS, AS WELL AS A COMPARISON TO THE RETURNS ACHIEVED BY THE SBITOP INDEX.



In 2024, the Slovenian equity index SBITOP delivered the highest return among the selected benchmark indices, with a performance broadly comparable, in EUR terms, to that of the US S&P 500 (SPX Index, EUR). When analysing the performance of the US index, it is important to highlight the notable contribution of the so-called "Magnificent Seven" companies (ranging from Apple to Tesla). Without their strong gains, the overall return of the S&P 500 in 2024 would have been considerably lower. Market growth was driven primarily by advances in artificial intelligence, quantum computing, and data-centre technologies. Overall, in 2024, global equity markets rewarded investors with positive returns, with the MSCI World Index rising by 19.2% over the year.

RETURNS OF TOP REGIONAL AND GLOBAL STOCK INDICES AND SBITOP IN 2024 (%).



4.2 OVERVIEW OF DEVELOPMENTS BY PORTFOLIO SECTORS

4.2.1 Pharmaceutical Industry

In 2024, the European **pharmaceutical sector** experienced significant change, driven by regulatory adjustments, strategic realignments, and shifting market dynamics. Rapid advances in biological medicines, gene therapies, and digital health have required companies to adapt swiftly to evolving regulatory frameworks. The European Medicines Agency and the European Commission continued to shape the environment for innovative therapies, focusing on improving access to breakthrough treatments while safeguarding safety and efficacy standards.

Environmental sustainability has become an increasingly important dimension of pharmaceutical development, with new Green Deal guidelines influencing manufacturing, packaging, and waste management practices. Originator companies have concentrated their efforts on complex medicines, exemplified by Novartis's spin-off of Sandoz. At the same time, the generic medicines industry has benefited from a more favourable regulatory climate – as seen, for instance, in Switzerland, where higher co-payments for costlier drugs incentivise the use of generics.

The rising incidence of chronic diseases continues to drive demand for affordable treatment options. Generic medicines, which are 20–80% cheaper, account for 67% of prescriptions issued but only 29% of total healthcare expenditure. In 2024, companies achieved sales and profitability growth through restructuring and portfolio expansion. Looking ahead, annual revenue growth of over 5% is expected, with originators relying on new complex medicines, while generic manufacturers capitalise on post-patent opportunities.

The generic medicines market is divided between small-molecule drugs and biosimilars, with small molecules continuing to dominate. Oral medicines hold the largest market share, due to their ease of administration and production, particularly in the treatment of chronic conditions. A favourable regulatory environment remains a key driver of market entry and expansion. The prescription medicines segment and hospital pharmacies account for the largest market share. Overall, company performance depends on the strategic selection of products and distribution channels, coupled with innovation capacity and responsiveness to demographic and healthcare trends.

4.2.2 Automotive Industry

For **automotive parts suppliers**, maintaining a clear understanding of global industry trends remains essential, as these developments directly affect business relations with vehicle manufacturers. Partnerships with producers of globally successful models that incorporate advanced technologies are particularly important. To remain competitive, suppliers will need to achieve cost reductions through design optimisation (such as casting larger components), the implementation of lean production processes, and a stronger focus on research in areas such as battery technology, artificial intelligence, and software development.

In 2024, global car sales reached 74.6 million units, representing 2.5% growth compared with 2023. However, the European market remained 18 percentage points below its 2019 level. Sales in the EU grew by 0.8% (10.6 million units), while North America recorded 3.8% growth. In contrast, Japanese and South Korean automotive production declined by 7% and 5.1%, respectively. China, meanwhile, experienced a strong recovery, selling almost 23 million vehicles and accounting for 31% of global sales.

Global production in 2024 amounted to 75.5 million units. Output in the EU fell by 6.2%, and in North America by 3.2%, while South America recorded a 1.7% increase. China further strengthened its market position, achieving 5.2% growth and expanding its global market share to 35.4%. Japan and South Korea again reported declines in production. European vehicle manufacturers continue to face pressure from both insufficient innovation and rising competition from Chinese producers, who are advancing rapidly in terms of technology and price competitiveness.

4.2.3 Steel Industry

Global **crude steel production** reached 1,882.6 million tonnes in 2024, marking a 0.8% decline compared with 2023. In the EU, the contraction in steel consumption began as early as 2022, triggered by the war in Ukraine, rising energy prices, and increasing production costs—a trend that persisted into 2024, the third consecutive recessionary year for the industry. Persistently high energy prices have fuelled discussions on electricity price subsidies, while major producers such as Thyssenkrupp and ArcelorMittal announced lay-offs and plant closures.

EU steel consumption declined by 1.1% in 2024, with imports from third countries remaining a major challenge for the sector. Crude steel production remained subdued, and capacity utilisation in leading producing countries did not exceed 75%. Imports accounted for 27% of total consumption, underscoring the pressure exerted by global excess capacity. Additional uncertainty arose from the announcement of new US tariffs.

According to Eurofer, excess capacity of more than 550 million tonnes poses a significant threat to the sustainability of the European steel industry. China continues to export steel below production cost, driving prices down and forcing other regions to redirect exports to the EU market. In response, Eurofer has called for enhanced trade protection, the replacement of existing measures after 2026, and the conclusion of an international agreement on sustainable steel aligned with the Carbon Border Adjustment Mechanism (CBAM).

In October 2024, the EU introduced registration for all imports of products subject to investigation. Although CBAM remained in its transitional phase, Eurofer warned of attempts to circumvent the mechanism and stressed the need for comprehensive monitoring of its effectiveness across the entire supply chain. Achieving the net-zero emissions target by 2050 will require a swift transformation of the industry and broad-based institutional support. Demand for green steel remains weak, particularly in the automotive sector, demonstrating that beyond technological innovation, the transition also depends on the emergence of a supportive market environment. At the same time, European steelmakers must complement protective measures with operational optimisation, as outlooks in key downstream industries remain unfavourable.

4.2.4 Aluminium Production

Electricity accounts for 30% to 40% of primary **aluminium** production costs, a factor that has led to a steady decline in production across Europe over the past two decades. Since October 2021, almost half of European smelters have reduced or suspended operations due to high energy costs, a development that also affected Slovenia in 2023. In response, the European aluminium industry has called for coordinated energy, trade, and industrial policies to safeguard competitiveness, prevent carbon leakage, and support decarbonisation objectives.

In 2024, global primary aluminium production totalled 72.863 million tonnes, representing a 3% increase compared with 2023, with China remaining the leading producer. In Western and Central Europe, production was 18% lower than in 2019, while in Russia and Eastern Europe, output remained stable—reflecting the impact of energy prices and emission allowance costs. Within the green transition framework, long-term investor certainty is crucial. Recycled secondary aluminium from scrap metal can reduce CO_2 emissions by up to 95% compared with primary production. In 2024, the EU adopted Regulation (EU) 2024/1252 on the Supply of Critical Raw Materials, which also includes aluminium among the strategic materials. The EU currently faces a trade deficit of EUR 11.1 billion in aluminium and related products. Demand is expected to grow, driven by the expansion of electric vehicle production, solar energy, and power grid development, as well as applications in aerospace, defence, medical technology, packaging, and construction.

4.2.5 Telecommunications Sector

In 2024, the expansion of 5G networks across the EU continued, supported by investments in urban areas and cross-border partnerships aimed at enhancing rural coverage. **Telecommunications operators** achieved solid business growth driven by 5G adoption, particularly in the manufacturing, automotive, and healthcare sectors. Digital platforms and the Internet of Things (IoT) continued to gain momentum, while cloud and edge computing services boosted revenues through the optimised use of existing infrastructure. Fibre network penetration reached 40% of households, with several countries stepping up efforts to ensure high-speed broadband access in rural regions. Persistently high energy costs weighed on profitability, prompting companies to invest in energy-efficient technologies. Capital expenditure continued to increase, focusing on 5G deployment, fibre expansion, and network modernisation. Despite the pressures arising from regulatory requirements and sustainability legislation—including Regulation (EU) 2024/1781 and Directive (EU) 2022/2464—2024 was a profitable year for most operators. Telecom companies also advanced their own sustainability initiatives, such as the use of clean energy, AI-based network optimisation, and the transition to eSIM technology.

4.2.6 Banking Sector

The asset quality of European **banks** remained solid in 2024, despite the impact of previous interest rate increases. The European Central Bank (ECB) began reducing rates in June 2024, followed by a 60-basis-point cut in September. In mortgage portfolios, banks reported only minor pressures, largely due to low unemployment levels. In the corporate segment, loss provisions were limited to a small number of specific exposures.

With the onset of the rate-cutting cycle, banks increasingly turned their focus towards fee-based income to cushion the impact of lower interest earnings. From 2025, the implementation of Basel IV standards will require banks to adjust their operations and capital frameworks accordingly. As fintech and other alternative finance providers continue to expand, investments in digitalisation or strategic acquisitions remain essential for maintaining competitiveness. Mergers and acquisitions of smaller banks also enable market share expansion and the realisation of cost synergies.

Banks have strengthened cost discipline by investing in digitalisation and artificial intelligence, which has improved operational efficiency and service quality. In 2024, the European Banking Authority (EBA) advanced the implementation of Basel III reforms and contributed to the EU Green Deal through guidelines on ESG risk management and the prevention of greenwashing. Capital requirements remain stringent, albeit more streamlined. Banks distributed substantial dividends to shareholders, and the banking sector posted a 26 % increase in the STOXX Europe 600 Banks Index – the strongest performance since 2021. This growth was underpinned by robust capital ratios, strong profitability, and expectations of further consolidation. In the area of sustainability, banks delivered mixed results, as some continue to finance fossil fuel projects, raising concerns about alignment with ESG commitments.

4.2.7 Insurance Sector

In 2024, the **insurance companies** recorded a successful year, with premium growth outpacing global GDP expansion. Natural disasters generated around USD 417 billion in total economic losses, of which USD 154 billion were insured, underscoring the increasing impact of climate change. European insurers maintained strong credit ratings, supported by solid capital structures and favourable financing conditions, while most of the top-rated reinsurers continued to demonstrate high capital adequacy levels. The sector ranked as the second most profitable industry within the STOXX Europe 600 Index.

Among the main risks were geopolitical conflicts, the rising frequency and severity of claims, and slower growth in life insurance. Structural risks remain tied to climate change, the energy transition, and cybersecurity threats. In the life segment, insurers increasingly focused on unit-linked products, while in property and casualty insurance, rising claims inflation – particularly in motor insurance – presented a major challenge. Despite a high incidence of natural catastrophes, insurers did not substantially reduce coverage, revealing continued low demand for insurance protection overall.

From a regulatory perspective, insurers have opposed adjustments to Solvency II capital requirements for specific asset classes driven by political preferences, while at the same time acknowledging the need for improvements in the treatment of emerging risks. They continue to call for stronger government support to mitigate the effects of climate change. The European insurance regulator introduced new guidelines on climate risk management, stress testing, and capital frameworks. Insurers responded by adapting pricing models to reflect carbon-related costs.

ESG considerations are driving the development of new products, such as insurance for electric vehicles, green real estate, and sustainable investment opportunities. However, reporting under IFRS 17 continues to present challenges, primarily due to the lack of comparability of metrics. In a low interest rate environment, investment in alternative asset classes – such as real estate – remains key. At the same time, insurers must strengthen their data analytics capabilities to better understand customer needs and develop products tailored to ageing populations and cyber risk exposure.

4.2.8 Transport Infrastructure

In 2024, Slovenia adopted a law to accelerate procedures for projects within the Trans-European **Transport Network** (TEN-T). The law introduces priority treatment for such projects and streamlines procedures for construction, upgrades, and public procurement. Its objective is to speed up the implementation of passenger and freight transport connections and to improve the integration of ports, airports, and terminals into the TEN-T framework. Slovenia is part of the Baltic–Adriatic and Mediterranean corridors. The revised EU Regulation, in force since 18 July 2024, provides for a reliable and sustainable transport network without bottlenecks or missing links. The network encompasses railways, inland waterways, maritime transport, and roads connecting key transport hubs. The Regulation sets out three completion phases: the core network by 2030, the extended network by 2040, and the comprehensive network by 2050.

For **rail transport**, the provisions of the Regulation on EU guidelines for the development of the TEN-T network are crucial as they define infrastructure components and technical requirements. The Regulation sets targets for both passenger and freight transport as well as for rail traffic management. By 2040, passenger trains on the core and extended networks must reach speeds of at least 160 km/h, while freight lines must accommodate trains of 740 metres in length and axle loads of 22.5 tonnes. New lines must conform to the standard gauge of 1,435 mm, compatible with the P400 loading gauge. The ERTMS system will be deployed throughout the TEN-T network, replacing national signalling systems, and operational parameters will include a maximum border waiting time of 15 minutes.

At present, Slovenia's railway network does not yet meet these standards, but achieving compliance will be essential to maintaining competitiveness and supporting the anticipated growth in freight transport. In 2024, numerous investment projects were under way, some of which caused delays due to line closures. While certain projects will increase capacity, others—such as the modernisation of freight terminals—remain pending. The share of port freight transported by rail decreased during the year but is expected to recover once key investments are completed. Demand for rail freight continues to exceed available capacity, a challenge mirrored across Europe, where infrastructure limitations affect both service quality and operational performance.

In terms of sustainability, hydrogen-powered, battery, and electric trains gained traction in 2024, consistent with EU decarbonisation objectives. Some railway operators are also testing biofuels. Investments in accessibility for vulnerable groups, safety, and network connectivity form part of broader ESG goals. To ensure the competitiveness of Slovenian rail transport, further infrastructure investment and the development of integrated passenger transport systems will be required.

Across Europe, **motorway** management and tolling systems vary significantly. In Slovenia, the entire motorway and expressway network is managed by DARS, a state-owned company. Unlike Italy, where there are multiple operators, Slovenia's motorway management is fully centralised. Despite the single European market, motorway operators remain predominantly national, with, for example, Austria's network managed by a domestic operator.

DARS finances road construction and renovation, operating as a distinct segment of the transport sector. In 2024, an increase in vignette prices generated additional revenue, contributing to the long-term financial sustainability of the system. Throughout Europe, TEN-T corridor expansion continued with EU funding support. Slovenia's motorway operator submitted a proposal to the European Investment Bank (EIB) to finance the Novo mesto eastern bypass, which received approval in 2025. However, progress on several construction projects was slowed by civil initiatives. On the northern section of the Third Development Axis, documentation advanced in 2024, although construction on some segments was delayed. A major milestone was achieved with the breakthrough of the second tube of the Karavanke Tunnel. Given increasing traffic volumes and congestion, plans are under way to expand the Ljubljana motorway ring.

The revised TEN-T Regulation stipulates that by 2030, the road network must include rest areas every 60 kilometres, by 2040 secure parking areas every 150 kilometres, and weighing zones every 300 kilometres. Slovenia's strategic geographical position for the distribution of goods through its seaport underscores the importance of road freight logistics.

Sustainability priorities include greater use of renewable energy, the installation of EV charging infrastructure, and the development of electrified motorways, which are already being piloted in advanced European economies. Further emphasis is placed on the use of recycled materials and on minimising environmental impacts in the construction of new roads. The future of freight transport will depend on network capacity, regulatory developments, competitiveness, and broader macroeconomic trends.

In 2024, European **air traffic** remained 4.3% below pre-pandemic levels, with marked regional variations. While Northern Europe continued to operate below 2019 levels, several Southern regions exceeded them. In Slovenian airspace, Slovenia Control, a wholly state-owned enterprise, handled more flight operations than in 2019, primarily due to the growth in overflights, supported by Slovenia's favourable geostrategic position.

Despite this, Slovenia received a poor air connectivity rating in 2024. According to ACI Europe, Slovenia ranks among the least connected countries in Europe, largely because low-cost carriers concentrate on larger airports. To address this, the Ministry of Infrastructure launched the Connectivity Improvement Programme (2023–2025), under which six calls for proposals were published and six subsidies awarded by the end of 2024. The programme provides for subsidising 50% of airport fees at the country's three international airports.

The new SES2+ Regulation, which entered into force in 2024, aims to improve efficiency and sustainability in European airspace. It sets environmental performance targets for air navigation service providers and encourages airlines to adopt sustainable operating practices. During the summer of 2024, airspace congestion was pronounced, with more than one-third of flights delayed by over 15 minutes. The main causes included capacity limitations, adverse weather, and deviations from planned routes.

