

Consolidated and Separate Annual Report 2025

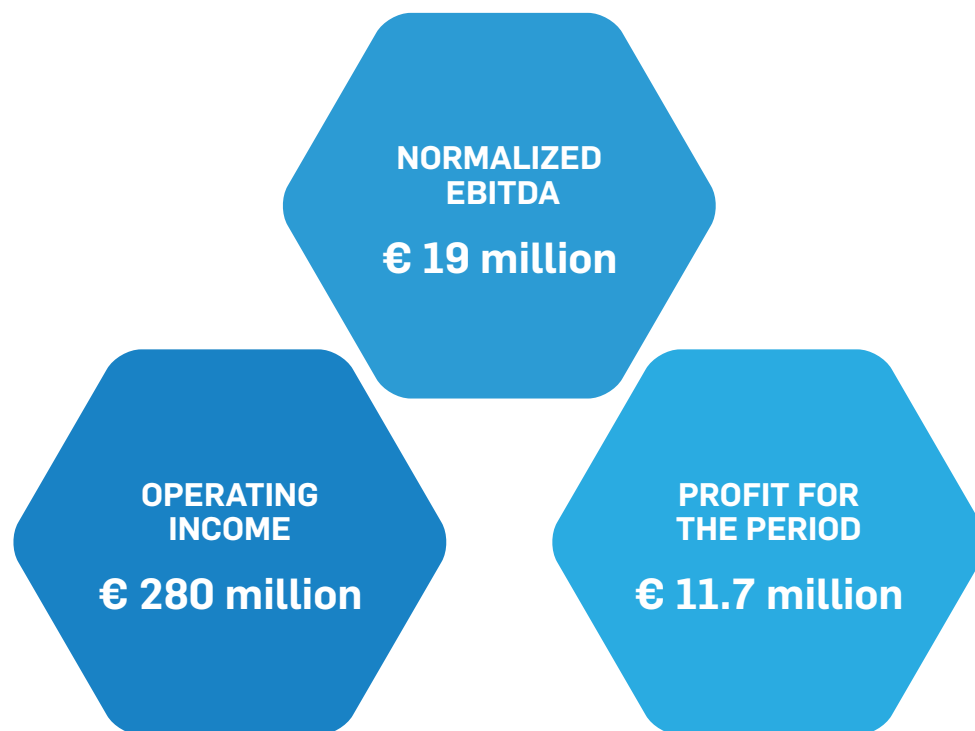


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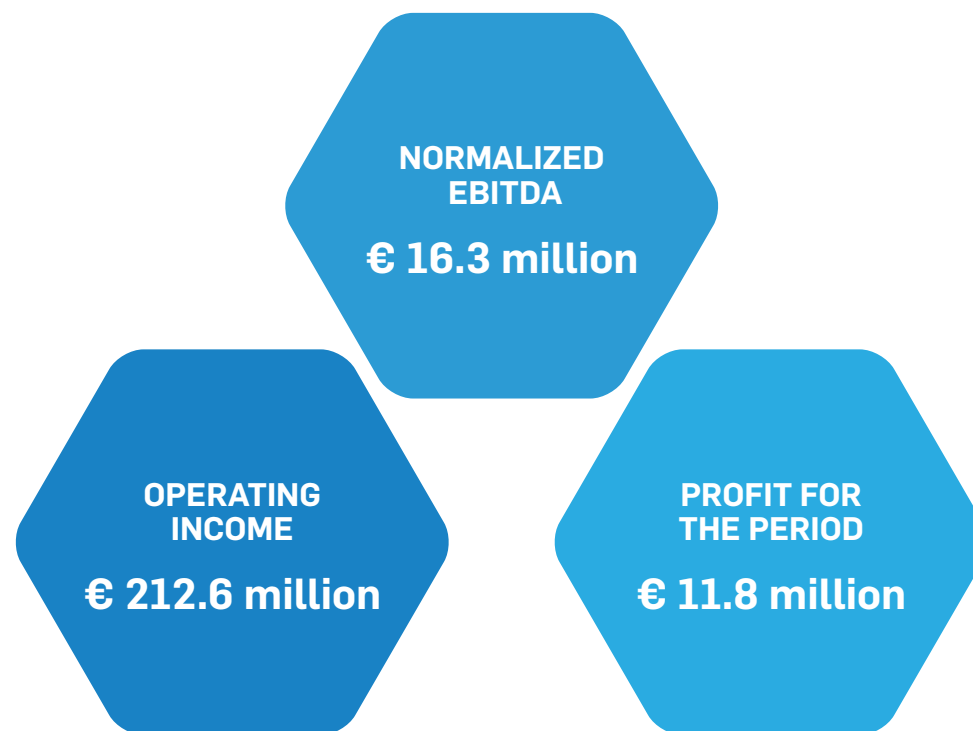
OPERATING REVENUES, EBITDA AND NET PROFIT OF THE GROUP

(MONTHS I-XII OF 2025)



OPERATING REVENUES, EBITDA AND NET PROFIT OF DALEKOVOD D.D.

(MONTHS I-XII OF 2025)



STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD

The Management Board is responsible for preparing, for each financial year, consolidated financial statements that give a true and fair view of the financial position of the Company and its subsidiaries (together, the "Group"), as well as of their results of operations and cash flows, in accordance with applicable accounting standards. The Management Board is also responsible for maintaining proper accounting records necessary for the preparation of financial statements at any time. The Management Board has a general responsibility to take all available measures to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Management Board is responsible for selecting appropriate accounting policies in accordance with applicable accounting standards and for applying them consistently; making judgments and estimates that are reasonable and prudent; and preparing the consolidated financial statements on a going concern basis, unless the assumption that the Group will continue as a going concern is inappropriate. Based on the analyses performed, the Management Board reasonably expects that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern principle in preparing the consolidated financial statements.