The SES2+ reform strengthens national performance plans and promotes more efficient and environmentally responsible flying. Across Europe, AI-based air traffic management systems were piloted in 2024, enabling better traffic allocation and reduced delays. Airlines remained within the scope of the EU Emissions Trading System (EU ETS) and are now required to increase the use of Sustainable Aviation Fuels (SAF), in line with mandatory EU blending targets. Future growth in air traffic will depend on Slovenia Control ensuring sufficient air traffic control capacity and continuing its development and international cooperation projects. The performance of Slovenia's air connectivity will be shaped by its ability to attract new carriers, the commercial strategies of airports, tourism initiatives, and wider European aviation trends.

Maritime transport encompasses the operations of ports and shipping companies handling diverse cargoes along global trade routes. In 2024, international shipping was affected by the crisis in the Gulf of Aden, as Houthi attacks forced carriers to reroute vessels around Africa, leading to higher transport costs, longer transit times, and a shift in the competitiveness of Adriatic ports.

A significant share of cargo was carried by gigamax container vessels (up to 24,000 TEU), requiring adapted port infrastructure, including longer quays, larger cranes, and deeper berths. Major European ports such as Rotterdam and Hamburg are already investing in such upgrades, while smaller Mediterranean ports face constraints. Natural factors, including sea depth and available storage areas, are increasingly determining port competitiveness. Although the shortage of shipping containers persisted, it partially eased thanks to improved logistics management and temporary storage solutions. The Gulf of Aden crisis further increased freight rates.

As the maritime sector handles around 90% of global trade, it continues to face strong pressure to reduce its **carbon footprint**. In 2024, European ports advanced the implementation of decarbonisation technologies such as LNG, methanol, and shore-side electrification, with several projects supported by EU funding. Additional priorities include waste management, the reduction of fossil fuel use, and mitigation of environmental impacts in cargo handling.

Amendments to the Delegated Regulation on Climate Change further specify which activities are deemed environmentally sustainable, influencing green finance reporting and access to funding. The EU ETS was extended to the maritime sector, encouraging the use of low-carbon technologies such as LNG, hydrogen, and battery propulsion, and prompting greater investment in port infrastructure. Amid economic growth and stable geopolitical conditions, the outlook for cargo throughput in Northern Adriatic ports remains positive, with performance increasingly dependent on comprehensive physical and digital investments in logistics infrastructure.

4.2.9 Postal Sector

The **Postal Services** Directive (97/67/EC) established the regulatory framework for European postal services, with the universal service obligation (USO) as its cornerstone. The Directive grants EU Member States flexibility to adapt its implementation to national needs. In 2024, several countries – including Germany, Denmark, and Lithuania – adopted new postal legislation, while others, such as Austria, Estonia, and Poland, introduced substantial amendments to their existing frameworks. The changes included the exclusion of certain services (e.g. parcels over 10 kg) and the addition of new ones (such as court documents). Differences among Member States are also evident in delivery frequency and quality standards, with some, for example, shifting their focus from delivery speed to reliability.

As letter volumes continue to decline, the cost of universal service provision is increasingly being subsidised by parcel delivery operations. Postal operators have warned about the high costs of maintaining their networks, which has led to price increases, including at Pošta Slovenije, where tariffs were raised on 1 January 2024. The rise of e-commerce has driven a further increase in parcel volumes, adding pressure on operators. Last-mile delivery remains a key challenge, prompting investment in smart parcel lockers, digitalisation, and autonomous delivery technologies such as robotic couriers. Sustainability has become an integral part of postal operations. Operators are investing in electric and hybrid vehicle fleets to reduce their carbon footprint. In December 2024, the EU adopted the Packaging and Packaging Waste Regulation (PPWR – Regulation (EU) 2025/40), promoting a circular economy. The Directive on Green Public Procurement further supports the transition to sustainable supply chains, encouraging the use of renewable energy sources and low-emission logistics solutions.

Looking ahead, parcel delivery volumes are expected to continue rising, though postal operators will need to mitigate the impact of free delivery models promoted by large e-commerce platforms. With letter post in long-term decline, the sector's success will depend on its ability to create new value through green logistics, service diversification, and the development of multi-service community hubs.

4.2.10 Electricity Sector

The year 2024 was characterised by the stabilisation of energy prices and a 1% increase in **electricity** consumption across the EU, marking the end of the previous downward trend. The share of electricity generated from renewable sources reached a record 54%, and together with nuclear power, renewables accounted for 75% of total electricity production. Electricity generation from fossil fuels declined to 25%, with solar power surpassing coal for the first time. Hydropower production rose by 13%, while solar generation increased by 19%, supported by an additional 59 GW of newly installed capacity.

Slovakia and the United Kingdom closed their last coal-fired power plants, confirming continued progress in the energy transition. In Slovenia, resistance to wind power development remains strong, placing the country among the weakest performers in the EU in this area. The National Assembly adopted the Act on Transitional Financing of Accelerated and Fair Coal Phase-Out, ensuring social protection for employees of Premogovnik Velenje and TEŠ, as well as stable heating for the Šaleška Valley.

Electricity prices mostly remained below EUR 80/MWh, except in Italy and the United Kingdom, while negative prices occurred due to renewable energy surpluses. Gas and oil prices fell as a result of a mild winter, high storage levels, and increased LNG production. The price of emission allowances declined by 22%, driven by excess supply and reduced demand following the closure of thermal power plants.

At the EU level, key legislative steps were taken with the adoption of the Methane Regulation (EU/2024/1787) and the Decarbonisation Package for the Gas and Hydrogen Sectors (EU/2024/1788 and EU/2024/1789)—both of particular relevance for Plinovodi and strategic projects such as the Northern Adriatic Hydrogen Valley. In addition, Directive (EU) 2024/1275 introduced a requirement for the installation of solar panels on new and public buildings. In Slovenia, the abolition of the net-metering scheme led to a decline in applications for connecting self-supply solar installations. Debates on the network charge regulation brought new categories into the regulatory framework. Energy companies are now planning the construction of large-scale solar farms in environmentally suitable locations.

Further declines in fossil-based electricity generation are expected, alongside continued growth in solar and wind energy and an increasing role for nuclear power. The energy sector will need to adapt through investment in infrastructure reinforcement and new renewable capacities. At the same time, the rising uptake of electric vehicles and heat pumps is expected to drive higher electricity consumption in the coming years.

4.2.11 Gaming Industry

In 2024, the European **gambling** market recorded EUR 123.4 billion in gross gaming revenue, representing a 5% increase on the previous year. Online gambling accounted for EUR 47.9 billion, while land-based casinos generated EUR 75.5 billion. The market share of physical casinos fell from 63% to 61%, whereas the online segment expanded to 39%, with mobile devices contributing 58% of all online revenues. Providers without a strong online presence are failing to capture this growth potential. Lotteries generated EUR 38 billion, mostly through physical retail channels, while casino games brought in EUR 30 billion, predominantly via online platforms. Slot machines (EUR 24.9 billion) remain concentrated in land-based venues, whereas sports betting (EUR 20.1 billion) continues to dominate the online market.

The industry remains heavily regulated, with an increasing focus on stricter rules for high-risk games. European lottery operators continue to advocate for national regulation and for stronger action against illegal operators. In June 2024, the EU adopted new measures aimed at combating money laundering and the financing of terrorism. Alongside regulatory pressures, the sector is also responding to growing social expectations, which are driving greater investment in responsible gaming initiatives. Player protection programmes now encompass addiction prevention, protection of minors, and ethical advertising practices.

Sustainability considerations now extend to waste management, energy efficiency, improvements in working conditions, and responsible water use. There are notable regional disparities in the market share of online platforms. Despite various limitations, the sector is expected to continue expanding, particularly within the online segment, which is forecast to outpace EU GDP growth. The sports betting and mobile gaming segments are projected to expand further, while simple, non-innovative games are expected to decline. In Slovenia, the sector would benefit from greater diversification of visitors and stronger integration with local tourism.

4.2.12 Tourism

In 2024, **tourism** across the EU reached record levels, with more than 3 billion overnight stays registered for the first time. The largest numbers of visitors were hosted by Spain, Italy, Germany and France, which together accounted for 61.6% of all overnight stays. The sector contributes approximately 4.5% of the EU's gross value added, with growth driven by the post-2020 recovery, increasing international travel flows, and sustainable investments focused on regional development and the digital travel experience. A total of 23 EU Member States reported an increase in overnight stays in 2024, with Slovenia ranking fifth, achieving 4.5% growth. At the global level, tourism activity exceeded 2019 figures for the first time in terms of international arrivals, marking a significant milestone in recovery from the COVID-19 crisis.

In 2024, Slovenian tourism outperformed the European and global averages, recording 16.85 million overnight stays and 6.6 million arrivals. The average length of stay remains a key challenge. Foreign visitors accounted for 76.76% of all arrivals, representing an 8.48% increase year-on-year, while the number of domestic guests declined slightly. Visitor preferences differ notably between the two groups: spa tourism is more popular among domestic travellers, while distinct trends are also observed in mountain tourism. The sector continues to face two main challenges — a shortage of new investments and limited air connectivity. Nevertheless, the implementation of the strategy for sustainable and hospitable destinations is already producing positive impacts on the financial performance of tourism enterprises.

4.2.13 Meat Processing Industry

The meat processing industry encompasses the entire value chain, from animal breeding to the sale of processed meat products. Across the EU, the performance of companies in this sector is closely linked to integration and past investments that enable efficient operations. In Slovenia, total meat production in 2024 amounted to 43,000 tonnes of beef, 22,800 tonnes of pork, 78,400 tonnes of poultry, and 1,700 tonnes of sheep and goat meat. At EU level, livestock numbers declined compared with 2023 – by 0.5% for pigs, 2.8% for cattle, 1.7% for sheep and 1.6% for goats. The downward trend has been even more pronounced over the past decade, raising concern within the European Commission. SSH manages an investment focused on pig farming. It is worth noting that pork production in Slovenia has halved over the past 15 years.

Despite the negative trends in **pig farming** across the EU, sustainability policies have had a tangible impact – particularly in the Netherlands, where pork production fell by 5.2% due to a 14% reduction in the breeding herd between December 2023 and December 2024. In 2024, a total of 221 million pigs were slaughtered in the EU (+0.8% compared with 2023), with production reaching 21 million tonnes (+2%), reflecting an increase in the average slaughter weight. Pork exports remained stable at 4.3 million tonnes, with China continuing to be the main destination (53% frozen offal), while EU competitiveness was constrained by lower prices from the United States and Brazil. Imports from non-EU countries totalled 159,127 tonnes (–4%), mainly from the United Kingdom, Switzerland and Chile. In addition to price developments, movements in slaughtering, breeding and production, as well as contractual obligations, remain key indicators to monitor on the EU internal market. Poland recorded strong growth, with production up by 7.7% and slaughter numbers increasing by 5.4%. Outbreaks of African swine fever decreased by 83%, mainly in Croatia and Romania, where 78% of cases occurred on farms with fewer than 100 pigs.

In 2024, the EU adopted the IED 2.0 Directive, extending environmental emission regulations to a larger number of pig farms;

the directive will take effect in 2030. Directive (EU) 2023/1115 on deforestation-free products was also adopted, relevant for feed production (e.g. soya), and will apply from December 2025 to large companies.

Animal welfare remained high on the agenda. Some 89% of EU respondents oppose individual cages, while 60% would be willing to pay more for products from animal-friendly systems. In March 2024, the organisation Compassion in World Farming filed a lawsuit against the European Commission for failing to implement a citizens' initiative, prompting renewed debate on CO_2 stunning, live animal transport and piglet handling practices.

In Slovenia, gross pork production in 2024 decreased by more than 3% compared with 2023. Slaughterhouses processed 204,000 pigs, down by 1% year on year. Imports remained stable, while exports increased by more than 23%. The sector continues to face pressure from high energy costs and evolving dietary habits yet remains profitable in the main EU markets – Spain, Germany and France. Vertical integration and a strategic approach to self-sufficiency, taking into account sustainability and animal welfare aspects, will be key going forward.

4.2.14 Water Management

Water utility companies render services of general economic interest on the basis of a concession agreements granted for the 2019–2026 period. Water management in Slovenia is structured so that the Ministry of the Environment and Spatial Planning awards concessions, based on specified criteria and a public tender, to companies that meet these requirements. The concession is divided into two parts, the first is related to the provision of services of general economic interest, and the second part includes additional services. Services within the scope of the Concession Agreement include maintenance, security, cleaning, mowing, cutting, the restoration of weirs, banks, and thresholds, the construction of stone-concrete barriers, retaining walls, and ground thresholds, as well as the cleaning and maintenance of sink-holes and gravel barriers, and the removal of sandbanks and debris.

Water utility companies derive part of their revenue from concession obligations and part from market activities related to municipal infrastructure construction, environmental protection facilities, agricultural work, geotechnics, and similar projects. These companies continually highlight the importance of regular waterway maintenance and improving flood protection. In 2023, weather events were exceptionally severe, culminating in the August floods. As a result of emergency and rehabilitation works following the floods, the scope of activities undertaken by water management companies increased in both 2023 and 2024.

5 MANAGEMENT OF SSH AND RS CAPITAL ASSETS IN 2024

5.1 MANAGEMENT OF CAPITAL ASSETS

The principal activity of SSH is the management of capital assets held by SSH and the Republic of Slovenia, with the objective of maximising their long-term returns and sustainable value in support of the country's economic and developmental goals and the objectives of public interest. This includes the acquisition and disposal of equity investments and the exercise of shareholder or partner rights. SSH has established an effective and transparent asset management system with a clear allocation of powers and responsibilities, supported by measures that mitigate the risks of corruption, unethical or unlawful conduct, and undue influence. These measures strengthen compliance, traceability and accountability in the decision-making process.

As part of its asset management activities, SSH also acts proactively in implementing the State's sectoral strategies. It undertakes additional activities as a coordinator between ministries, other stakeholders and the companies under its management, and participates in interministerial working groups, particularly in the areas of legislative amendments, the adoption of sectoral policies and other related topics. The aim is to enhance understanding of how various proposals, positions or stakeholder requirements affect the operations and performance of the companies concerned.

When realising the aim and implementing the objectives of ZSDH-1, SSH operates under the same conditions as other enterprises, sole traders and private operators in the respective market and it is prohibited to exploit its position which might cause restriction of competition or pose limitations to other enterprises, sole traders and private operators operating in the market.

5.1.1 Fundamental Principles of Asset Management

Key factors for effective management of capital assets, which is shown in increased total return on equity from RS and SSH assets, include: the selection of competent, responsible and savvy members of supervisory bodies; diligent monitoring of performance of SOEs against predefined goals and performance criteria; the implementation of good corporate governance practice and timely and appropriate action-taking in cases of deviations from expected results.

The fundamental principles observed by SSH in the management of assets are:

- **the principle of responsibility and due care;**
- **the principle of independence;**
- **the principle of transparency;**
- **the principle of economy.**

The scheme below shows all key elements of active management of RS and SSH capital assets.

Criteria

Criteria for Measuring Performance of SOEs: strategic objectives, economic and financial goals

Performance Monitoring

Monitoring of company performance: through quarterly or monthly reporting, regular meetings with Supervisory Boards and management bodies, and business planning meetings

Annual Plan

Annual Asset Management Plan (AAMP): sets out strategic goals and economic and financial objectives for all major portfolio companies and outlines SSH's expectations of these companies

AGMs

Active preparation for annual general meetings, exercise of shareholder/member rights: shareholder rights, property rights

Best Practice

Implementation of good corporate governance practices: Corporate Governance Code, Recommendations, and Expectations, Governing Corporate Culture handbook

Supervisory Board Members

Selection of suitable candidates for supervisory bodies through a standardised procedure

Acquisitions and Disposals of Equity Holdings

Implementation of procedures for the acquisition and disposal of equity holdings and share capital increases: sales through public offering methods, public auctions, public calls for tenders, and initial or secondary public offerings (IPOs/SPOs).

5.1.2 Active Management of RS and SSH Capital Assets

The State Assets Management Strategy is the key instrument governing the management of state investments. It communicates to the asset manager (SSH), the Government, investors, citizens and the broader public the State's ownership policy in companies with state equity holdings. The document classifies capital assets as strategic, important or portfolio, defines the State's development orientations as a shareholder or partner in these companies, and sets out the strategic objectives the State seeks to achieve through its strategic investments.

On 11 April 2024, SSH submitted its opinion and proposals on the draft updated State Assets Management Strategy to the Ministry of Finance of the Republic of Slovenia. The document was subsequently adopted by the National Assembly of the Republic of Slovenia on 10 July 2024. The proposal outlines eight development orientations derived from the UN Agenda and the Slovenian Development Strategy 2030:

- human rights and social responsibility;
- gender equality;
- sustainable energy resources;
- infrastructure development;
- sustainable forest management;
- risk management;
- productivity enhancement; and
- strengthening corporate governance in SOEs.