The Management Board is also responsible for the preparation and publication, in accordance with the Accounting Act and other laws and regulations applicable in Croatia related to the preparation and publication of the Annual Report, of:

- the Management Report, including the Sustainability Report;
- the Corporate Governance Statement; and
- the annual consolidated financial statements in the single electronic reporting format.

The unconsolidated financial statements of the Company are issued separately, at the same time as the consolidated financial statements.

The Management Report, including the Sustainability Report, the Corporate Governance Statement, as well as the Annual consolidated financial statements in the single electronic reporting format, were approved and signed by the Management Board on 15 April 2026 for submission to the Supervisory Board.

MANAGEMENT REPORT

Key Messages

The Dalekovod Group continues to deliver results that confirm the continuity of successful and sustainable operations, to which all Group segments as well as all key markets have contributed. The fundamental prerequisites for growth in the forthcoming period have also been achieved:

- Continued investment in people, primarily in material conditions as well as occupational health and safety, has positioned us as an attractive employer. We have successfully increased the number of employees, particularly in project execution within the Energy and Infrastructure segments, by more than 20%. In the coming period, the focus will be on further selection, education, and training in order to enhance overall competencies and quality, supported by the activities of the DLKV Academy. A large number of less experienced colleagues calls on us to invest even more effort, energy, and resources into protecting the health and safety of our employees.
- Revenues amounted to **EUR 280.2 million**, representing an **increase of 43%** compared to 2024.
- Although, based on a ruling of the Supreme Court of the Republic of Croatia, an amount of EUR 11.8 million was collected in the dispute with Podravska banka, this item has been recognized in provisions (Note 29). Podravska banka has filed a constitutional complaint with the Constitutional Court of the Republic of Croatia, which we have not yet received, nor do we have information regarding its content. As a constitutional complaint represents a special legal remedy for the protection of individual human rights and fundamental freedoms guaranteed by the Constitution of the Republic of Croatia, and taking into account certain unexpected unfavorable court decisions in the recent period, management considers that there remains a sufficient level of uncertainty and that recognizing the income at this stage would be premature.
- Profitability and operational efficiency have improved as a result of better coordination and collaboration, leading to high capacity utilization. The procurement process has also remained efficient, and investments in key tangible resources have continued. Consequently, **normalized EBITDA increased by EUR 6 million to EUR 19 million, while profit for the period amounted to EUR 11.7 million.**
- We continued with dynamic contracting activities, with the order backlog reaching a **substantial EUR 414 million**. We particularly highlight the contract concluded with Svenska Kraftnät, the transmission system operator in Sweden, in the amount of EUR 103 million for the construction of a 400 kV transmission line on the Odensala – Kappetorp section in the Stockholm area, with a total length of 36 kilometers. Dalekovod d.d. was selected in this tender primarily based on the assessment that it was the only bidder capable of delivering this highly demanding project within the required timeframe and quality standards.

The continuation of these positive trends is expected in the forthcoming period, driven by the significant need for investment in both energy and transport infrastructure, as well as overall electrification across Europe.

Regardless of the market in which we operate, the pace of project execution depends on project readiness, primarily in terms of the preparedness of detailed designs, the issuance of construction and environmental permits, and the availability of key materials and raw inputs. Across all markets, we observe the need to address these challenges and identify ways to shorten the timeframe from concept to project completion, which also involves the engagement of relevant ministries and regulators.

Unstable geostrategic and economic conditions call for additional caution. In all such circumstances, the Dalekovod Group continues to position itself successfully, further increasing its execution and manufacturing capacities. At the same time, we remain aware of the overall risks, which we continuously monitor, and we are prepared to respond swiftly to changing conditions.

Risk Management

Dalekovod recognizes the importance and necessity of continuously strengthening its integrated business risk management system, through which the risks to which the Group is exposed are identified and managed in a comprehensive manner. The risk management system is an integral part of the overall management framework and contributes to more effective corporate governance by supporting the achievement of strategic objectives and meeting the expectations of relevant stakeholders. Through responsible risk-taking and risk management, in line with the defined risk appetite, the system is focused on sustainable growth and long-term value creation.

Taking into account its business strategy and objectives, Dalekovod has defined a moderate (average) risk appetite. The lowest risk appetite applies in the areas of compliance with laws and regulations and occupational health and safety, as well as in relation to any risks that could adversely affect the Group's reputation. In the areas of achieving key strategic objectives, developing new products, and entering new markets, this implies careful consideration and, at times, the assumption of higher levels of risk, accompanied by appropriate mitigation measures.

The defined risk appetite serves as a basis for establishing a framework for systematic, consistent, and effective risk management across the entire Group, and is characterized by:

- Integration into all organizational activities, with a structured and comprehensive approach that enables consistent and comparable results, tailored to the internal and external context and objectives.
- Inclusiveness, through the timely involvement of relevant stakeholders and consideration of their knowledge, assessments, and insights.
- Dynamism, aimed at the timely identification, monitoring, and response to changes in the environment, recognizing that risks may arise, evolve, or disappear.
- Reliance on the best available information, while taking into account the associated limitations and uncertainties of such information, as well as the impact of human factors on risk management at all levels.
- A focus on continuous improvement through learning and the accumulation of experience.

In accordance with the defined risk management methodology, key strategic, operational, and financial risks are regularly identified, analyzed, and evaluated within the risk register. Risk owners are assigned, and appropriate risk mitigation measures are implemented. The process encompasses all companies and organizational units within the Group.

Key risks identified in 2025, along with the measures taken to address them—apart from financial risks detailed in the notes—include:

Procurement Market Risk

In 2025, procurement risks remained pronounced due to continued increased demand driven by the energy transition, limited production capacities, and global geopolitical and market disruptions.

Certain strategically important materials (copper, steel structures, conductors, etc.) are characterized by high price volatility, sensitivity to disruptions in supply chains, concentrated production among a small number of manufacturers, or insufficiently rapid capacity growth.

Additionally, logistical risks persist due to rising road and maritime transport costs, shortages of transport capacity, and global geopolitical uncertainties affecting the availability of specific transport routes.