In 2024, SSH began incorporating these orientations into its management activities by including productivity indicators for all companies in the 2025 AAMP. Other orientations are reflected in SSH's expectations towards the companies, as expressed in the AAMP and during regular periodic meetings.

Certain parts of the State Assets Management Strategy were amended and supplemented in early 2025. Consequently, on 25 March 2025, the National Assembly of the Republic of Slovenia adopted a new strategy in accordance with Article 28 of ZSDH-1, which entered into force on 29 March 2025. The key amendments introduced in 2025 include:

- new strategic orientations and objectives for the management of disability enterprises;
- a new development orientation aimed at strengthening the Slovenian capital market;
- changes in the classification of capital assets;
- a new strategic orientation focused on digital transformation; and the need to transform a public enterprise into a commercial company (Official Gazette of the Republic of Slovenia).

Data on the number of individual companies with state capital assets are presented in the following chapter, based on the latest classification adopted under the new State Assets Management Strategy.

5.1.3 Fundamental Objectives for Managing Capital Assets and their Classification

In accordance with ZSDH-1, the objectives for managing individual SOEs differ depending on the type of the company and state assets defined in the State Assets Management Strategy. Each company in which SSH and the Republic of Slovenia hold equity stakes is classified into one of the three categories set out below, with clearly defined fundamental management objectives.

	FUNDAMENTAL MANAGEMENT OBJECTIVES	CLASSIFICATION OF CAPITAL ASSETS
STRATEGIC OBJECTIVES	Realising important social interest such as providing the relevant level and accessibility of infrastructure, rendering public services, ensuring security objectives, development objectives and realising other significant social interest.	**STRATEGIC CAPITAL ASSETS (28 companies)** Both strategic and economic goals are pursued. The minimum ownership share is **50% + 1 vote.**
DEVELOPMENT GOALS	Preserving key development factors in the country and pursuing development priorities and objectives set out in the Republic of Slovenia's strategic documents.	**IMORTANT CAPITAL ASSETS (8 companies)** **Development objectives** are pursued. The minimum ownership share is **25% + 1 vote.**
ECONOMIC OBJECTIVES	Enhancing the productivity and performance of companies and ensuring the highest possible return for the owners.	**PORTFOLIO ASSETS** Solely economic objectives are pursued. SSH may freely dispose of these companies.

In defining the directions, measures and actions prepared by SSH for the management of the State's capital assets, and in further specifying the related objectives, consideration is given not only to the orientations and management objectives set out in the State Assets Management Strategy, but also, in particular, to the following underlying principles:

- SSH has at its disposal corporate and legal leverage in SOEs, deriving from its position as a shareholder or a partner;
- SSH also takes into account the strategies and business plans prepared by the companies themselves when drawing up the AAMP, provided that the companies have submitted their strategic planning documents to SSH and that these plans are consistent with SSH's objectives. In SOEs, which are organizes as public limited companies, SSH has at its disposal limited access to information since, under the applicable law, the shareholder's right to information is limited.

An important objective of the companies is to achieve an adequate long-term return on invested capital, in addition to other objectives pursued in line with their mission or purpose of establishment. Individual goals are given in the form of criteria, i.e. indicators, laid down in the Criteria for Measuring Performance of SOEs. In light of the type of assets, certain economic and financial indicators are determined for an individual asset and strategic criteria and indicators in case of strategic assets.

For individual asset, specific goals set on the basis of criteria and indicators set are defined in every AAMP.

For the effective monitoring of the performance against the objectives set for SOEs in the portfolio managed by SSH, suitable tools and data available at three levels are used, specifically:

- **past dynamics** – trends in the reported business results of an individual company which are monitored, together with movements in key performance indicators in an observed period;

- **benchmarking analyses** – the values of key performance indicators and the values of selected financial ratios of an individual company at a certain moment and in the past are compared to the values which have been achieved by previously determined comparable competitors, taking into account the differences in the business environment in which individual companies operate and which have an impact on their business results and on other specific characteristics of the company and its competitors;
- **business plans** – results forecasted by an individual company are compared with values which have been determined by SSH on the basis of past analysis, on the basis of the benchmark to competitors' results and on the basis of an assessment of trends in the business environment, and realisation of plans set.

An important proportion of companies in the RS portfolio which is managed by SSH renders public service of general economic interest. These are companies rendering service of general economic interest as defined by laws in the area of energy, transport, environmental protection and other areas. Services of general economic interest can be provided either by a public company or through the granting of concessions or special authorisations based on legal provisions. A common feature of these companies rendering only or also public service of general economic interest is the strategic nature of their activity which requires such companies to primarily satisfy public needs and this has a precedence over making profit. In line with the asset management strategy, strategic capital assets in the field of services of general economic interest should focus on delivering services in the core area for which they were established.

5.1.4 Expectations for ROE and Dividend Inflows

When managing capital assets, SSH takes into account specific characteristics of operations of an individual company, strives for increasing the profitability of individual companies and the portfolio as a whole – while simultaneously taking into account sustainable aspects of their operations and risks. For this purpose, SSH has determined target values for the return on equity (ROE) or return on assets (ROA) indicator for each individual portfolio company, taking into account the relevant business factors and the indicator values of selected comparable companies.

In its principles for exercising shareholder rights in companies with state capital assets (SSH Assets Management Policy), SSH outlines the aspects it considers when deciding on voting regarding the proposed distribution of retained earnings.

From this aspect, for SSH, the dividend policy is one of more important elements in corporate governance to which the necessary attention is paid. SSH expects SOEs to take into account the following factors, when designing their dividend policy:

- the company's Strategy;
- the company's development phase;
- the company's capital structure;
- access to the sources of financing;
- tax considerations;
- the policy regarding the profit pay-out for other purposes (for example, employee participation);
- the lowest dividend pay-out as regulated by the law due to the right to challenge the dividend pay-out;
- the expected rates-of-returns of a company;,
- the implemented and planned investment activities by considering optimum WACC; and
- the characteristics of the sector in which a company operates, including the level of competition present in the sector.

Details on dividend payments are provided in the section on asset management performance results.

5.1.5 Regular Asset Management Activities in 2024

In accordance with ZSDH-1 and other key corporate governance documents, SSH, acting in its own name and on behalf of SSH and/or the Republic of Slovenia, exercised shareholder's rights in 2024. The main activities included:

- **regular monitoring of business performance and progress towards sustainability objectives** in the companies under management, and implementation of the 2024 AAMP based on quarterly or monthly reports submitted by the portfolio companies, complemented by periodic meetings with members of their management and supervisory bodies of SOEs;

- **reviewing company activities in the areas of business, financial, cyber and other strategic risk management**, and adopting measures to **enhance their resilience**;
- **monitoring the establishment and functioning of compliance and integrity systems within portfolio companies** and verifying the implementation of SSH's recommendations in this field;
- **reviewing remuneration policies**, voting on them at general meetings, or, where applicable, taking note of them in the capacity of founder in limited liability companies as provided by their Articles of Association;
- **participating and voting at general meetings**, adopting founder's resolutions in managed companies (a total of 133 general meetings were held and founder's resolutions were adopted in 2024), and exercising other shareholder or partner rights;
- **conducting substantive and legal assessments of company proposals for transactions** requiring founder's consent or decisions on the exercise of veto rights, in accordance with the Articles of Association of single-member companies;
- **granting consent to long-term strategies or strategic plans** where required by the Articles of Association;
- **amending companies' Articles of Association** – in 2024, based on model articles prepared for different types of companies (e.g. limited liability companies, single-member companies, joint-stock companies), SSH implemented amendments in several companies to achieve the greatest possible degree of substantive alignment while taking into account company-specific characteristics;
- **defining and updating performance measurement criteria** – the strategic and economic-financial objectives of the companies under management were determined based on the new State Assets Management Strategy;
- **preparing the 2025 AAMP**, which sets out the general strategic orientations, objectives and development activities of all companies under management, as well as the plans for achieving SSH's objectives and the expected cash flows from the management of capital assets. In accordance with the provisions of ZSDH-1, SSH prepared the 2025 AAMP in November 2024 and submitted it to the Ministry of Finance. Following the entry into force of the Act on the Transitional Financing of the Accelerated and Fair Coal Phase-out (ZP-FPPIP) and the adoption of the new State Assets Management Strategy in March 2025, two subsequent updates of the AAMP were prepared. The Government of the Republic of Slovenia granted its consent to the 2025 AAMP on 15 May 2025;
- the **implementation of good corporate governance practices** – continuous efforts to improve the quality of corporate governance in companies under SSH's management, updating the regulatory framework for managing state capital assets, and organising training sessions for members of management and supervisory bodies of SOEs;
- SSH also carried out **the necessary actions to ensure timely and appropriate procedures for the accreditation**, nomination and selection of candidates for supervisory board positions.

5.1.6 Key Additional Asset Management Activities by Company in 2024

In addition to the regular management activities mentioned above, SSH also carried out the following additional activities for individual companies.

ECONOMIC PILLAR

Študentski dom Korotan, d. o. o. (Korotan)

In September 2023, after several years of efforts by SSH, the Government of the Republic of Slovenia approved a resolution acknowledging the preliminary proposal of additional funds required for Korotan and agreeing that SSH should carry out activities to increase the company's share capital. The Government also directed relevant ministries to provide Korotan with additional funds to support the Republic of Slovenia's strategic interests. The manager of Korotan, Mohorjeva družba, in cooperation with SSH and a financial advisor, prepared the company's strategy and medium-term plan in 2024. Korotan has since been classified as a strategic asset, with the Republic of Slovenia committing to regularly provide funding for non-market activities to ensure the company's long-term and sustainable operations. In September 2024, the competent ministries signed an Agreement on the Long-Term Financing of Activities at Korotan for the period 2024–2027. In October 2024, SSH, acting in the name and on behalf of the Republic of Slovenia as the sole shareholder, adopted a resolution on the recapitalisation of the company with a cash contribution of EUR 1.9 million. The funds are intended for investment projects. In May and June 2025, investments were completed to improve fire safety and refurbish the lift. In the second phase, further investments will be made to enhance student accommodation, while the renovation of hotel rooms is expected to generate higher revenues. The management also plans additional investments in digitalisation, energy optimisation of the building and improvements to the functionality of the premises.

Farme Ihan– KPM, , d. o. o.

In May 2024, SSH approved an additional loan of EUR 1 million to Farme Ihan – KPM, d. o. o. for the financing of working capital. In November 2024, SSH approved a moratorium on the repayment of principal and contractual interest for the period from 1 November 2024 to 30 June 2025 under the credit agreements, with the aim of stabilising the operations of the Farme Ihan Group pending the approval of its financial and business restructuring programme. Long-term operational efficiency, liquidity and competitiveness of the Group can be ensured only through comprehensive financial and business restructuring. Accordingly, in June 2025, SSH approved the Farme Ihan Group's Sustainable Business Strategy 2025–2030, including a financial projection through 2035, and, based on it, recapitalised Farme Ihan – KPM, d. o. o. with a contribution in kind – monetary claims of SSH under the credit and loan agreements amounting to EUR 4.4 million – and a cash contribution of EUR 8 million, through a subsequent capital injection. This will enable the Farme Ihan Group to implement business and financial restructuring, including strategic and replacement investments, the transition from dairy to beef production, compliance with higher animal welfare standards, and the strengthening of food sovereignty through pork production.

CSS, d. o. o.

Due to difficult economic conditions, a decline in orders, operating losses and a strained liquidity position, CSS, d. o. o. submitted a proposal for liquidation to SSH in November 2024. To assess the possibility of maintaining at least a limited scope of operations, the company's director, at SSH's request, prepared a business and financial restructuring plan for 2025. In December 2024, an independent review of the company's operations and business plans was completed to assess the feasibility and long-term sustainability of operations as at 30 September 2024. The review, commissioned by SSH, focused on the economic viability of a successful business and financial restructuring as a basis for decision-making on future management activities. The independent review concluded that the company lacked a viable (profitable) business model and could not be successfully restructured. It also found that any additional capital injections by the owner would not pass the private investor test.

On this basis, SSH supported the liquidation of the company at the general meeting in January 2025. However, at the request of the Ministry of Labour, Family, Social Affairs and Equal Opportunities and in accordance with Article 58, Paragraph 3 of the Vocational Rehabilitation and Employment of Persons with Disabilities Act, the resolution on liquidation was annulled at the company's general meeting in February 2025. In March 2025, the State Assets Management Strategy was amended to introduce new strategic orientations for the management of state-owned disability enterprises, emphasising social responsibility and stipulating that management activities are to be carried out as if these were strategic assets. In July 2025, the shareholders adopted a resolution to increase the company's share capital by a cash contribution of EUR 800,000, in proportion to the existing shares held by the Republic of Slovenia and the Municipality of Škofja Loka, while the shareholder Association of the Blind and Partially Sighted of Slovenia did not participate in the capital increase. The Republic of Slovenia contributed EUR 799,000. The funds are intended for replacement investments and, in part, for working capital needed to expand operations. The recapitalisation was based on the company's Business Plan 2025–2030, accompanied by an investment plan demonstrating revenue growth, an increase in value added per employee, and a return to positive business performance.

TRANSPORT PILLAR

DARS, d. d.

Following the adoption of a general meeting resolution, a special audit was conducted to review selected groups of transactions over the past five years. At the general meeting in November 2024, SSH, as the sole shareholder, reviewed the special auditor's report and adopted a resolution to commission a forensic audit of certain company transactions based on the auditor's recommendations. The forensic audit has not yet been completed. SSH continues to regularly monitor the implementation of measures and the fulfilment of the special auditor's recommendations.

DRI, upravljanje investicij, d. o. o.

In 2024, after obtaining the approval of the ministry responsible for infrastructure, and in its capacity as founder, SSH approved amendments to the Articles of Association of DRI in accordance with the provisions of ZSDH-1A, thereby ensuring that the company retains its status as an internal service provider. In line with the Articles, SSH also appointed new members of the Supervisory Board representing the clients.

Pošta Slovenije, d. o. o.

SSH participated in a working group established to examine issues in the postal services sector, which prepared a proposal for amendments to postal legislation aimed at addressing the coverage of losses incurred in providing the universal postal service. Through its proposals and active involvement in the working group, SSH emphasised the importance of establishing a revised financing model that would ensure the long-term financial sustainability of the universal postal service, taking into account the rapid decline in letter volumes and the comparable financing arrangements adopted in EU Member States that have already introduced such changes. At the time of preparing this report, the postal legislation had not yet been amended.

ENERGY PILLAR

Holding Slovenske elektrarne d. o. o. (HSE)

By the end of May 2024, HSE repaid in full EUR 492 million it had received from the Republic of Slovenia in December 2022 as a subsequent payments to the share capital, provided to prevent liquidity difficulties and ensure stable operations. Until the full repayment of the subsequent payments to the share capital, SSH exercised enhanced oversight of HSE's operations and adopted several resolutions concerning the repayments. SSH also monitored HSE's activities related to the separation of the thermal division from the HSE Group.

EGS - RI, d. o. o. (EGS-RI)

The year 2024 was a milestone for EGS-RI, as several agreements were concluded arising from the arbitration proceedings against RiTE Ugljevik, a. d., relating to EGS-RI's compensation claims for breaches of the 1989 Self-Management Agreement (joint investments in the Ugljevik mine and thermal power plant and the right to a proportional share of the electricity produced). Based on the non-delivery of electricity and the decisions of the ad hoc arbitration tribunal in Belgrade, EGS-RI reached an agreement in 2024 on compensation totalling EUR 67 million. In addition, for the period not covered by the Belgrade ad hoc arbitration, EGS-RI reached a further agreement for compensation totalling EUR 65.2 million. Furthermore, on 1 February 2024, deliveries began for one third of the electricity produced at RiTE Ugljevik. SSH appointed special authorised representatives, closely monitored the progress of these activities and granted the necessary approvals for the conclusion of key legal transactions. The total value of all concluded agreements amounts to EUR 132.2 million. On behalf of EGS-RI, all the above proceedings are conducted by HSE, d. o. o., under the Debt Recovery Assignment Agreement.