In such an environment, supplier stability and reliability become a key competitive advantage. Accordingly, the Group implements measures aimed at strengthening supply chain resilience, including entering into long-term contracts for critical materials, reserving production capacities, diversifying sourcing, establishing adjustable pricing arrangements where needed, and systematically monitoring market and geopolitical developments.

Human Resources Risks

Risks related to the potential departure of skilled employees and the limited availability of qualified personnel in the labor market may impact business operations—affecting the timeliness of deliveries, the pace of development, and the costs associated with hiring and replacing employees. The Group manages these risks by investing in the professional development of existing staff, timely planning of future workforce needs, implementing measures to improve working conditions, strengthening employer brand recognition, and increasing both the number and quality of key subcontractors.

As part of human resources-related activities, the risk of serious and even fatal injuries arising from the hazards associated with the construction of power facilities (work near high-voltage equipment and working at heights) has been identified. Such incidents could negatively impact Dalekovod not only in terms of human and financial losses but also its reputation.

By declaring 2025 as the Year of Safety under the slogan "Safe Today for a More Successful Tomorrow", the focus has been placed on occupational safety, with a significantly increased number of training sessions, site inspections, redesign and promotion of the Life-Saving Rules, as well as recognition and awards for best practices, all aimed at enhancing the safety culture.

Cybersecurity Risks

Cybersecurity risks carry the potential for business process disruptions, loss of confidential data, and financial losses. The Group mitigates these risks through the continuous development and investment in its information security management system, as well as by educating and training employees.

Financial result for 2025

Indicators (in 000 EUR)	Dalekovod Group			Dalekovod d.d.		
	2025	2024	Index	2025	2024	Index
Total revenue	280,004	195,847	143	212,615	138,301	154
Sales revenue	278,221	194,489	143	208,978	135,154	155
Operating expenses	(267,510)	(187,364)	143	(200,504)	(134,733)	149
EBITDA Adjusted	19,000	12,510	+6,490 €	16,306	7,143	+9,163 €
EBIT	14,227	8,483	+5,744 €	12,111	3,568	+8,543 €
Net profit	11,664	6,067	+5,597 €	11,811	2,615	+9,196 €
EBITDA margin Adjusted	6.8%	6.4%		7.7%	5.2%	
Adjustment Item MMFIN*	1,733	-	+1,733 €	-	-	-

* At the Group level, EBITDA has been normalized to exclude the effect of the sale of Dalekovod MK.

Group operating revenues in 2025 amounted to EUR 280 million, representing a 43% increase compared to the same period of the previous year, while the Company's operating revenues reached EUR 212.6 million, a 54% increase compared to the same period of the previous year. Normalized EBITDA (operating revenues minus operating expenses plus depreciation) at the Group level amounted to EUR 19 million, an increase of EUR 6.5 million compared to the same period of the previous year, primarily driven by increased activity and improved efficiency and profitability across all Group segments.

The Group's normalized EBITDA margin increased from 6.4% in 2024 to 6.8% in 2025. EBITDA at the Company level amounted to EUR 16.3 million, representing an increase of EUR 9.2 million compared to the same period of the previous year.

Net profit for the Group in 2025 was EUR 11.7 million, while the Company's net profit was EUR 11.8 million.

These positive indicators and the trend of business recovery form the basis for an optimistic outlook going forward.

Financial position of the Group

Dalekovod Group (in 000 EUR)	Dalekovod Group			Dalekovod d.d.		
	2025	2024	Index	2025	2024	Index
ASSETS	202,227	156,440	129	178,099	132,729	134
Non-current assets	53,153	42,569	125	55,060	47,255	117
Current assets	149,074	113,871	131	123,039	85,474	144
<i>Inventories</i>	13,764	16,189	85	3,397	2,358	144
<i>Trade and other receivables</i>	104,678	85,020	123	93,190	73,126	127
<i>Income tax receivable</i>	610	334	183	264	298	89
<i>Cash and cash equivalents</i>	30,022	12,328	244	26,188	9,692	270
LIABILITIES	119,271	88,129	135	105,284	74,820	141
Provisions	17,026	6,614	257	16,624	6,162	270
Non-current liabilities	12,022	9,218	130	10,086	9,433	107
<i>Borrowings</i>	9,937	7,812	127	8,001	8,027	100
<i>Deferred tax liability</i>	2,085	1,406	148	2,085	1,406	148
Current liabilities	90,223	72,297	125	78,574	59,225	133
<i>Borrowings</i>	9,817	5,021	196	9,782	5,224	187
<i>Trade and other payables</i>	77,612	65,488	119	66,319	52,447	126
<i>Income tax payable</i>	2,794	1,788	156	2,473	1,554	159
EQUITY	82,956	68,311	121	72,815	57,909	126
<i>Share capital</i>	41,247	41,247	100	41,247	41,247	100
<i>Share premium</i>	12,387	12,387	100	12,387	12,387	100
<i>Legal reserves</i>	22	22	100	-	-	-
<i>Treasury shares</i>	(1,124)	(1,124)	100	(1,124)	(1,124)	100
<i>Statutory and other reserves</i>	3,898	5,453	71	1,124	1,124	100
<i>Revaluation reserves</i>	9,500	6,405	148	9,500	6,405	148
<i>Translation reserves</i>	(761)	(647)	118	-	-	-
<i>Accumulated loss</i>	17,787	4,568	389	9,681	(2,130)	(455)

Type of financial debt (in 000 EUR)	Dalekovod Group			Dalekovod d.d.		
	2025	2024	Index	2025	2024	Index
Lease liabilities	8,784	7,452	118	8,596	7,258	118
Bonds	1,143	1,345	85	1,508	1,776	85
Bank loans	9,827	4,035	244	7,679	4,217	182
Total financial debt	19,754	12,832	154	17,783	13,251	134
Cash	30,022	12,328	244	26,188	9,692	270
NET financial debt	(10,268)	504	(2,037)	(8,405)	3,559	(236)

The increase in financial debt arising from bank loans is primarily driven by the loan for financing the Company's fixed assets, Dalekovod OSO d.o.o., in the amount of EUR 2.33 million.