FINANCE AND TOURISM PILLAR

D. S. U., d. o. o.

In 2024, the merger of the real estate activities of SSH and D.S.U. was successfully completed in accordance with the provisions of the 2024 AAMP, taking into account the anticipated synergies from the joint development, management and maintenance of the real estate portfolios of D.S.U. and SSH. The integration of the real estate activities was carried out through the carve-out of SSH's real estate operations and their transfer to D.S.U. The transfer was executed as at 31 December 2023, in accordance with the provisions of ZGD-1, with D.S.U., as the universal legal successor, assuming all rights and obligations associated with the transferred assets. The transferred assets comprised nearly 200 sets of properties with equipment, five equity investments in project-based real estate companies, and SSH's receivables from these companies. The total book value of the transferred assets amounted to approximately EUR 102 million. In addition to the assets, 34 SSH employees were also transferred to D.S.U. Following the transfer of the real estate management activities, SSH acquired a 49.60% ownership stake in D.S.U., while the remaining 50.40% stake remained held by the Republic of Slovenia.

Istrabenz, holdinška služba, d. o. o.

In 2024, the merger of Istrabenz with SSH was also completed, effective as at 31 December 2023. The merger was entered in the court register on 18 September 2024, upon which Istrabenz was deleted from the register. As a result of the merger, two subsidiaries of Istrabenz came under the direct management of SSH: Adriafin (50% ownership stake) and KB 1909 (0.03% ownership stake).

Sava, d. d.

In 2024, the final financial restructuring of Sava d. d. and the Sava Group was successfully completed. In September 2024, SSH and KAD converted approximately half of their combined claims, totalling EUR 35.8 million, into the share capital of Sava at a price of EUR 2.6 per share. The remaining claims, amounting to EUR 36 million, were repaid by the company in cash through market borrowing. SSH converted claims totalling EUR 24.7 million into equity, while the remaining claims of EUR 6.9 million were settled by a cash payment at the end of September 2024. As a result of the conversion, SSH acquired 9,500,589 new Sava shares, increasing its ownership stake from 61.9% to 64.1%. The financial restructuring reduced Sava's indebtedness, restored the company's access to market sources of financing, and enabled its further development.

5.1.7 Disposition of Capital Assets in 2024 and their Acquisition

SSH manages the procedures for the disposition and acquisition of capital assets held by RS and SSH on the basis of the valid State Assets Management Strategy and every Annual Assets Management Plan to which the Government of the Republic of Slovenia gives its consent for each year. The sales processes are run on the basis of the SSH Asset Management Policy, which includes principles, procedures and criteria applied by SSH in carrying out its duties and activities as stipulated by ZSDH-1. In addition to other matters, the Asset Management Policy determines the methods for the sale of state assets, for the communication on disposition and acquisition of state assets, for the course of a process for the sale of state assets, the method for running the sale processes and the method for hiring financial institutions and other advisors engaged in the sales processes.

SSH strives for the sales processes to run in an efficient, transparent and competitive manner following the principle of equal treatment of participants and in line with international market practice. For this purpose and with the aim of increasing its credibility with investors, SSH leads the sales processes regarding the largest capital assets in cooperation with renowned international financial and legal advisors qualified in financial advisory services.

The fundamental objective pursued by SSH in the sales of shareholdings is the attainment of the highest proceeds from the sale. In regard to the sale of assets owned by RS and/or SSH, within the scope of its statutory limitations, SSH strives to also pursue other goals important from the aspect of providing a stable economic growth. These are: the rise in the quality and capacity of public services, further development of companies, new investment opportunities, entering new markets, ensuring competitiveness, and similar goals.

Activities Related to Disposition of Capital Assets

Geoplin, d. o. o.

Following the adoption of the new State Assets Management Strategy, which reclassified the investment in Geoplin d. o. o. (hereinafter referred to as: "Geoplin") from important to portfolio, SSH, in accordance with the 2016 exchange agreement with Petrol d. d., exchanged shareholdings in Geoplin and Plinhold d. o. o. (hereinafter referred to as: ("Plinhold"). Under the exchange, the Republic of Slovenia transferred its 25.01% shareholding in Geoplin, thereby ceasing to hold any ownership interest in the company, and in return acquired an additional 16.98% shareholding in Plinhold. The exchange of shareholdings was executed only in 2024, as Geoplin had been classified as an important asset under the previous State Assets Management Strategy, which did not allow the Republic of Slovenia's ownership stake in such companies to fall below 25% plus one vote.

Sale of Minority Portfolio Capital Assets Held by SSH, RS and KAD

On the basis of a public invitation to submit binding offers for the purchase of 11 companies with minority capital assets owned by SSH, the Republic of Slovenia and KAD d. d. (hereinafter referred to as: "KAD"), published jointly by SSH and KAD at the end of 2023, agreements for the sale of shares in four companies (Skupina Prva d. d., NTU d. d., Tekol d. d. and Agis Technologies d. d. – in bankruptcy) were concluded in early 2024.

In October 2024, SSH and KAD again published a joint public invitation to submit binding offers, this time for the purchase of six minority capital assets. By the deadline, offers were received for the purchase of shares in three companies. In December 2024, the sale of shares in Razvojna družba d. d. was successfully completed, followed in April 2025 by the sale of shares in DBS d. d., while the sale process for shares in Savaprojekt d. d. concluded without a sale.

Other

In 2024, the Republic of Slovenia also received cash proceeds for shares in Modra zvezda d. d. and M1 d. d., arising from a resolution on the exclusion of minority shareholders or from a completed merger with another company. In 2024, resolutions were adopted to initiate liquidation proceedings for two companies under SSH's management – DUP d. o. o., Sarajevo, and Lubrio d. o. o. – and bankruptcy proceedings for Nafta Lendava, d. o. o., while two companies, Proleasing Rijeka d. o. o. – in liquidation and Ravne Presses d. o. o. – in bankruptcy) deleted from the court register.

Activities Related to the Acquisition of Capital Assets

Termoelektrarna Šoštanj, d. o. o.

Pursuant to ZPFPPIP, the full 100% ownership interest in Termoelektrarna Šoštanj d. o. o. ("TEŠ"), previously held by HSE, was transferred without consideration to the Republic of Slovenia on 31 December 2024. On that date, the company came under the management of SSH.

Premogovnik Velenje, d. o. o.

Pursuant to ZPFPPIP, the full 100% ownership interest in Premogovnik Velenje d. o. o., also previously held by HSE, was transferred without consideration to the Republic of Slovenia on 31 December 2024. On that date, the company came under the management of SSH.

Plinhold d .o. o.

Following the adoption of the new State Assets Management Strategy, under which capital assets in Geoplin were reclassified from important to portfolio, SSH, in accordance with the 2016 exchange agreement with Petrol d. d., exchanged shareholdings in Geoplin and Plinhold as described in the chapter "Activities Related to the Disposition of Capital Assets". Following this exchange, the Republic of Slovenia no longer holds any ownership interest in Geoplin, and its ownership interest in Plinhold increased to 77.08%.

Študentski dom Korotan, d. o. o.

Acting on behalf of and for the account of the Republic of Slovenia, SSH implemented a capital increase in Študentski dom Korotan d. o. o. (hereinafter referred to as: "Korotan") with a cash contribution of EUR 1.9 million. Simultaneously with the recapitalisation, a new five-year management agreement for accommodation facilities was concluded between Korotan and the Mohorjeva družba, while SSH and Mohorjeva družba concluded a guarantee agreement regulating the guarantees provided by the Republic of Slovenia Republic of Slovenia and/or SSH to Mohorjeva družba.

Sava, d. d.

As a result of the conversion, SSH acquired 9,500,589 new shares in Sava, increasing its ownership stake from 61.9% to 64.1% (see Section 5.1.6 5.1.6 – Finance and Tourism pillar).

D. S. U., d. o. o.

As already stated in Section 5.1.6 – Finance and Tourism pillar, SSH successfully completed the carve-out of its real estate activities in 2024, transferring them to D.S.U. Following the transfer of the real estate management activity, SSH acquired a 49.60% ownership interest in D. S. U., while the remaining 50.40% remains owned by the Republic of Slovenia.

Istrabenz, holdinška družba, d. o. o.

With the merger of Istrabenz, the subsidiary Adriafin (50% ownership stake) and shares in KB Delniška družba, S.p.A. (0.30% ownership stake) came under the direct management of SSH.

Other

In 2024, pursuant to the Inheritance Act, the Republic of Slovenia acquired a 100% ownership stake in BIO PRIMA, d. o. o., as well as additional shares in Krka, d. d., Petrol, d. d., and M1, d. d. Based on a final and binding confirmed compulsory settlement, SSH also acquired a 100% ownership stake in Meja Šentjur, d. d.

5.2 MANAGEMENT OF CLAIMS

The principal objective of SSH in managing claims is to maximise their value. In cases where SSH acts as both a creditor and a shareholder of the debtor, its goal is to maximise the overall value of both its claims and equity holdings. Claims management also includes the management of certain equity investments where the primary purpose is the repayment of SSH's claims.

The claims management process begins with an analysis of the situation, including an assessment of the following factors:

- the debtor's long-term capacity to service its debt from own cash flows;
- the potential for the sale of the debtor's assets;
- the legal framework for optimal recovery;
- the debtor's willingness to cooperate in identifying solutions acceptable to SSH; and
- other relevant circumstances affecting repayment.

Based on these findings, a strategy is selected to ensure the highest possible value for SSH. Possible approaches include:

- the restructuring of claims;
- enforcement or realisation of collateral;
- sale of claims; and
- partial or full repayment of claims by the debtor or guarantor.

Restructuring of Claims

In restructuring claims, SSH seeks to achieve the long-term stability of the debtor's operations, improve liquidity and competitiveness, and ensure the highest possible repayment of debt through operations and the sale of non-essential assets. The objective is to reduce indebtedness to a sustainable level that would allow refinancing by commercial banks. Financial restructuring may be carried out alongside operational restructuring, particularly in cases where SSH holds a majority or controlling equity interest. Measures are implemented in cooperation with other creditors and may include extending repayment periods, lowering interest rates, partial debt forgiveness, improving capital structure, and providing additional liquidity. SSH may convert its claims into equity holdings, acquire additional shares, or increase the debtor's capital through cash or in-kind contributions.

Collateral Realisation Strategy

Where debtors operate at a loss and financial and operational restructuring would not yield greater value than enforcement and realisation of collateral, SSH, acting as a fair and diligent business operator, opts to enforce pledged assets and initiate execution proceedings against the debtor's free assets. This strategy is also basically applied to companies which are already subject to insolvency proceedings , or on assets , for which enforcement proceedings have been confirmed. On the other hand, the realisation of collateral can also be carried out by constituent agreement with the debtor, without initiating enforcement or insolvency proceedings.

Key activities in Claims Management

T-2 Group

In line with its defined strategy, SSH continued its activities in 2024 to achieve the highest possible recovery of claims against companies within the T-2 Group. This objective was achieved through the conclusion of a settlement totalling EUR 90 million, of which SSH has already received EUR 37 million. The remaining EUR 53 million, accruing appropriate interest and secured by an unconditional bank guarantee, will be received by SSH no later than 31 July 2027. The settlement concluded between SSH, T-2 and Telemach brings to a close the negotiations and debt recovery activities that SSH has been pursuing intensively since the merger of BAMC at the beginning of 2023, and that BAMC had been conducting since 2014. The settlement ensured optimal timing and structure of repayment at considerably lower risk compared to the alternative scenario of T-2's bankruptcy,

Papirnica Goričane Group

SSH actively participated in the financial restructuring of companies within the Papirnica Goričane Group. Despite the company's efforts to secure refinancing of its financial liabilities with commercial banks, the obligations were not fully settled upon maturity on 31 December 2024. The contracting parties agreed to extend the agreement until 30 June 2026, with the said group meeting agreed payment deadlines to SSH throughout 2024. All companies within the Papirnica Goričane Group are expected to fully repay their remaining debt to SSH by September 2025, thereby bringing to a close SSH's debt recovery activities, which have been ongoing since 2014.

CIMOS Group

As a financial creditor, SSH actively participated in the financial restructuring of companies within the Cimos Group (hereinafter referred to as: "Cimos"). In June, together with other financial creditors, SSH signed a standstill agreement deferring payment of over EUR 83 million. Later in the year, Cimos partially repaid its financial liabilities, with SSH receiving a portion of the proceeds. The owner of Cimos also carried out a capital increase, which, together with other measures, will contribute to the company's capital adequacy. In December, contractual terms forming the basis for a new financial restructuring agreement, covering the claims of key financial creditors, were signed.

MEJA Šentjur

At the end of 2023, the administrator of the compulsory settlement prepared a report on the subscription and payment of new shares, with SSH converting EUR 3.6 million of ordinary claims into equity and becoming the company's sole shareholder. The court's decision confirming the compulsory settlement became final in August 2024. SSH notified the Slovenian Competition Protection Agency of its acquisition of Meja, which in April 2024 issued a decision that the concentration between Meja and SSH was compliant with competition rules.

MLM – in bankruptcy

Despite the measures implemented by SSH as owner and by the company's management, the long-term sustainability of operations at Mariborska livarna Maribor, d. d., could not be ensured. Upon the company's proposal, the court issued a final decision on 30 August 2024 to initiate bankruptcy proceedings. By year-end, claims had not yet been examined. The company continued limited operations even after the initiation of bankruptcy proceedings.

Claims in Kosovo

SSH is conducting enforcement proceedings against several debtors in Kosovo. In previous years, BAMC carried out a number of unsuccessful sales processes, and the sales process conducted by SSH in 2024 also concluded without success.

5.3 MANAGEMENT OF TANGIBLE ASSETS

In October 2024, SSH finalised the transfer of its real estate activities to the state-owned company D.S.U. The transfer included nearly 200 sets of properties with equipment, five equity investments in project real estate companies, and claims against these companies. The total book value of the transferred assets amounted to approximately EUR 102 million. Following the carve-out of the real estate activities to D.S.U., SSH retained a relatively small portfolio of assets, consisting of real estate and movable property subject to various forms of disposition, including sale, lease, and lending. Among the real estate assets remaining in SSH's ownership are part of a large parking facility in Ljubljana, as well as business premises, land, and residential houses acquired through enforcement proceedings against debtors after the carve-out. The movable property also includes artworks, aircraft, and other assets. In agreement with the Ministry of Culture, the artworks are loaned or exhibited in numerous galleries and museums across Slovenia, thereby preserving their cultural value and ensuring their proper safekeeping.

6 STRATEGIC TOPICS AND GOVERNANCE ISSUES

6.1 SUSTAINABLE BUSINESS

6.1.1 Strategic Objectives and Indicators of SSH's Corporate Strategy

The table below presents the strategic objectives and indicators for the first strategic orientation referred to in Section 1.1.

Key Strategic Orientations	Strategic objectives	Strategic Indicators
Strengthening the performance, productivity, and sustainable value of the state capital asset portfolio	1. Growth in the productivity and sustainable value of the portfolio (Focus is not solely on short-term financial returns, but on achieving long-term sustainability and resilience) 2. Adequate level and stability of dividends from portfolio companies 3. High-quality corporate governance of portfolio companies	• Achieved ROE of the Republic of Slovenia and SSH Portfolio • Total Dividend Receipts of SSH, the Republic of Slovenia and ZPIZ • Value Added per Employee in SSH's Portfolio • Total emissions of the portfolio • Gender diversity the at the level of the Supervisory and Management Boards of portfolio companies • Status of the stakeholder environment in terms of sustainable governance

The purposes of this strategic orientation are as follows:

- **promote the growth of the sustainable value** of investments by integrating sustainability goals across all levels of state asset management;
- strengthen **the professionalism of supervisory and management boards** and encourage responsible corporate governance in companies under state (co-)ownership;
- **introduce mechanisms to enhance the independence of supervisory boards** and reduce the risk of politicisation;
- engage **proactively with stakeholders** to foster a supportive environment for successful sustainable development.

6.1.2 State Assets Management Strategy Supports ESG Objectives

As the owner of capital assets, the State expects its companies to align their operations and development strategies with key international and national sustainability frameworks — in particular, the **UN 2030 Agenda for Sustainable Development** and the **Slovenian Development Strategy 2030**. The overarching goal is for SOEs to become key drivers of sustainable and socially responsible development.

These expectations are structured systematically across the three ESG pillars:

1. Environment (E)

- **Energy Transition:** Energy companies are expected to play an active role in the transition towards a low-carbon circular economy. This includes increasing energy efficiency, expanding the share of renewable energy sources, and completing the **coal phase-out by no later than 2033**.

- **Sustainable Infrastructure:** Transport companies are expected to pursue greenhouse-gas emissions-reduction targets, focusing on the **modernisation of rail infrastructure**, the development of public passenger transport, and the promotion of sustainable mobility.
- **Resource Management:** Natural resources—particularly **state-owned forests**—are expected to be managed sustainably, with a view to strengthening domestic forest-wood value chains, conserving biodiversity, and harnessing the potential of wood as a renewable resource.

2. Social (S)

- **Human Rights and Social Dialogue:** Companies must consistently uphold human rights and labour legislation, ensure a safe working environment, and maintain a **constructive and respectful social dialogue** with trade unions and employee representatives. Particular attention must be given to the protection and employment of persons with disabilities.
- **Gender Equality:** A binding target, consistent with EU directives, has been set. By **June 2026**, companies are expected to ensure at least **40% representation of the under-represented gender on supervisory boards**, or at least **33% across management and supervisory boards taken together.**
- **Corporate Social Responsibility:** Companies are expected to go beyond minimum legal requirements and voluntarily integrate broader social responsibility into their operations, including support for **culture and the arts**.

At portfolio level, SSH promotes these areas through the SSH Corporate Governance Code, the SSH Recommendations and Expectations , and the Governing Corporate Culture handbook. SSH expects companies to comply with recommendations based on the principle of *"comply or explain"*.

3. Governance (G)

- **Strengthening Corporate Governance:** Companies are expected to adhere to the highest standards of corporate governance, consistent with the OECD guidelines. This includes ensuring professional and diverse supervisory boards, transparency and regulatory compliance, as well as robust and effective risk management.
- **Risk management:** Given the increasing frequency of global crises, companies must establish **robust risk management frameworks**, with particular focus on enhancing resilience to climate change and other economic shocks.
- **Productivity Enhancement:** Companies are expected to play an active role in improving national productivity through **investment, innovation, digitalisation** and continuous employee development.
- **Capital Market Development:** The State will continue to promote the strengthening of Slovenia's capital market. This may include the sale of selected state assets through **initial public offerings (IPOs)** on the Ljubljana Stock Exchange, rather than through direct sales to strategic owners who subsequently withdraw shares from the market.

6.1.3 Specific ESG Activities Undertaken by SSH

To promote sustainability across companies with state capital assets, SSH has implemented a range of initiatives, the most important of which are summarised below:

- adopted comprehensive **recommendations for sustainable business operations of companies**, along with additional guidelines addressing the Social (S) dimension;
- updated the **Corporate Governance Code for SOEs**, expanding its scope to cover multiple areas of sustainability;
- placed a strong emphasis on sustainability during regular **periodic meetings** with portfolio companies, where they present both implemented and planned ESG activities, and where SSH monitors progress in achieving established sustainability objectives (particularly in larger companies);
- incorporated sustainability topics into a series of **training events, with these themes receiving particular focus in 2024;**
- for several years, included sustainability-related expectations in AAMP; specifically, the calculation of carbon footprints across all three scopes, SSH's own sustainability reporting, the preparation of decarbonisation plans, climate risk management, and specific targets for large companies;
- within the SSH Corporate Strategy 2025–2030, established a comprehensive set of **strategic indicators** for sustainability.

6.1.4 Overview of Greenhouse Gas Emissions of the Largest SSH Portfolio Companies in 2024

SSH monitors greenhouse gas (GHG) emissions across all companies within its managed portfolio. As the primary driver of global climate change, GHG emissions remain a central focus of public policies, regulatory frameworks, business strategies, and technological efforts aimed at mitigating climate impacts. Emissions are weighted according to the ownership share held by the Republic of Slovenia and SSH in each company under SSH's management.

The table below presents the emissions of the 20 largest companies by book value of equity, together with three additional major manufacturing companies. At the end of 2024, these companies collectively accounted for nearly 95% of the total book value of equity in SSH's managed portfolio.

All significant greenhouse gases are reported in metric tonnes of CO_2 equivalent (tCO_2e), in accordance with the international Greenhouse Gas (GHG) Protocol. A distinctive feature of the SSH's portfolio is the dominance of the Energy pillar in terms of emissions, primarily driven by HSE and TEŠ, which together account for over 90% of total portfolio emissions. Emission intensity varies substantially across the different pillars, as well as within them, reflecting the diversity of activities among portfolio companies. It should also be noted that the methodology for calculating emissions continues to evolve, particularly with respect to Scope 3 reporting.

Due to the operations of HSE, the Energy pillar accounted for the vast majority of total portfolio emissions. Across all other pillars, emissions declined in 2024; the only exception was the Energy pillar, where the increase primarily resulted from higher electricity generation at TEŠ.

EMISSIONS BY SSH'S MANAGEMENT PILLARS

PILLAR	Absolute emissions (tCO_2e), Scope 1 and Scope 2 combined, 2022	Absolute emissions (tCO_2e), Scope 1 and Scope 2 combined, 2023	Absolute emissions (tCO_2e), Scope 1 and Scope 2 combined, 2024	Index 2024/23	Share of Scope 1 and 2 emissions, 2024 (in %)	Absolute emissions (tCO_2e), Scope 1, Scope 2 and Scope 3 combined, 2024*
TRANSPORT	93,643.8	120,001.8	74,200.8	61.8	3.8	2,459,447.3
ENERGY SECTOR	2,960,209.0	2,844,468.5	3,330,644.3	117.1	89.7	6,718,423.2
FINANCIAL SECTOR	11,271.9	10,327.6	8,136.1	78.8	0.3	2,976,957.1
ECONOMY	173,474.2	196,374.3	145,084.3	73.9	6.2	1,274,271.7
TOTAL	**3,238,598.8**	**3,171,172.2**	**3,558,065.5**	**112.2**	**100.0**	**13,429,099.2**

*Data on Scope 3 emissions reported by portfolio companies remain largely incomplete, as measurement methodologies are still being developed by many companies. Because Scope 3 data for 2023 were to a large extent incomplete, and some companies had not yet disclosed them, SSH is not yet publishing comparisons of total emissions for 2024 with previous years. For Scopes 1 and 2, the lower of the two values—based on either the location-based or market-based method—has been applied for each company.

Relative emissions, measured as emissions per EUR 1 million of equity under management, increased in 2024 (Scopes 1 and 2 combined), primarily due to higher emissions in the Energy pillar, mainly reflecting increased electricity generation at TEŠ. Across all other management pillars, relative emissions declined. This presentation also includes, for the first time, all emissions for 2024 (including Scope 3), while comparisons with previous years are not yet available.

RELATIVE EMISSIONS BY SSH MANAGEMENT PILLARS (TONNES OF CO_2 EQUIVALENT PER EUR 1 MILLION OF EQUITY UNDER MANAGEMENT)

PILLAR	Emissions (tCO_2 per EUR 1 million of equity under management), 2022	Emissions (tCO_2 per EUR 1 million of equity under management), 2023	Emissions (tCO_2 per EUR 1 million of equity under management), 2024	Index 2024/23	Emissions (tCO_2 per EUR 1 million of equity under management), 2024 including Scope 3
TRANSPORT	20.9	25.0	14.9	59.3	492.4
ENERGY SECTOR	907.7	799.0	877.9	109.9	1,770.8
FINANCIAL SECTOR	6.6	5.7	4.0	69.3	1,447.7
ECONOMY	182.0	183.8	128.3	69.8	1,127.2
TOTAL	**311.1**	**282.4**	**297.1**	**105.2**	**1,121.3**

6.1.5 Contribution of Largest 20 Portfolio Companies to the 2030 Agenda

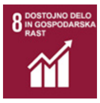
The 2030 Agenda for Sustainable Development, which comprises 17 general and 169 specific Sustainable Development Goals (SDGs) adopted by world leaders at the United Nations Summit in September 2015, is a transformative global framework that guides national and international efforts to eradicate extreme poverty while respecting planetary boundaries and promoting prosperity, peace, and justice.

This is a universal agenda to which all countries and stakeholders can and must contribute. SSH's recommendations call on companies to analyse these objectives and identify the ways in which their operations can contribute to their achievement.

The State Assets Management Strategy, adopted in July 2024, defines seven Sustainable Development Goals (SDGs) from the 2030 Agenda as particularly relevant for state-owned companies.

Achieve gender equality and empower women and girls.

Ensure access for all to affordable, reliable, sustainable and modern energy.



Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.

Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.

Take urgent action to combat climate change and its impacts.

Protect, restore and promote the sustainable use of terrestrial ecosystems, manage forests sustainably, combat desertification, halt and reverse land degradation, and prevent biodiversity loss.

Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Elektro Celje			■	■	■		■	■	■		■	■	■		■		
Elektro Gorenjska							■	■	■		■		■				
Elektro Ljubljana			■	■	■		■	■	■		■	■	■		■	■	■
Elektro Maribor			■	■	■		■	■	■			■	■		■	■	■
Elektro Primorska			■	■			■	■	■			■	■				
Holding Slovenske elektrarne			■		■		■	■	■		■	■	■	■	■		■
Gen energija			■		■	■		■		■			■	■	■		■
Petrol								■			■	■	■				
Plinhold			■	■			■	■	■			■					■
Dars			■			■	■	■	■						■	■	■
Luka Koper			■	■	■		■	■	■	■	■	■	■	■	■	■	■
Pošta Slovenije	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Slovenske železnice	■		■	■	■	■	■	■	■	■	■	■	■		■		■
NLB			■	■	■	■	■	■	■		■	■	■				
Sava RE			■										■				
SID banka	■							■	■	■	■	■	■	■	■		
Zavarovalnica Triglav		■	■	■	■		■	■	■		■	■	■		■		■
KRKA			■	■	■			■	■			■	■			■	
Telekom Slovenije	■		■	■	■		■	■	■	■	■	■	■		■		■
D. S. U.	■		■		■	■	■	■			■	■	■			■	

The table above presents the contributions of the largest portfolio companies to individual goals of the UN 2030 Agenda. Each company contributes to several goals through its operations, which are colour-coded accordingly.

6.2 RISK MANAGEMENT

Comprehensive and effective risk management represents a cornerstone of corporate governance and a key factor in ensuring the long-term stability and successful performance of portfolio companies. SSH is committed to the highest standards, recognising that a systematic approach to identifying, assessing, managing, and monitoring risks – including environmental, social, and governance (ESG) risks – directly contributes to safeguarding and creating value for the State, SSH, and its stakeholders.

The management and supervisory bodies of each portfolio company bear primary responsibility for establishing and maintaining effective risk management systems.

SSH's role, as an active state asset manager, is to provide an appropriate framework, promote best practices, and ensure diligent oversight of risk management systems within the companies. As SSH does not manage companies as a joint concern, it does not directly intervene in their business processes or internal control systems but acts as a prudent supervisor and strategic guide.

SSH's Approach and Key Activities

SSH fulfils its responsibilities and oversees risk management through a range of mechanisms designed to strengthen the risk-management capability and maturity across portfolio companies.

- **Strategic guidance:** Through the **Code of Corporate Governance for SOEs** and **SSH Recommendations and Expectations**, SSH sets clear standards and expectations for risk management systems.
- **Regular monitoring and reporting:** At regular meetings with companies, SSH actively reviews their exposure to key risks and assesses the adequacy of the measures implemented to manage them.
- **Exchange of best practices and training:** SSH organises training sessions for members of management and supervisory boards to strengthen competencies in risk management.
- **Internal audit reviews:** In single-member companies, SSH periodically conducts reviews through its internal audit function and issues recommendations for improvement, including specific measures for enhanced risk management.

6.3 COMPLIANCE, ETHICS AND CORPORATE INTEGRITY

SSH has established a comprehensive Compliance and Integrity System (hereinafter referred to as: "CIS") designed in line with the applicable legislation governing integrity, accountability, and the prevention of corruption risks, conflicts of interest, and misuse of inside information in the management of state assets. SSH expects SOEs to embed compliance, integrity, transparency, and zero tolerance for corruption among their core operating principles. Companies are also expected to demonstrate a clear commitment to preventing unlawful and unethical conduct by employees, management, and supervisory board members, and to operate in accordance with the highest ethical standards.

Recommendations for establishing compliance and integrity systems are set out in the Code of Corporate Governance for SOEs and SSH Recommendations and Expectations, which were updated in December 2023 with more detailed definitions of SSH's expectations in this area. Compliance with the recommendations was monitored through management activities, supplemented by on-site visits from the Corporate Compliance Office (hereinafter referred to as: the "CIS Office") to companies where SSH, as the asset manager, holds a majority ownership or controlling interest. The CIS Office provided these companies with specific guidance for enhancing their compliance and integrity systems where required, and remained available for consultation to all appointed CIS officers across companies.

To foster new knowledge, professional development, and disseminate SSH guidance, the SSH CIS Office organised two full-day meetings in 2024 for CIS officers from companies with state capital assets where SSH holds a majority stake or controlling interest.

The meetings addressed amendments to the SSH Code and to the SSH Recommendations and Expectations concerning business compliance and integrity. Participants also discussed current topics, including lobbying, the treatment of whistleblower reports, and the implementation of SSH recommendations, alongside the recommended reporting content for management and supervisory bodies. The sessions included participant discussions on current issues, new developments, challenges, and concerns within the CIS field.

Furthermore, in 2024, SSH collaborated with the Commission for the Prevention of Corruption to deliver two events for members of supervisory boards, the senior management, and professional staff from the companies. These events were dedicated to presenting and examining current integrity topics, namely 'Integrity in Practice' and 'Integrity in the Economy'.

6.3.1 Handling of Reports on Alleged Irregularities

With the enactment of the Reporting persons Protection Act, SSH also became one of 25 bodies authorised to handle external reports of alleged irregularities submitted to SSH by whistleblowers. SSH has thus established a system for handling internal reports of alleged irregularities, and, within the framework of its prescribed and publicly available procedures, also handles reports related to the operations of companies with state capital assets under SSH's management.

Within this system for handling reports of alleged irregularities, the CIS Officer received a total of 60 reports in 2024.

In accordance with internal processes, reports were categorised into the following categories:

- alleged irregularities by employees, members of bodies and working bodies of SSH;
- alleged irregularities by companies with state capital assets;
- violations subject to oversight by other authorities or institutions: (referred for external handling);
- inappropriate conduct under Article 57 of ZSDH-1;
- expression of opinion by persons reporting non-ethical or illegal conduct;
- other issues not classified as reports.

Forty-eight reports pertained to suspicions of irregularities in the functioning of SOEs which are included in the SSH's portfolio of assets. Ten reports expressed opinions of the whistleblowers or involved other matters where no elements of no elements of alleged irregularities were identified. Two reports related to alleged irregularities within SSH itself and were handled in accordance with internal procedures. External reports were handled within SSH's remit, and where applicable, appropriate measures were taken, or recommendations were provided to the portfolio companies.

6.3.2 Advisory Services on Compliance and Integrity

In compliance with Chapter 6 of ZSDH-1, the SSH Chief Compliance and Integrity Officer (hereinafter referred to as: the "SSH CIS Officer") provides advisory services to the management, supervisory bodies, and internal audit functions of companies where SSH holds a majority stake or a controlling interest. These advisory services cover strengthening integrity, ensuring regulatory and code of conduct compliance, and mitigating risks of corruption, conflicts of interest, and other unethical or unlawful practices. Pursuant to the SSH Code and SSH Recommendations and Expectations, companies were advised to develop integrity plans. These plans should identify all CIS-related risks and define appropriate measures to manage and minimise them.

A key provision highlighted is Article 57 of ZSDH-1, which requires members of the management and supervisory bodies of these companies to report any potential unethical or illegal acts, or undue influence by third parties, to the SSH CIS Officer. Upon receiving a report, the SSH CIS Officer assesses the situation and, where feasible, takes action to prevent further consequences. The Officer is also required to inform the Commission for the Prevention of Corruption of the report without delay. No reports under Article 57 of the ZSDH-1 were received in 2024.

6.4 INTERNAL AUDIT

Beyond its regular internal audit duties within SSH, the Internal Audit function also performs operational reviews of portfolio companies. This aims to foster:

- transparent, efficient, and successful company operations;
- the identification and mitigation of significant risks;
- reliable non-financial and financial information for external and internal reporting; and
- compliance with laws, other regulations, and internal company policies.

In 2024, operational reviews were conducted at three companies under SSH's management, examining the processes for property management, the engagement of external advisors, and investment project management. The areas under review are material to SSH's management of selected portfolio companies. The good practices identified through these reviews yield results that serve the long-term interests of shareholders/members, other stakeholders, and the wider community. The reviews resulted in recommendations provided to the companies. The companies' managements accepted them and formulated action plans to rectify the identified shortcomings.

The implementation of these recommendations was subsequently monitored on a quarterly basis by both the Internal Audit function and the managers of the reviewed portfolio companies in question. The companies initiated active remediation of the deficiencies identified.