In addition, the Company increased its short-term bank debt related to project financing, specifically to support intensified work on the Dugo Selo–Križevci project in the second half of the year, while maintaining continuous financing of certain fixed assets (CAPEX) through financial leasing instruments.

The cash position in the balance sheet was also affected by the collection of EUR 11.8 million, based on the Supreme Court decision in the dispute with Podravska banka, received shortly before the end of the financial year. This led to the recognition of a negative net debt position for both the Company and the Group.

Regardless of this collection, the Company/Group maintains a stable net financial debt and a sustainable level of leverage to cover all credit obligations arising from operating activities, resulting from increased overall business profitability and the strengthened cash position in the balance sheet.

Overview of the Group's key segments

The Energy project implementation segment (construction of transmission lines and substations) recorded a 57% increase in revenues in 2025 compared to the same period of the previous year, with total revenues reaching EUR 170 million. Transmission line construction is currently active on 34 major projects (4 in Norway, 5 in Sweden, 3 in the region, 4 in Germany, and 18 in Croatia) and 5 smaller projects (Croatia), while substation construction is ongoing on 10 projects (2 in Croatia, 4 in North Macedonia, 1 in Ukraine, 1 in Albania, 1 in Germany, and 1 in Bulgaria).

The segment of Infrastructure project realization recorded a 48% increase in revenues compared to the same period of the previous year, with total revenues amounting to EUR 40 million. Currently, 3 projects are active. On the Dugo Selo–Križevci project, work was significantly intensified to complete the project within the newly established deadlines. However, due to a decision by the Dispute Resolution Council, which only partially approved the claim for compensation of increased costs, a potential loss of EUR 3.5 million had to be recognized for 2025 on this project, originally contracted in 2015. We continue efforts to recover the increased costs in order to avoid further negative impacts and attempt to offset this loss.

The production segment is realized through two companies - Dalekovod MK d.o.o. and Dalekovod OSO d.o.o.

The company Dalekovod OSO d.o.o. In 2025, produced/processed 2,122 tons of equipment, an increase of 1.2% compared to the same period of the previous year. The Company's operating revenues in 2025 increased by EUR 868 thousand compared to the same period of the previous year, primarily as a result of a different structure of contracted projects compared to the prior year. EBITDA achieved was 17% lower than in the same period of the previous year due to higher costs on projects with lower margins; however, this is expected to change in the next period given the structure of contracted projects for the upcoming period. Considering increased investment activity in the market, a positive trend in contracting new projects continues, and accordingly, a significant investment cycle in new machinery has been initiated. An intensive capital investment process is underway, covering the replacement of most key machines as well as IT support systems.

Dalekovod MK d.o.o. in the first nine months of 2025, stabilized its operations compared to the same period of the previous year. Considering the need for significant investments to renew capacities, market conditions, and the business outlook for the upcoming period, as part of the Group-level initiative by KONČAR aimed at analyzing optimal strategic options for Dalekovod MK d.o.o., the sale of Dalekovod MK to KONČAR MK was completed in October 2025. This sale achieved key objectives: it preserved expertise in steel lattice structure production within the KONČAR Group and created the conditions to maintain and increase employment levels, as well as to improve material working conditions for employees.

The Design segment, related to the activities of Dalekovod Projekt d.o.o., recorded a 59% increase in operating revenues in 2025 compared to the previous year, reaching EUR 10.7 million (compared to EUR 6.7 million in 2024). A particularly notable development is the further progress in the Swedish market, where Dalekovod Projekt is establishing itself as a reliable and stable partner in transmission line design for Svenska Kraftnät.

Dalekovod Emu d.o.o. operates at locations in Zagreb and Vela Luka and generated revenues of EUR 449 thousand in 2025. The company conducts activities in the segment of measurement and testing of high- and low-frequency electromagnetic fields (EMF), as well as the calibration of electricity meters. EMF measurements are a legal obligation for companies that operate sources of high- and low-frequency radiation and are performed throughout Croatia. The second business segment, meter calibration at the company's own calibration facility in Vela Luka, continues to meet the annual needs of HEP for the installation of meters in new buildings, while the full replacement of old meters with new smart meters is expected in the coming period.

Dalekovod Ljubljana d.o.o. generated EUR 16.3 million in revenues in 2025, with the most significant portion, EUR 7.3 million, coming from the 2x110 kV Hudo-Kočevje project. The company is recognized as a reliable partner, confirming its stable market position. The results achieved are in line with a dynamic plan, and continued successful operations are expected in the next period.

Dalekovod d.o.o. Mostar recorded revenues of EUR 26.1 million in 2025, representing a 49% increase compared to the previous year. EBITDA for the period amounted to EUR 1.4 million and, due to the significant increase in revenues and only slightly higher costs, was 66% higher than the previous year. The substantially higher revenues result from a high level of contracted projects as well as accelerated execution of projects contracted over the previous two years.

Company name (in 000 EUR)	Business revenue			Adjusted EBITDA		
	2025	2024	Index	2025	2024	Index
Dalekovod d.d.	212,615	138,301	154	16,306	7,143	+9,163 €
Proizvodnja MK d.o.o.	11,539	10,344	112	(152)	(925)	+773 €
Proizvodnja OSO d.o.o.	19,442	18,574	105	2,194	2,640	-446 €
Dalekovod Ljubljana d.o.o.	16,297	20,799	78	418	321	+97 €
Dalekovod Projekt d.o.o.	10,660	6,685	159	625	266	+359 €
Dalekovod Mostar d.o.o.	26,097	17,470	149	1,395	842	+553 €
Dalekovod EMU d.o.o.	449	339	132	(62)	(97)	+35 €
Other affiliates	21	21	100	(12)	(12)	-
Elimination	(17,116)	(16,686)	103	(1,712)	2,332	-4,044 €
Total Group	280,004	195,847	143	19,000	12,510	+6,490 €

Strategy - business guidelines for the coming periods

The industry in which the Dalekovod Group competes is expected to experience significant growth in the coming period for several key reasons: (i) the green and digital transition, as well as the shift from energy produced from traditional fossil fuels to electricity generated from renewable sources, requires the expansion of transmission and distribution capacities and the electrification of transport; (ii) the transmission network is relatively old and requires modernization; and (iii) as a result of (i) and (ii), strong tender activity continues in the energy and transport infrastructure sectors.

Moreover, in all markets where the Dalekovod Group operates (Croatia, Bosnia and Herzegovina, North Macedonia, Germany, Norway, Slovenia, Sweden, and the Middle East), business activity is increasing, with the continuation of strong investment momentum expected.

With its strategy focused on energy, railway infrastructure, and tunnel outfitting on roads and highways—while not neglecting other opportunities—the Dalekovod Group is excellently positioned to respond to relevant market conditions. The Group's high level of capitalization and working capital, its organizational structure which ensures control over all parts of the process from design, procurement, and production of key components to construction, as well as the synergies achievable within the KONČAR Group, enable this strategy to be implemented efficiently and sustainably.

The Dalekovod Group will continue to invest significantly in the health and safety of its employees, in material working conditions, and in sustainable development to achieve a balance between the environment, society, and its operations, thereby meeting development requirements without compromising the prospects of future generations. It is worth emphasizing that the projects the Dalekovod Group implements in both Energy and Infrastructure directly contribute to achieving the objectives of the green transition.

Dalekovod Group

As of 31 December, the Dalekovod Group (the "Group") comprises the parent company Dalekovod, d.d. (the "Company") and eleven subsidiaries fully owned by the parent, as well as one entity accounted for as a joint venture (2024: twelve subsidiaries fully owned by the parent and one entity accounted for as a joint venture) – see Notes 19 and 20.

The Company was established under the laws and regulations of the Republic of Croatia. Its registered office is located in Zagreb at Marijana Čavića 4. The Company's shares are listed on the Zagreb Stock Exchange.

The Company's core activities include the design, production, construction, and installation of power engineering facilities, road, railway, and urban transport infrastructure, as well as telecommunications infrastructure.

Description of products and services

Over time, Dalekovod d.d. has specialized in executing "turnkey" contracts in the following areas:

- Power engineering facilities, particularly transmission lines ranging from 0.4 to 750 kV
- Transformer stations of all levels and voltage up to 500 kV
- Overhead, underground, and submarine cables up to 110 kV
- Telecommunications facilities, including all types of networks and antennas
- Production of suspension and connecting equipment for all types of transmission lines and substations from 0.4 to 750 kV
- Fabrication and installation of all metal components for road infrastructure, particularly road lighting, protective barriers and traffic signaling, tunnel lighting, and traffic management systems
- Electrification of railway and tram lines

Own shares

In 2025 the Company did not acquire its own shares.

Investment in subsidiaries, affiliates and joint ventures

Investments in subsidiaries are presented in more detail in note 20 of the financial statements.

Investments in associates are presented in more detail in note 21 of the financial statements.

Events after the balance sheet date

On 4 March 2026, the High Commercial Court of the Republic of Croatia, in case No. Pž 423/2026, ruling on the Company's appeal against the judgment of the Commercial Court in Zagreb (No. P 536/2024 of 26 November 2025), upheld the Company's claim. The Court ordered the Ministry of Finance of the Republic of Croatia to pay the claimed amount and awarded the Company reimbursement of litigation costs in the amount of EUR 6,636 thousand, together with statutory default interest and related procedural costs.

Given that extraordinary legal remedies remain available to the Ministry of Finance of the Republic of Croatia against the said judgment, the Company considers that the final outcome of the dispute with the Ministry of Finance of the Republic of Croatia remains highly uncertain.

Except for the above, there have been no other significant events after the reporting date.

Objectives and policies related to financial risk and capital risk management

The Company and the Group are exposed to market, price, credit and liquidity risks, which together with capital risk management are described in detail in Note 3 of the financial statements.

Shareholder structure (as at 31 December 2025)

In accordance with the Company's Articles of Association, the voting rights of shareholders are not limited to a certain percentage or number of votes, nor are there time limits for exercising voting rights. Each ordinary share gives the right to one vote at the General Assembly.

The rights and obligations of the Company arising from the acquisition of own shares are exercised in accordance with the provisions of the ZTD and the Company's Articles of Association.

Subject	Number of shares		Share	
	30 September 2025	31 December 2025	30 September 2025	31 December 2025
Končar d.d.	31,000,271	31,000,271	75.16%	75.16%
Financial institutions	7,749,293	7,705,231	18.79%	18.68%
Foreign individuals or entities	3,574	3,574	0.01%	0.01%
Individuals	2,312,042	2,343,096	5.61%	5.68%
Own shares	988	988	0.00%	0.00%
Other	181,025	194,033	0.44%	0.47%
Total	41,247,193	41,247,193	100%	100%

Affiliates and subsidiaries

REPUBLIC OF CROATIA

1. DALEKOVOD OSO d.o.o., Vukomerička 9, 10410 Velika Gorica	55411035652/ 081296773
2. DALEKOVOD EMU d.o.o., 43.ulica br. 36., Vela Luka	52516402606/ 090027780
3. DALEKOVOD-PROJEKT d.o.o., Marijana Čavića 4, Zagreb	30467839701/ 080445749
4. EL-RA d.o.o., Vela Luka (Municipality of Vela Luka)	30113948970/ 060033055

In 2025, the company Dalekovod MK d.o.o. was sold.