REVIEW OF RECOMMENDATIONS AND PROPOSALS ISSUED AND IMPLEMENTED BY INTERNAL AUDIT IN 2024

Internal Audit's Recommendations/Proposals	Pending as at 1 January 2024	Newly issued in 2024	Implemented in 2024	Abandoned/ not implemented	Still pending as at 31 December 2024
Recommendations and Proposals for Portfolio Companies	4	27*	23	0	8

*The transfer of the real estate function from SSH to D.S.U. also included eight previously unimplemented SSH recommendations in the field of property management.

May saw the convening of the fifth meeting for heads of internal audit department from portfolio companies where SSH holds a majority stake or controlling interest. The purpose of these working meetings is to exchange best practices and discuss professional challenges. The meeting was dedicated to the topic of ethics and the ethical dilemmas encountered by internal auditors.

BUSINESS PERFORMANCE OF COMPANIES OWNED BY RS AND SHS

7 BUSINESS PERFORMANCE OF COMPANIES OWNED BY RS AND SHS

7.1 PORTFOLIO OF RS AND SSH CAPITAL ASSETS AS AT 31 DECEMBER 2024

As at 31 December 2024, portfolio of capital assets under SSH's management included 82 active companies (as at 31 December 2023, there were 84 such companies). Of these companies, RS held direct equity interests in 40, SSH in 25, and both held direct equity interests in 17. As of the end of 2024, SSH held under its management eight smaller equity interests on behalf of the Republic of Slovenia which had been acquired in accordance with the law governing inheritance. Capital assets with an RS shareholding also include ZPIZ's equity interest in Zavarovalnica Triglav. As at 31 December 2024, SSH also managed capital assets in 11 companies in bankruptcy proceedings; these assets were inactive.

LIST OF ACTIVE COMPANIES IN WHICH RS'S AND SSH'S EQUITY INTEREST EXCEEDS 5% AND FOR WHICH THE ANNUAL ASSET MANAGEMENT PLAN IS DRAWN UP; AS AT 31 DECEMBER 2024*

Pillar, Company	RS's shareholding (%)	SSH's shareholding (%)	Total (%)
TRANSPORT			
DARS, d. d.	100.00		100.00
DRI, d. o. o.	100.00		100.00
KOPP, d. o. o.	100.00		100.00
KZPS, d. o. o.	100.00		100.00
LUKA KOPER, d. d.	51.00	11.13	62.13
POŠTA SLOVENIJE, d. o. o.,	100.00		100.00
SŽ, d. o. o.	100.00		100.00
ENERGY SECTOR			
EGS-RI, d. o. o.	100.00		100.00
ELEKTRO CELJE, d. d.	79.50	0.41	79.91
ELEKTRO GORENJSKA, d. d..	79.48	1.51	80.99
ELEKTRO LJUBLJANA, d. d.	79.50	0.77	80.27
ELEKTRO MARIBOR, d. d.	79.86		79.86
ELEKTRO PRIMORSKA, d. d.	79.68	0.36	80.05
GEN ENERGIJA, d. o. o.	100.00		100.00
HSE, d. o. o.	100.00		100.00
INFRA, d. o. o.	100.00		100.00
PETROL, d. d., Ljubljana	10.82	12.70	23.52
PLINHOLD, d. o. o.	77.08	0.05	77.13
PREMOGOVNIK VELENJE, d. o. o.	100.00		100.00
RŽV, d. o. o.	100.00		100.00
TEŠ, d. o. o.	100.00		100.00

FINANCIAL SECTOR			
D. S. U., d. o. o.	50.40	49.60	100.00
NLB d. d.	25.00		25.00
Sava Re, d. d.	13.89	17.68	31.57
SID banka, d. d., Ljubljana	99.41		99.41
ZAVAROVALNICA TRIGLAV, d. d.	34.48	28.09	62.57
ECONOMY			
A. L. P. PECA, d. o. o.	9.09		9.09
ADRIAFIN, d. o. o.		50.00	50.00
BODOČNOST MARIBOR, d. o. o.	77.52		77.52
CETIS, d. d.		7.47	7.47
CINKARNA Celje, d. d.		24.44	24.44
CSS, d. o. o.	97.96		97.96
ELEKTROOPTIKA, d. d.	0.01	70.48	70.49
FARME IHAN – KPM, d. o. o.	100.00		100.00
KOTO, d. o. o.	66.23	4.42	70.65
KRKA, d. d., Novo mesto	7.22	9.00	16.22
LOTERIJA SLOVENIJE, d. d.		15.00	15.00
MEJA Šentjur, d. d.		100.00	100.00
MK Založba, d. d.		83.47	83.47
POMGRAD – VGP, d. d.	25.01		25.01
PS ZA AVTO, d. o. o., Ljubljana		90.00	90.00
SiDG, d. o. o.	100.00		100.00
SIJ, d. d.	25.00		25.00
STNA, d. o. o.		100.00	100.00
STUDENTENHEIM KOROTAN, GmbH	100.00		100.00
TALUM, d. d. Kidričevo	86.25	5.21	91.46
TELEKOM SLOVENIJE, d. d.	62.54	4.25	66.80
UNIOR, d. d.		39.43	39.43
URADNI LIST REPUBLIKE SLOVENIJE, d. o. o.	100.00		100.00
VGP, d. d.	25.00		25.00
VGP DRAVA Ptuj, d. o. o.	25.00		25.00
VGP Novo mesto, d. d.	25.00		25.00
VGP Novo mesto, d. d.	25,00		25,00
TOURISM			
ADRIA, d. o. o.		11.74	11.74
CASINO BLED, d. d.		33.75	33.75
CASINO Portorož, d. d.		9.46	9.46
HIT, d. d., Nova Gorica		28.54	28.54
ISTRABENZ TURIZEM, d. d.		100.00	100.00
SAVA, d. d.		64.13	64.13
TERME OLIMIA, d. d.	67.13	8.08	75.21
THERMANA, d. d.		100.00	100.00

Pillar, Company	RS's shareholding (%)	SSH's shareholding (%)	Total (%)
CLAIMS			
AVTOTEHNA Zagreb, d. o. o.		100.00	100.00
BATRIS, LLC, Ukraine		18.00	18.00
CONSTANT LEADER XXI, LLC, Ukraine		18.00	18.00
DS PROJEKT, d. o. o..		74.00	74.00
HYUNDAI AUTO BEOGRAD, d. o. o.		100.00	100.00
POSLOVNI SISTEM DOMINA, d. o. o., Beograd		55.52	55.52

*The list does not include assets acquired into the SSH's ownership pursuant to the Inheritance Act.
** Through the Pension and Disability Insurance Institute (ZPIZ), the Republic of Slovenia (RS) holds a 34.47% equity interest in Zavarovalnica Triglav. Including the shares held directly by RS, the combined holding amounts to 34.48%.

7.2 VALUE AND STRUCTURE OF PORTFOLIO UNDER MANAGEMENT

7.2.1 Capital Assets

The carrying amount of capital assets under management increased in 2024 and totalled EUR 13.1 billion at year-end (compared to EUR 12.2 billion at the end of 2023). The increase was driven primarily by growth in portfolio companies' equity arising from their operating performance.

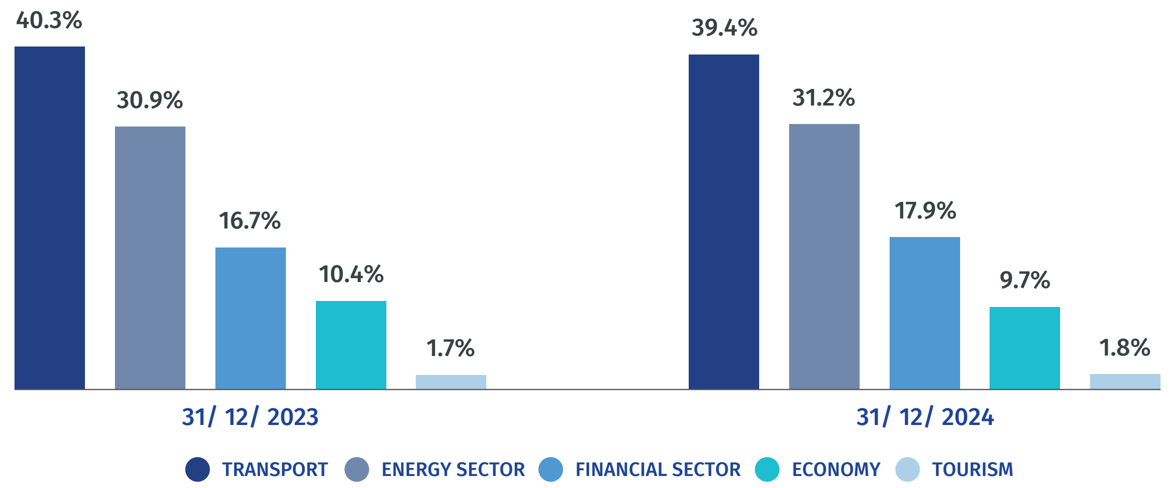
Portfolio concentration remains high: the ten largest portfolio companies account for 76.8% of the total carrying amount of capital assets under management. The largest single company, DARS, accounts for 27.0% of the portfolio's value.

TOP 10 HOLDINGS OF RS AND SSH BY CARRYING AMOUNT OF THE EQUITY INTEREST AS AT 31 DECEMBER 2024

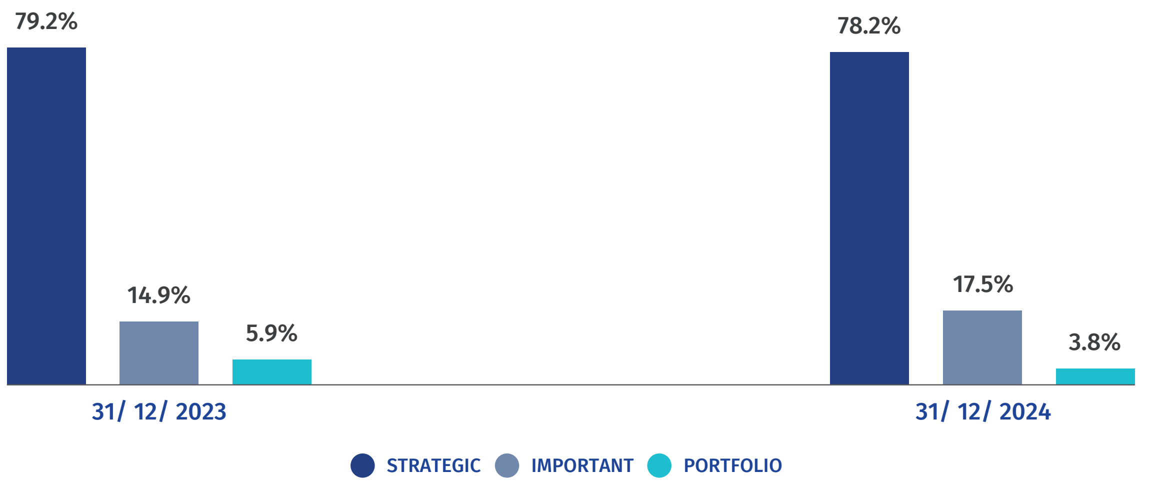
Company	Pillar	Classification	RS and SSH holding as at 31 December 2024	Carrying amount of equity interest of RS+SSH as at 31 December 2024 (in EUR million)	Share of the total portfolio
DARS, d. d.	TRANSPORT	STRATEGIC	100.00%	3,488	27.0%
GEN GROUP	ENERGY SECTOR	STRATEGIC	100.00%	1,261	9.8%
HSE GROUP	ENERGY SECTOR	STRATEGIC	100.00%	1,144	8.8%
SŽ GROUP	TRANSPORT	STRATEGIC	100.00%	901	7.0%
NLB GROUP	FINANCIAL SECTOR	IMPORTANT	25.00%	825	6.4%
ZAVAROVALNICA TRIGLAV GROUP	FINANCIAL SECTOR	STRATEGIC	62.57%	619	4.8%
SID banka	FINANCIAL SECTOR	STRATEGIC	99.41%	503	3.9%
TELEKOM SLOVENIJE GROUP	ECONOMY	IMPORTANT	66.80%	450	3.5%
LUKA KOPER GROUP	TRANSPORT	STRATEGIC	62.13%	363	2.8%
KRKA GROUP	ECONOMY	IMPORTANT	16.22%	363	2.8%
TOTAL TOP 10				**9,917**	**76.8%**
Other				3,150	23.2%
TOTAL PORTFOLIO				**13,067**	**100.0%**

Most capital assets are concentrated in the Transport and Energy pillars, which together represent over 71%. The portfolio composition by classification of assets did not change materially in 2024; minor movements chiefly reflect the adoption of the new State Assets Management Strategy in 2025, which reclassified certain holdings. The breakdown by classification group is presented in accordance with the State Assets Management Strategy in force for each respective year. Absent the classification change, strategic assets would have accounted for 78.0 per cent, important assets for 15.7 per cent and portfolio assets for 6.3 per cent. Under the new strategy, the share of portfolio assets decreased the most, the share of strategic assets declined slightly, and the share of important assets rose marginally.

COMPOSITION OF THE PORTFOLIO UNDER MANAGEMENT AS AT 31 DECEMBER 2024– BY PILLAR (INDUSTRY)



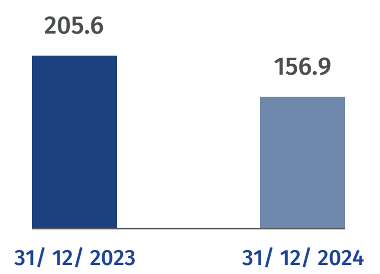
COMPOSITION OF THE PORTFOLIO UNDER MANAGEMENT AS AT 31 DECEMBER 2024 – BY CLASSIFICATION (STRATEGIC ORIENTATION)



7.2.2 Claims

As at 31 December 2024, the carrying amount of claims (fair value) totalled EUR 156.9 million.

FAIR VALUE OF CLAIMS (IN EUR MILLION) AS AT 31 DECEMBER 2024



7.2.3 Tangible assets

Following the carve-out of the real estate business to D. S. U., SSH retained relatively little tangible assets; their carrying amount was EUR 4.7 million at the end of 2024. Tangible assets comprise SSH's office building, a share of a larger multi-storey car park in Ljubljana, smaller office premises, land, residential houses, two aeroplanes, and works of art.

Under a contract concluded on behalf of SSH, D.S.U. manages SSH's real estate. In the asset-management process, D.S.U. also engages other service providers for property administration and management, asset security and maintenance, preparation of spatial plans, construction, craft and installation works, tax, technical and legal advisory services, and sale intermediation.

7.3 ASSET MANAGEMENT PERFORMANCE

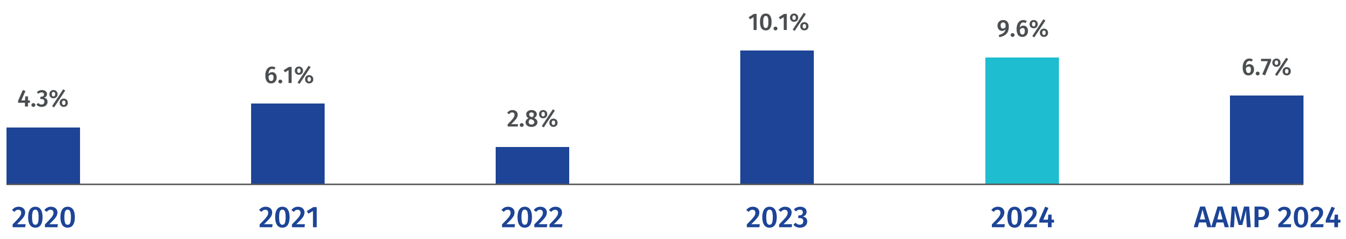
7.3.1 Achieved ROE of the Republic of Slovenia and SSH Portfolio

The return on equity (ROE) of the entire portfolio of capital assets managed by SSH amounted to 9.6% in 2024, which is 2.9 percentage points above the target set in the 2024 AAMP of 6.7%, and slightly below the 2023 outcome (10.1%). The outperformance versus plan was driven primarily by the very strong results of companies in the Energy and Finance pillars.

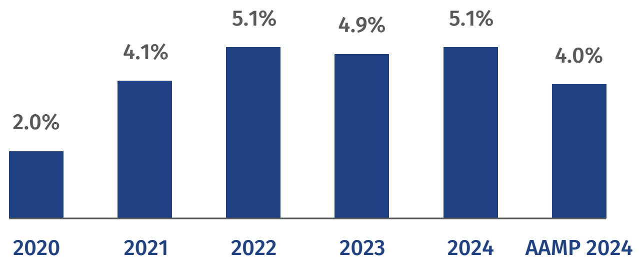
The planned return targets were exceeded across all management pillars, with the exception of the Economy pillar due to weaker results at certain companies (Unior and SIJ). Targets were also exceeded across all classification groups.

ROE — PORTFOLIO TOTAL AND BY MANAGEMENT PILLAR, 2020–2024

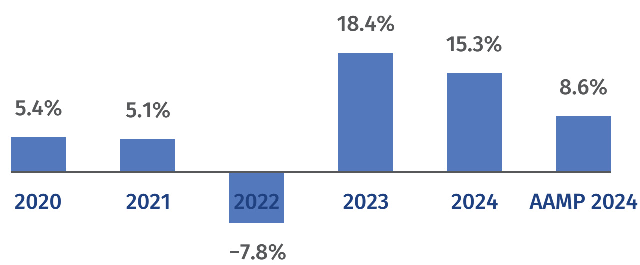
PORTFOLIO RS+SSH TOTAL



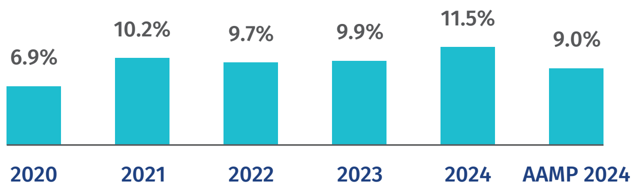
TRANSPORT



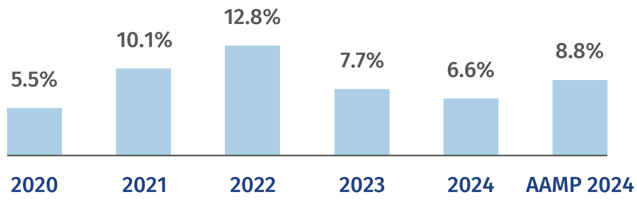
ENERGY SECTOR



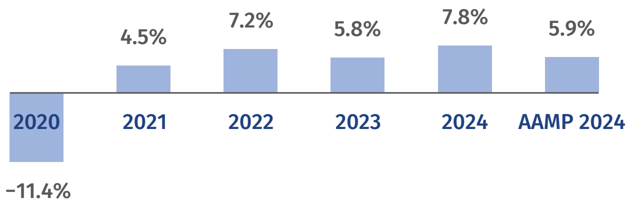
FINANCIAL SECTOR



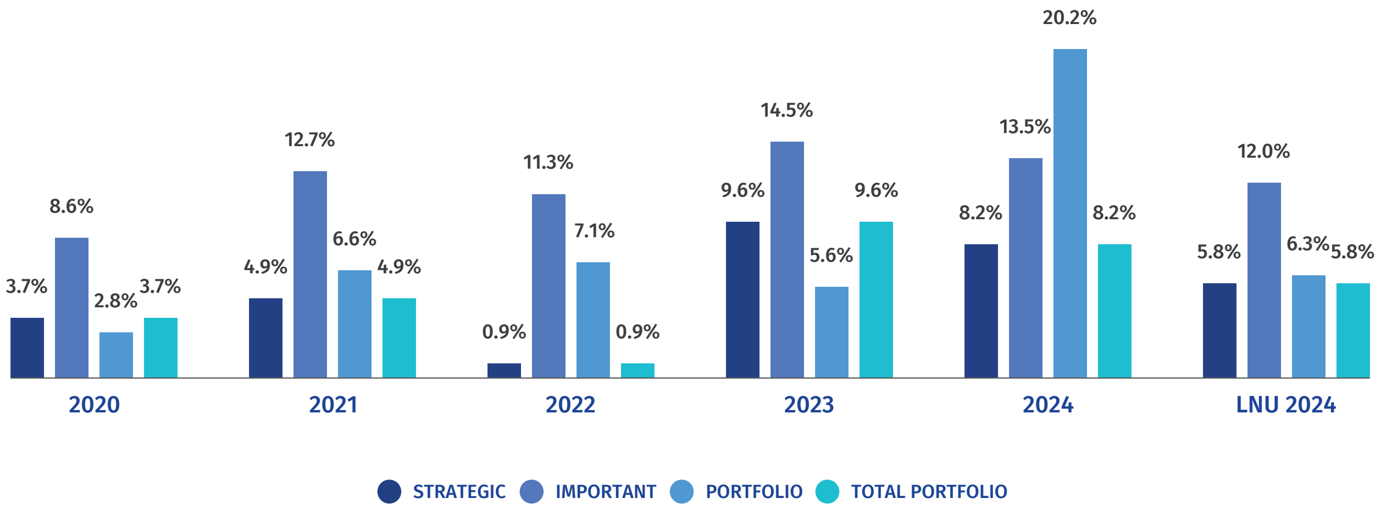
ECONOMY



TOURISM



ROE BY CLASSIFICATION GROUPS (2020–2024)



(as at 31 December 2024)

Pillar, Company	Equity interest RS+SSH	Carrying amount of stake RS+SSH (EUR)	Share in total portfolio	ROE 2023 (in %)	ROE 2024 (in %)	Dividends for RS and SSH for FY 2023 (EUR)	Dividends for RS and SSH for FY 2024 (EUR)
TRANSPORT							
DARS, d. d.	100.00%	3,488,272,954	27.0%	4.30	4.67	0	0
SŽ GROUP	100.00%	901,074,216	7.0%	5.21	5.18	4,300,000	4,900,000
LUKA KOPER GROUP	62.13%	363,324,425	2.8%	10.66	10.70	17,395,714	18,265,500
POŠTA SLOVENIJE GROUP	100.00%	351,812,154	2.7%	2.28	1.77	0	0
DRI GROUP	100.00%	25,400,812	0.2%	10.14	8.57	2,107,309	1,263,738
TOTAL TOP 5 TRANSPORT		**5,129,884,561**	**39.7%**			**23,803,023**	**24,429,238**
ENERGY SECTOR							
GEN GROUP	100.00%	1,260,899,839	9.8%	18.09	14.94	150,000,000	93,000,000
HSE GROUP	100.00%	1,143,641,966	8.8%	35.56	20.09	100,000,000	165,000,000
ELEKTRO LJUBLJANA, d. d.	80.27%	282,514,202	2.2%	3.23	1.86	1,257,309	1,885,964
ELEKTRO MARIBOR, d. d.	79.86%	251,601,704	2.0%	2.03	2.92	1,597,740	2,396,609
PETROL GROUP	23.52%	229,665,336	1.8%	15.32	15.36	17,663,760	20,607,983
TOTAL TOP 5 ENERGY SECTOR		**3,168,323,047**	**24.6%**			**270,518,809**	**282,890,556**
FINANCIAL SECTOR							
NLB GROUP	25.00%	824,511,250	6.4%	21.00	16.50	55,000,011	64,300,012
ZAVAROVALNICA TRIGLAV GROUP	62.57%	618,878,325	4.8%	1.80	14.00	24,895,792	39,833,268
SID banka, d. d., Ljubljana	99.41%	503,259,563	3.9%	3.36	1.82	0	0
SAVA INSURANCE GROUP	31.57%	204,753,130	1.6%	11.60	13.90	9,513,558	12,231,718
D. S. U., d. o. o.	100.00%	187,232,326	1.5%	7.13	3.16	0	0
TOTAL TOP 5 FINANCIAL SECTOR		**2,338,634,594**	**18.2%**			**89,409,361**	**116,364,998**
ECONOMY							
TELEKOM SLOVENIJE GROUP	66.80%	449,498,313	3.5%	7.41	8.29	27,065,530	17,461,632
KRKA GROUP	16.21%	362,758,213	2.8%	14.52	16.12	39,870,128	43,859,368
TALUM GROUP	91.46%	115,430,982	0.9%	1.54	2.17	554,263	756,821
SIJ GROUP	25.00%	92,950,291	0.7%	-4.36	-11.74	0	0
UNIOR GROUP	39.43%	49,085,116	0.4%	2.66	-34.78	0	0
TOTAL TOP 5 FINANCIAL ECONOMY		**1,069,722,915**	**8.3%**			**67,489,921**	**62,077,821**
TOURISM							
SAVA GROUP	64.13%	104,226,479	0.8%	1.73	5.43	0	0
ISTRABENZ TURIZEM, d. d.	100.00%	43,302,391	0.3%	4.35	4.83	299,776	327,029
TERME OLIMIA GROUP	75.21%	40,385,288	0.3%	13.23	11.54	1,857,800	939,516
THERMANA, d. d.	100.00%	29,859,651	0.2%	4.18	12.33	0	600,011
HIT GROUP	28.54%	20,440,864	0.2%	13.29	11.37	820,821	1,143,259
TOTAL TOP 5 TOURISM		**238,214,673**	**1.8%**			**2,978,397**	**3,009,815**
TOTAL TOP 5 ALL PILLARS		**11,944,779,790**	**92.6%**			**454,199,511**	**488,772,428**
TOTAL RS+SSH PORTFOLIO		**13,067,052,226**	**100%**			**487,721,330**	**510,206,060**

7.3.2 Value Added per Employee in SSH's Portfolio

For 2024, no portfolio-level targets were set in this area. In line with the overreaching objectives and guidelines of the State Assets Management Strategy to enhance productivity, value added per employee began to be monitored at portfolio level in 2024, with targets defined in the 2025 Annual Asset Management Plan (AAMP). The tables apply the new asset classification criteria set out in the new State Assets Management Strategy.

VALUE ADDED PER EMPLOYEE BY MANAGEMENT PILLAR, BY YEAR (EUR '000)

Pillar	2022	2023	2024	AAMP 2025
TRANSPORT	75.9	79.1	83.5	79.6
ENERGY SECTOR	47.9	143.7	143.1	115.0
FINANCIAL SECTOR	402.8	459.5	219.5	241.6
ECONOMY	78.5	77.2	80.4	79.6
TOURISM	49.3	55.3	57.0	56.7
PORTFOLIO RS+SSH	**69.1**	**91.2**	**93.7**	**86.0**

All non-financial companies are included in the calculations, while both insurance companies and banks under SSH's management are excluded.

VALUE ADDED PER EMPLOYEE IN PORTFOLIO COMPANIES, BY CLASSIFICATION CRITERIA, BY YEAR (EUR '000)

Classification	2022	2023	2024	AAMP 2025
STRATEGIC	71.4	115.8	114.8	98.8
IMPORTANT	69.4	83.5	89.4	85.6
PORTFOLIO	65.1	61.3	55.5	57.5
PORTFOLIO RS+SSH	**69.1**	**91.2**	**93.7**	**86.0**

All non-financial companies are included in the calculations, while both insurance companies and banks under SSH's management are excluded.

7.3.3 Claims

In 2024, SSH generated EUR 59.7 million in cash inflows from claim management. The largest inflows arose from the management of claims of the T-2 Group ("T-2") and the Goričane Group. The inflows achieved significantly exceeded the planned of EUR 32.6 million.

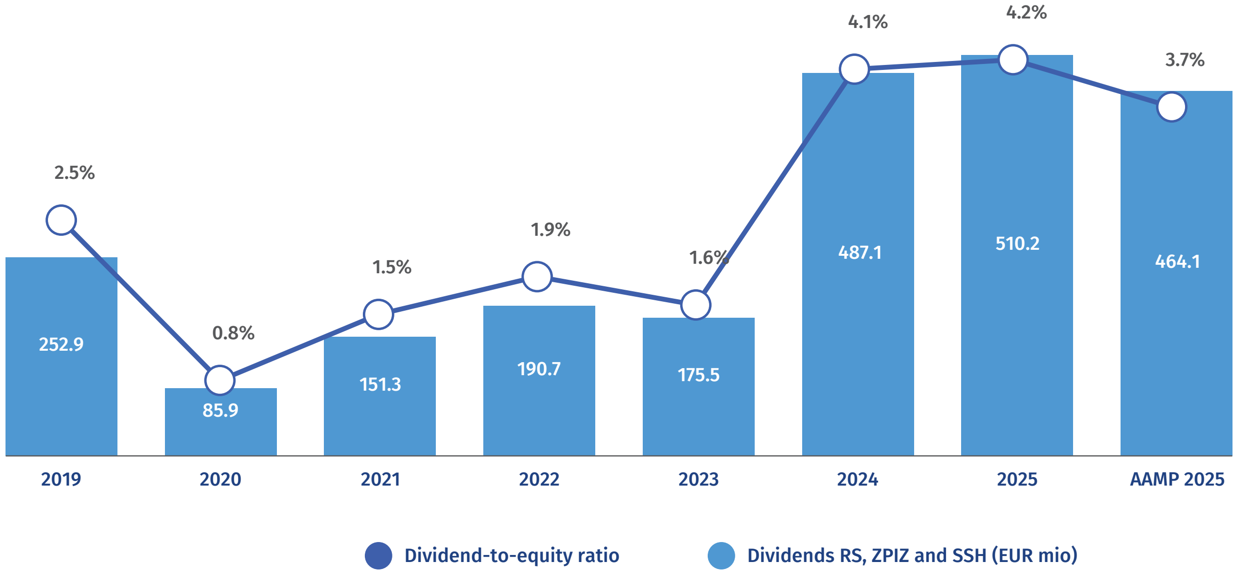
7.3.4 Tangible assets

In 2024, SSH realised EUR 0.2 million of inflows from the management of tangible assets. As the 2024 plans were prepared on the assumption that the carve-out of the real estate business would not take place, the inflows of D.S.U. from this source are also reported here. These amounted to EUR 3.9 million and, together with those of SSH, totalled EUR 4.1 million, which was below the plan of EUR 8.7 million. The deviation is mainly due to sale processes that did not conclude with a sale, as the expected conditions were not met.

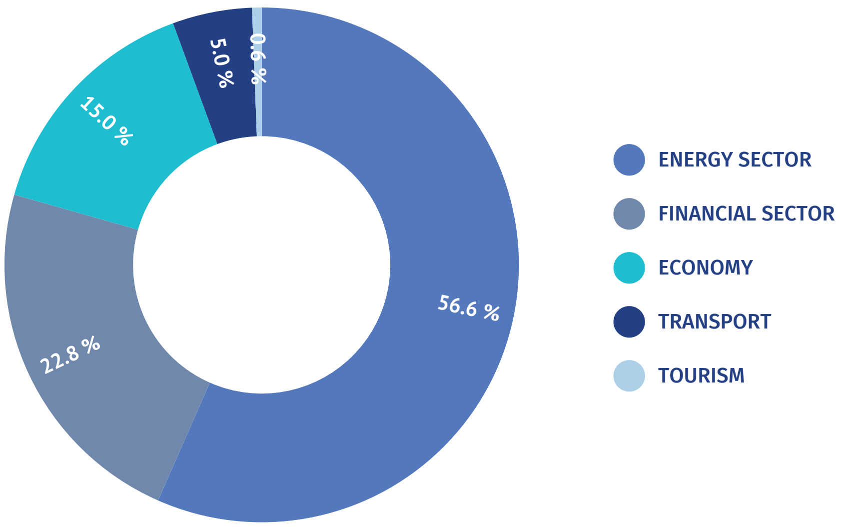
7.4 DIVIDENDS

In 2025, the amount of dividends to be paid (for the 2024 financial year) is currently estimated at EUR 510.2 million, which is EUR 46.1 million, or 9.9%, above the target in the AAMP of EUR 464.1 million. Dividend payments in 2025 will exceed those in 2024 (EUR 487.7 million). Companies in the **Energy pillar** will contribute the largest share of dividends (56.6%), followed by the Finance pillar (22.8%); the Economy pillar will account for 15.0% of total dividends. The Transport pillar (5.0%) and Tourism pillar (0.6%) will contribute smaller amounts of dividends.

DIVIDEND PAY-OUTS IN EUR FOR ASSETS OWNED BY RS AND SSH, SEPARATELY BY YEAR (FOR THE PRECEDING FINANCIAL YEAR)

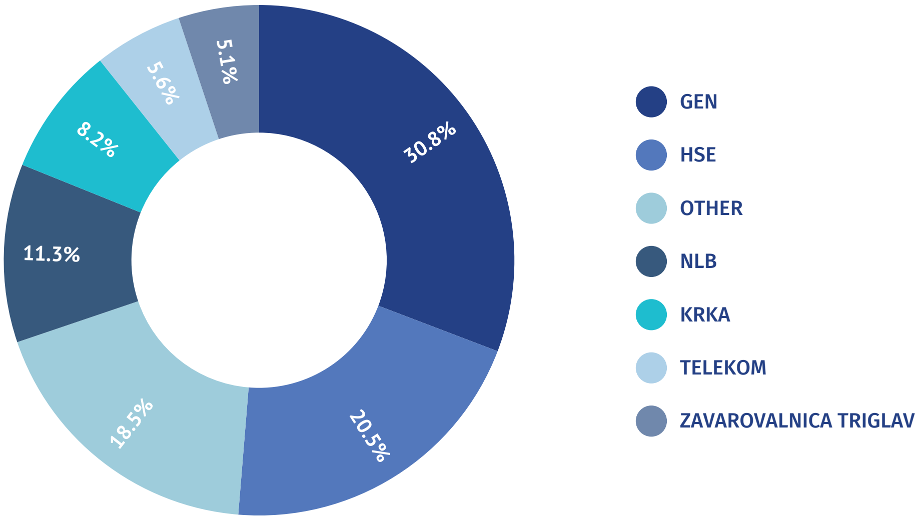


PROJECTED DIVIDEND PAYOUT STRUCTURE IN 2025 (FOR 2024 FY), BY MANAGEMENT PILLAR.