COMPANIES OUTSIDE THE REPUBLIC OF CROATIA

5. DALEKOVOD Plt, Namibia
6. DALEKOVOD TKS a.d., Dobož, Bosnia and Herzegovina (in bankruptcy proceedings, registered in 2019)
7. DALEKOVOD MOSTAR d.o.o., Bosnia and Herzegovina, Ante Starčevića bb, Mostar, BIHJIB: 4227105910001
8. DALEKOVOD LJUBLJANA d.o.o., Zavetiška ul. 1, 10000 Ljubljana, SLO, SI 28940024
9. DALEKOVOD UKRAJINA d.o.o., Ukraine, 4 Lunacharskogo str. 02002 Kiev, Ukraine, MBS: 36683014
10. DALEKOVOD LIBYA for Engineering, Joint Undertaking, Libya
11. DALEKOVOD NORGE AS, Norway, Sandviksveien 26, 1363 Høvik, Norway, MBS: 998628253

BRANCHES AND REPRESENTATIVE OFFICES

12. DALEKOVOD NUF, Norway, Sandviksveien 26, 1363 Høvik, Norway
13. DALEKOVOD Skopje, 50te Divizije No. 36, Skopje-Centar, Skopje, North Macedonia
14. DALEKOVOD D.D., Germany Business Unit, Weberstrasse 60, 60318 Frankfurt, Germany
15. DALEKOVOD UKRAINE – Representative Office in Ukraine, 4 Lunacharskogo, 02002 Kyiv, Ukraine
16. DALEKOVOD – Branch of Kosovo, St. Garibaldi 3/7, 10000 Prishtina, Kosovo
17. DALEKOVOD D.D. – Subsidiary in Sweden, c/o Amesto Accounthouse AB, Roselundsgatan 54, 118 63 Stockholm, Sweden
18. DALEKOVOD D.D. Zagreb – Mostar Branch, Ante Starčevića bb, 88000 Mostar, Bosnia and Herzegovina
19. DALEKOVOD, d.d., Ljubljana Branch, Zavetiška ulica 1, 1000 Ljubljana, Slovenia
20. DALEKOVOD, d.d., Albania Branch, Kashar MEZEZ, Tirana-Durrës Highway, km 5, cadastral zone no. 2679, Tirana, Albania

Dalekovod Joint Stock Company for Engineering, Production and Construction

Marijana Čavića 4, 10 135 Zagreb, Hrvatska

10001 Zagreb, P.P. 128

URL: www.dalekovod.hr, www.dalekovod.com

E-mail: dalekovod@dalekovod.hr

Share capital: 41.247.193,00 EUR. Broj dionica: 41.247.193

IBAN: HR8323600001101226102 ZABA Zagreb

MBS: 080010093, Commercial Court in Zagreb

MB: 3275531

OIB: 47911242222

Activity code: 71.12 (Engineering and related technical consulting)

Signed on behalf of the Management Board on 15 April 2026.



Eugen Paić-Karega

President of the Management Board



Tvrtko Zlopaša

Member of the Management Board

Dalekovod Group Sustainability Report



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1 General Disclosures for the Sustainability Report

1.1 ESRS 2 General Information

1.1.1 BP-1 General Basis for Preparing the Sustainability Report

The Dalekovod Group Sustainability Report has been prepared on a consolidated basis for the reporting period from 1 January to 31 December 2025 and covers the parent company **Dalekovod d.d.** and its subsidiaries.

This is the second Sustainability Report prepared in accordance with the requirements of the Accounting Act and the European Sustainability Reporting Standards (ESRS), as mandated by the European Corporate Sustainability Reporting Directive (CSRD).

The scope of consolidation [ESRS-2_BP-1_5b(i)] in the Sustainability Report is aligned with the scope of consolidation applied in the Group's consolidated financial statements. Detailed information on ownership interests, the method of consolidation, and Group structure is presented in **Note 2.2 – Basis of Consolidation** in the consolidated financial statements.

This report covers material impacts, risks, and opportunities (IRO – impacts, risks, and opportunities) related to environmental, social, and governance topics arising from the Group's operations.

The reporting scope includes the Group's own operations as well as relevant upstream and downstream value chain activities. Material topics were identified through a double materiality analysis conducted in 2024, assessing the actual and potential impacts of the Group on the environment and society, as well as the financial risks and opportunities related to sustainability matters.

The assessment considered the entire value chain, identifying and evaluating impacts, risks, and opportunities associated with the Group's own operations, suppliers, business partners, and customers of its products and services.

The results of the double materiality analysis were reviewed and confirmed in 2025, with no changes identified in the significance of the material topics. Material impacts, risks, and opportunities are presented in the Statement of Material IROs and form the basis for the structure and content of disclosures in this report.

In this report, Dalekovod Group has not applied any exemptions for omitting information that could affect the understanding of material impacts, risks, and opportunities related to sustainability, in accordance with the relevant ESRS provisions.

In the 2025 reporting year, Dalekovod Group applies the transitional exemptions set out in Appendix C of ESRS 1¹ and discloses the requirements of Standards S3 and S4 to the extent permitted under the phased implementation provisions. The table in Appendix I provides an overview of the requirements covered by this Report and the exemptions applied.

¹ In accordance with Commission Delegated Regulation (EU) 2025/1416 of 11 July 2025 ("quick fix"), the KONČAR Group applies the option whereby the phased implementation provisions, as set out in Appendix C of ESRS 1, are applied to "first-wave" companies.

1.1.2 BP-2 Disclosures Related to Specific Circumstances

Time frame

The time horizons used in this report are aligned with ESRS requirements and are defined as follows:

- **Short-term horizon:** up to one year
- **Medium-term horizon:** from one to five years
- **Long-term horizon:** more than five years

For the purposes of assessing climate change resilience and conducting scenario analyses, longer time horizons are also applied, in accordance with the relevant climate scenarios defined by the Intergovernmental Panel on Climate Change (IPCC).

Value Chain Assessment

As part of the preparation of this Sustainability Report, the entire value chain of Dalekovod Group has been considered. Assessments related to the value chain are described in the relevant thematic sections of the report, including details on their application and calculation methods, in accordance with ESRS requirements.

Sources of Estimates and Uncertainty of Outcomes

The sources of estimates and associated uncertainties are described in the relevant sections of this Sustainability Report. Certain indicators are based on estimates and calculation models and may be subject to measurement uncertainties or data availability, particularly in areas involving value chain assessments or scenario analyses.

Key Areas of Estimates and Uncertainty

Area	Description of estimate	Source of uncertainty
Greenhouse gas emissions (Scope 3)	Assessment of emissions in the upstream and downstream value chain	supplier data availability, use of emission factors

Changes in the Compilation or Presentation of Sustainability Information (ESRS 2 BP-2_10, BP-2_11)

During the reporting period, a change occurred in the Group's consolidation structure due to the sale of **Dalekovod MK**. This company is included in this consolidated report with data for all material topics up to **1 October 2025**, when it officially ceased to be part of Dalekovod Group.

Dalekovod MK is not included in the **Group's 2025 Transition Plan**, as the sale process was already underway at the time the plan was prepared. Consequently, the transition planning activities—including targets, measures, and strategic initiatives—do not cover this company.

For **Dalekovod d.d.**, all companies and subsidiaries are included in accordance with the consolidation scope applied in the financial statements. For certain topics, it was not possible to collect specific data from smaller subsidiaries, or the data were assessed as immaterial. In such cases, exemptions are clearly stated and explained in the relevant sections of the report.

Changes in Methodology (ESRS 2 BP-2_12)

No changes in methodology occurred during this reporting period.

Errors in Previous Reporting Periods

No material errors were identified in the information published in previous reporting periods.

Disclosures Arising from Other Regulations or Reporting Frameworks

In the thematic sections of the report, where applicable, instances of using other regulatory or methodological sustainability reporting frameworks outside the ESRS standards are indicated, with clarification on which regulatory frameworks the specific disclosures relate to.

Incorporation by Reference

Information already published in other publicly available company documents may, where applicable, be incorporated by reference in accordance with ESRS provisions.

1.1.3 GOV-1 Role of Administrative, Management, and Supervisory Bodies

1.1.3.1 The Management Board

The Management Board conducts business in accordance with the Companies Act, the Articles of Association, and the management contracts as set out in the Rules of Procedure of the Management Board. The Rules of Procedure were adopted by the Supervisory Board at a meeting and publicly disclosed. They define the allocation of responsibilities and the scope of duties of the President and members of the Management Board.

Through membership in supervisory boards, the general assembly, and other acts established with subsidiaries, the Management Board coordinates, directs, supervises, and monitors operations within Dalekovod Group's subsidiaries. The Rules of Procedure also establish rules for preventing conflicts of interest for Management Board members, stipulating that members must not act based on personal interests or exploit business opportunities for personal gain while conducting company business. Additionally, Management Board members are required to promptly inform the Supervisory Board and other members of the Management Board of any personal interest in Dalekovod d.d.'s affairs.

The Management Board of Dalekovod d.d. is responsible for:

- Implementing the business strategy and sustainability strategy.
- Operational management of business activities and oversight of ESG objectives.
- Risk, financial, and human capital management.
- Reviewing and approving the annual Sustainability Report.

The Management Board delegates ESG responsibilities through:

- **The Business Excellence Department** (responsible for quality management, environmental protection, occupational health and safety, and energy management).
- **The Human Resources Management Department** (responsible for employee safety and diversity).
- **The Corporate Affairs and Communications Office** (responsible for coordination and oversight).

Role of the Management Board in Managing Impacts on the Environment, Society, Human Rights, and the Economy:

- Sustainability objectives relate to society and human rights, the economy, and the environment. Each member of the Management Board, within the scope of their responsibilities, directs, coordinates, and monitors the achievement of strategic business objectives, reporting to other Board members and proposing decisions at Board meetings.
- The Management Board delegates responsibilities for achieving business objectives, including sustainability objectives. Sustainability areas are managed by the Business Excellence Department and the Human Resources Management Department, which report directly to the Management Board.
- Within the Business Excellence Department are the Occupational Health and Safety Service, the Quality Assurance and Control Service, and the Management Systems and Environmental Protection Service. These organizational units, together with all other sectors, departments, and services, form an integrated whole in ensuring the long-term sustainability of business operations.

Members and Expertise of the Dalekovod Group Management Board:



Eugen Paić-Karega

President

Term: 2024–2028

Born in 1970, Eugen Paić-Karega became President of the Management Board on 1 April 2024.

Competencies

- Financial and executive management
- Risk management
- Stakeholder relationship management
- People management and development
- Process and product optimization

Other Contributions and Responsibilities

- Member of the Supervisory Board of Zane d.o.o. and UniCredit Bank (BiH)
- Chairman of the General Assembly of HROK d.o.o.
- Member of the HANFA Council



Tvrtko Zlopaša

Member

Term: 2024–2028

Born in 1971, Tvrtko Zlopaša became a member of the Management Board on 1 April 2022, with a term lasting until 2028.

Competencies

- Budget management
- Strategy development and implementation
- Stakeholder relations
- Execution of complex projects
- Strategic organizational management
- Financial, operational, and organizational restructuring
- Post-integration process management
- Risk management

Other Contributions and Responsibilities

- Diplomatic skills
- Extensive experience in organizational management

1.1.3.2 Supervisory Board

The work of the Supervisory Board is governed by the Rules of Procedure of the Dalekovod d.d. Supervisory Board, adopted by the Supervisory Board in accordance with the Companies Act and the Articles of Association of Dalekovod d.d. The Rules of Procedure regulate matters significant for the constitution, competencies, organization, operation, and decision-making of the Supervisory Board, as well as its working bodies, committees, and subcommittees, and the obligation to maintain business confidentiality.