Among individual companies, HSE will pay the most dividends—29.4% of the total—followed by GEN with 19.6%. Next are NLB, Krka, Zavarovalnica Triglav and Petrol. In aggregate, the six largest dividend payers will distribute almost 78% of all dividends.

PROJECTED DIVIDEND PAYOUT STRUCTURE IN 2025 (FOR THE 2024 FINANCIAL YEAR), BY COMPANY.



7.5 SUMMARY OF PERFORMANCE MEASUREMENT CRITERIA FOR SOES AND THEIR ACHIEVEMENT IN 2024

The table below presents compliance with the performance measurement criteria SOEs, as set out in the 2024 Annual Asset Management Plan. For companies, the indicators shown are ROE and EBITDA margin; for banks, EBITDA margin is replaced by the cost-to-income ratio (CIR); and for insurance undertakings, the combined ratio is reported. Companies with state capital assets for which an Annual Asset Management Plan was not prepared have been excluded from the table.

PERFORMANCE RELATIVE TO TARGETS SET OUT IN THE 2024 ANNUAL ASSET MANAGEMENT PLAN (ROE, EBITDA MARGIN AND OTHER INDICATORS).

	ROE 2024 (%)		EBITDA margin 2024 (in%)	
Pillar, Company	AAMP	Outcome	AAMP	Outcome
TRANSPORT				
DARS, d. d.	3.46	4.67	74.25	75.77
KOPP, d. o. o.	0.00	75.89	4.77	10.21
KZPS, d. o. o.	37.81	48.35	20.19	19.55
LUKA KOPER GROUP	8.00	10.70	25.00	29.96
POŠTA SLOVENIJE GROUP	2.78	1.77	9.21	8.30
SŽ GROUP	4.80	5.18	16.60	16.51
DRI GROUP	7.94	8.57	10.66	9.80

ENERGY SECTOR				
ELEKTRO CELJE, d. d.	4.39	5.03	31.56	29.22
ELEKTRO GORENJSKA GROUP	1.47	2.08	35.22	37.48
ELEKTRO LJUBLJANA, d. d.	1.91	1.86	34.30	33.78
ELEKTRO MARIBOR, d. d.	1.93	2.92	35.33	32.14
ELEKTRO PRIMORSKA, d. d.	2.56	2.53	36.90	35.56
GEN GROUP	10.23	14.94	6.19	13.39
HSE GROUP	12.22	20.09	5.04	16.03
PETROL GROUP*	13.50	15.36	45.00	43.02
PLINHOLD GROUP	2.20	1.15	58.60	44.72
FINANCIAL SECTOR				
D. S. U., d. o. o.	6.54	3.16	59.19	38.93
ECONOMY				
BODOČNOST MARIBOR, d. o. o.	7.51	10.20	6.39	7.34
CETIS GROUP	28.00	18.63	22.50	21.86
CINKARNA Celje, d. d.	2.50	10.68	10.00	19.73
CSS, d. o. o.	2.90	-28.62	3.30	-3.47
FARME IHAN GROUP	0.07	-14.29	4.20	3.27
KOTO, d. o. o.	2.44	-4.81	12.14	5.89
KRKA GROUP	14.00	16.12	26.00	27.91
LOTERIJA SLOVENIJE, d. d.	27.10	34.70	7.63	8.38
MK SKUPINA	4.50	2.87	7.70	7.15
POMGRAD – VGP, d. d.	4.93	11.11	7.50	6.30
SiDG GROUP	24.00	17.50	20.00	15.21
SIJ GROUP	3.65	-11.74	9.00	4.52
STUDENTENHEIM KOROTAN, GmbH	-3.60	-1.79	10.60	14.56
TALUM GROUP	2.00	2.17	5.02	4.76
TELEKOM SLOVENIJE GROUP	7.20	8.29	34.10	33.38
UNIOR GROUP	5.20	-34.78	11.25	1.28
Uradni list Republike Slovenije, d. o. o.	2.13	1.88	8.58	7.87
VGP, d. d.	4.49	2.95	6.96	6.44
VGP DRAVA Ptuj, d. o. o.	15.50	30.75	6.95	10.21
VGP Novo mesto, d. d.	9.40	11.00	16.50	13.21
TOURISM				
ADRIA, d. o. o.	3.02	3.04	21.49	19.90
HIT GROUP	14.15	11.37	14.87	13.48
Istrabenz turizem, d. d.	5.47	4.83	16.70	15.95
SAVA GROUP	1.50	5.43	18.50	19.53
TERME OLIMIA GROUP	10.52	11.54	26.24	26.94
THERMANA, d. d.	7.86	12.33	19.06	21.82

* For Petrol, the gross margin is used instead of the EBITDA margin, as the gross margin is the relevant measure included in the company's annual asset management plan, rather than the EBITDA margin.

Pillar, Company	ROE 2024 (%) AAMP	ROE 2024 (%) Outcome	CIR 2024 (%) AAMP	CIR 2024 (%) Outcome
FINANCIAL SECTOR– banks				
NLB GROUP	14.00	16.50	50.00	45.71
SID banka, d. d., Ljubljana	1.02	1.82	68.02	55.53

Pillar, Company	ROE 2024 (%) AAMP	ROE 2024 (%) Outcome	Combined ratio 2024 (%) AAMP	Combined ratio 2024 (%) Outcome
FINANCIAL SECTOR– insurance companies				
SAVA INSURANCE GROUP	10.00	13.90	95.00	91.30
ZAVAROVALNICA TRIGLAV GROUP	10.00	14.00	95.00	93.60

8 METHODOLOGICAL, LEGAL AND OTHER NOTES

Legal Basis

It is laid down in ZDSH-1 that Annual Report on Assets Management of the previous year is submitted to the National Assembly of the Republic of Slovenia once a year, not later than by 31 October.

Operation performance data for SOEs

For companies, which draw up consolidated statements, data at the Group level have been taken into account., except in cases specifically indicated in Notes to Tables. All audited financial statements have been taken into account where available at the time of writing this Report.

Comprehensive company presentations have been developed for top 20 companies using the criteria of the total book value of SSH and RS shareholdings as at 31 December 2023 (available only in Slovene version).

Short company presentations (available only in Slovene version) have been developed for all companies, with the exception of the following:

- companies in bankruptcy or liquidation (a common list of all such companies is published on the SSH's web site);
- companies in which the equity stake of SSH or RS is lower than 1%;
- companies for which a Takeover Bid has been accepted, or a Sale and Purchase Agreement has been concluded, or any other written agreement has been entered into but it is not yet closed;
- companies that were not included in the 2024 Annual Asset Management Plan (AAMP) and were brought under SSH management following the merger with BAMC;
- capital assets acquired by the RS exclusively on the basis of the Inheritance Act (the list is published on the SSH website); and
- any other less important companies, such as, for example:
  - Savaprojekt d. d., with RS ownership stake amounting to 3.47% and which SSH strives to sell;
  - A. L. P. Peca, d. o. o. (micro company), with RS ownership stake amounting to 9.09 % : SSH strives to sell its equity interest under management;
  - Elektrooptika, d. o. o., as the company is in the process of being wound down.

DEFINITIONS REGARDING MAIN FINANCIAL INDICATORS USED IN THE ANNUAL REPORT

Indicator	Formula for calculating an indicator
ROA – return on assets	annual net income after tax/average total assets
ROE – return on equity	annual net income after tax /average shareholders' equity
Average equity (assets) of a financial year	(equity (assets) at the beginning of a financial year + (equity (assets) at the end of a financial year)/2
EBITDA	operating profit and loss + write-offs for the period
EBITDA margin	EBITDA/gross return from operations for the period
EBIT	operating earnings
EBIT margin (operating margin)	EBIT/gross return from operations for the period
Financial debt	Long-term+short-term financial liabilities
Net debt/EBITDA	Financial debt – cash or cash equivalents – short-term financial investments/EBITDA
Financial leverage	average total assets /average shareholders' equity
No. of employees	in a Group
No. of employees in SLO	in a Group in SLO
Added value per employee	gross return – COGS – other operating expenses/No. of employees
Dividend amount RS/SSH	gross dividend amounts received by RS /SSH as voted at General Meetings (founder's resolution passed) and paid out in the current year for the previous year
Dividend-to-equity ratio	total dividend pay-out or a current year/average shareholder's equity for a previous year

Individual abbreviations which refer to strategic or economic goals of some companies are explained in detail in the Criteria for Measuring Performance of SOEs; the document is published on SSH's web site: www.sdh.si.

In calculating financial indicators used for analysis and benchmarking, SSH's own methodology is applied with the aim of comparing, in a standardised manner, operational results of companies by using the same basis. Since companies apply their own definitions of indicators when disclosing data in their Annual Reports, certain values of indicators published by companies may deviate in values reported herein. *Differences may also arise from the use of different financial reporting standards (where a company reports under IFRS, while SSH applies Slovenian Accounting Standards).* The set of indicators presented in the Report is adapted to specific characteristics of an industry in which a company with RS and SSH capital assets operates.

Sources:

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- World Steel Association AISBL (https://worldsteel.org/media/press-releases/2025/december-2024-crude-steel-production-and-2024-global-totals/).

LIST OF ACRONYMS AND GLOSSARY OF TERMS

AI – Artificial intelligence

ARAO – Radioactive Waste Management Agency

Basel III – an international regulatory framework designed to establish more effective regulations and to enhance the supervision and risk management within the banking sector

Basel IV – a standard for the capital adequacy of banks

GDP – Gross Domestic Product

BoS – Bank of Slovenia

CAPEX – Capital expenditure

CBAM – Carbon Border Adjustment Mechanism

CET1 – the ratio represents the proportion of a bank's CET1 capital , to its risk-adjusted assets

CIR – the cost-to-income ratio of European banks

COVID-19 – a disease caused by SARS-CoV-2 virus

CO_2 – carbon dioxide

PSH – Pumped Storage Hydroelectricity, a type of hydro energy power plant used for storing energy

DARS – Motorway Company of Republic of Slovenia

d. d. (PLC) – Public Limited Company

d.o.o. (Ltd) – Limited liability company

D. S. U. – Družba za svetovanje in upravljanje

GWh – Gigawatt hours

HICP - Harmonised Index of Consumer Prices Harmonised Indices of Consumer Prices)

HSE – Holding slovenske elektrarne

ICSID – International Centre for Settlement of Investment Disputes

ICT services – Information and communication technology

IPO – Initial public offering

JDD – Public limited companies with state capital assets (Within the Corporate Governance Code (KKUDD), the abbreviation is used to denote the principles and recommendations intended for all companies with state capital assets, including public limited companies with state capital assets)

NEK2 – the second unit of Krško Nuclear Power Plant

KAD – Kapitalska družba pokojninskega in invalidskega zavarovanja d. d. (Pension Fund Management)

CPC – Commission for the Prevention of Corruption

KOPP – Javno podjetje Koprska pristaniška pilotaža , d. o. o.

Emission Allowance - an emission allowance is a general term for a tradable certificate or permit granting makes it possible for right to emit one ton of carbon dioxide or an equivalent amount of another greenhouse gas

KZPS – Kontrola zračnega prometa Slovenije, d. o. o., or Slovenia Control Limited

LNG – Liquefied Natural Gas

LLC – Limited liability company

AAMP – Annual Asset Management Plan for Capital Assets of RS and SSH

MAIFI – the average frequency parameter of short power interruptions in the system; the Momentary Average Interruption Frequency Index

SSH Criteria – the Criteria for Measuring Performance of SOEs, the SSH's legal document which, as a rule, is updated every year simultaneously with AAMP This document defines the criteria and the indicators for measuring the performance of SOEs.

mio – Million

MLM – Mariborska livarna Maribor, d. d.

MNVP – the Ministry of Natural Resources and Spatial Planning of the Republic of Slovenia

MOPE – Ministry of the Environment, Climate and Energy of the Republic of Slovenia

bn – billion

MSCI – the MSCI Indexes are a measurement of stock market performance in a particular area

SME – small and medium-sized enterprises

IFRS – International Financial Reporting Standards

MSRP 17 – International Financial Reporting Standard 17 Insurance Contracts

MZI – the Ministry of Infrastructure of the Republic of Slovenia

MW – megawatt

MWh – megawatt hour

NEK – Krško nuclear power plant

NFD – Net financial debt

NLB – Nova Ljubljanska banka, d. d.

SB – Supervisory Board

OECD – Organisation for Economic Cooperation and Development

OPEX – Operating expense

RES – renewable sources of energy

UN – United Nations

SSH Asset Management Policy – the SSH Assets Management Policy as adopted in June 2023

SSH Recommendations and Expectations – the SSH Recommendations and Expectations adopted in December 2024

RS – Republic of Slovenia

PPWR – Packaging and Packaging Waste Regulation

ROCE – Return on Capital Employed

RS – Republic of Slovenia

RŽV – Žirovski vrh Mine

SAIDI – the average outage duration; the System Average Interruption Duration Index

SAIFI – System average interruption duration index

SBITOP – Slovenian Blue Chip Index; benchmark index, which tracks the performance of the most liquid shares on the Ljubljana Stock Exchange

SSH – Slovenian Sovereign Holding

SIJ – Slovenska industrija jekla, d. d.

CCI – Compliance and Corporate Integrity System

STOXX Europe 600 – benchmark index of European equities, created by STOXX , Ltd.

State Assets Management Strategy or OdSUND – the State Assets Management Strategy, adopted by the National Assembly of the Republic of Slovenia on 25 March 2025 as the Ordinance on the State Assets Management Strategy (OdSUND-1), and published in the Official Gazette of the Republic of Slovenia on 28 March 2025

SURS – Statistical Office of the Republic of Slovenia

SŽ – Slovenske železnice, d. o. o.

S&P – Standard and Poor’s stock market index

tCO_2e – greenhouse gases measured in tonnes of carbon dioxide equivalent

TEU – the twenty-foot equivalent unit, a unit for marking the capacity of container ships and container terminals

TEN-T – Trans-European Transport Network

TWh – terawatt-hour of electrical energy

VGP – water utility company

RS Government – the Government of the Republic of Slovenia

ZBan-3 – Banking Act

USA – the United States of America.

ZFPPIPP – the Financial Operations, Insolvency Proceedings, and Compulsory Dissolution Act (Official Gazette RS, No. 13/14 et seq.)

ZGGLRS – Management of State Forests Act

ZIntPK – Integrity and Prevention of Corruption Act

ZIOOZP – Act Regulating the Issuing of Bonds in Compensation for Confiscated Property pursuant to the Abrogation of the Penalty of Confiscation of Property

ZIUOPZP-B – the Act Determining Intervention Measures for Recovery from the Floods and Landslides of August 2023

ZN-3 – Public Procurement Act

ZPFPPIP – the Act on Transitional Financing for an Accelerated and Fair Coal Exit (Official Gazette of the Republic of Slovenia, No.109/24)

ZPIZ – Zavod za pokojninsko in invalidsko zavarovanje, in English: Pension and Disability Insurance Institute of Slovenia

ZSDH-1 – the Slovenian Sovereign Holding Act (Official Gazette of the Republic of Slovenia, No. 25/14, et seq.)

ZSDH-1A – Act Amending the Slovenian Sovereign Holding Act

ZSOS – Slovenian Compensation Fund Act

ZSPOZ – Act on Payment of Compensation to Victims of War and Post-War Violence

ZZavar-1 – Insurance Act

Annual Report – Management of Capital Assets of RS and SSH for 2024

SSH's Report to the National Assembly of RS

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English translation prepared by the translation team: Maja Vitežnik (Lead Translator), David Lillie, and Dr Oliver Currie

Design and lay-out: Erpium

Photos: SSH, portfolio companies

Date of issue: September 2025

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