The Supervisory Board consists of five (5) members, four (4) of whom are elected and recalled by the General Assembly of the Company, and one (1) member is appointed by employees in accordance with the provisions of the Labour Act. The Supervisory Board, as well as each of its members, is obliged to protect the interests of the Company. Members are elected by the General Assembly for a term of up to four (4) years and may be re-elected.

The duties of the Supervisory Board include acting in the best interest of Dalekovod d.d., complying with the Code of Conduct, ensuring the prevention of conflicts of interest, promoting procedures to prevent unlawful activities, and maintaining business confidentiality in accordance with regulations and Dalekovod d.d.'s internal acts.

Competencies of the Supervisory Board:

- Supervising the work of the Management Board and the overall management of the Company's business.
- Appointment and dismissal of the Management Board.
- Concluding contracts with Management Board members, establishing mutual rights and obligations, and determining their remuneration.
- Submitting a written report on performed supervision to the General Assembly.
- Reviewing and approving the annual financial statements.
- Convening the General Assembly.
- Instructing the auditor to examine the annual financial statements.

Its key functions include:

- **Audit Committee** – oversees financial and ESG reporting.
- **Nomination and Remuneration Committee** – evaluates remuneration policies.
- **Corporate Governance Committee** – ensures ESG compliance.
- The Supervisory Board ensures **continuous monitoring of ESG objectives**, assessment of material risks, and governance accountability.

Members of the Supervisory Board:

Position	Name	Date of appointment	Term duration
Chairman of the Supervisory Board	Gordan Kolak	19 June 2024	4 years
Deputy chairman of the Supervisory Board	Mario Radaković	1 January 2025	until 18 June 2028
Member of the Supervisory Board	Miki Huljić	1 January 2025	until 18 June 2028
Member of the Supervisory Board	Ivan Paić	19 June 2024	4 years
Member of the Supervisory Board (employee representative)	Dalibor Štrlek	1 December 2025	4 years

1.1.3.3 General Assembly

The General Assembly is convened in cases prescribed by the Companies Act and the Articles of Association of Dalekovod d.d., and must be held whenever it is in the interests of the Company. The General Assembly must take place within the first eight months of the financial year and is convened by the Management Board or the Supervisory Board.

The Management Board is obliged to convene the General Assembly upon request of the Supervisory Board or if requested in writing by shareholders holding, together, at least one-twentieth of the Company's share capital, specifying the purpose and reason for convening the General Assembly.

Members of the Management Board and the Supervisory Board must participate in the work of the General Assembly. The General Assembly may pass valid resolutions if shareholders representing more than 50% of the Company's ordinary shares are present. Shareholders meeting the prescribed conditions may participate in the General Assembly, with each share granting one vote.

The General Assembly is chaired by the Chairman of the General Assembly. The Chairman of the General Assembly is the Chairman of the Supervisory Board if present. If the Chairman of the Supervisory Board is unavailable, the Deputy Chairman of the Supervisory Board presides over the General Assembly.

1.1.4 GOV-2 Sustainability Information and Topics Reported to Administrative, Management, and Supervisory Bodies

The Supervisory Board and Management Board of Dalekovod Group are involved in overseeing sustainability matters and regularly receive information on key environmental, social, and governance topics relevant to the Group's operations. Sustainability information is provided through regular management and supervisory processes and serves as a basis for strategic and operational decision-making.

The Group's administrative, management, and supervisory bodies are particularly informed on sustainability matters in the following areas:

- **ESG Strategy and Business Model Analysis** – reviewing the impact of sustainability on the business model, long-term strategy, and business development, as well as considering strategy adjustments in line with regulatory requirements and market trends.

- **Identification and Assessment of Material Impacts, Risks, and Opportunities** – reviewing the results of the double materiality analysis and identifying key ESG risks and opportunities that may affect the Group's operations. During 2025, the Management Board confirmed the material topics resulting from the double materiality assessment conducted in 2024.

- **Setting and Monitoring Policies, Targets, and Action Plans** – adopting and monitoring the implementation of sustainability policies, ESG objectives, and related action plans, including targets related to climate change, resource management, employees, and corporate governance. As part of these activities, the Management Board participated in 2025 in the preparation of the Group's Transition Plan, defining measures and actions to reduce greenhouse gas emissions and adapt business operations to climate change.

- **ESG Reporting System** – reviewing, discussing, and approving the Sustainability Report, and monitoring progress in achieving sustainability objectives and compliance with regulatory requirements.

Oversight of ESG aspects is carried out through regular **reporting, consultations, and decision-making** in the areas mentioned above, with sustainability matters integrated into the broader risk management, strategic planning, and corporate governance system of Dalekovod Group.

1.1.5 GOV-3 Incorporation of Sustainability-Related Performance into Remuneration Systems

The Remuneration Policy and the Report on the Remuneration of Management Board and Supervisory Board members are published on the website and form part of the notice for the General Assembly. Currently, there are no specific incentives linked to sustainability issues for Dalekovod Group Management Board members.

However, as many sustainability matters are generally integrated into business priorities and objectives—and these priorities are included in incentive systems—there are numerous indirect examples of sustainability being part of existing incentive programs. These include initiatives related to cost reduction through decreased energy consumption, waste reduction, and other efficiency measures prescribed by ISO 50001 and ISO 14001 standards, for which the Management Board is responsible for implementation and oversight through management reviews of these standards.

1.1.6 GOV-4 Due Diligence Statement

Dalekovod Group conducts the due diligence process through:

- **Identification of ESG Risks** – assessing the impacts of business operations.
- **Stakeholder Engagement** – engaging with customers, investors, and regulators.
- **Monitoring the Effectiveness of ESG Measures** – continuously measuring progress.

Dalekovod Group applies a comprehensive due diligence system to identify and manage environmental, social, and governance (ESG) risks across the entire value chain. This system is integrated into the double materiality assessment, ensuring compliance with ESRS requirements and alignment with best industry practices.

Key Elements of Sustainability Due Diligence	Corresponding Sections in the Sustainability Report
a) Integration of sustainability due diligence into governance, strategy, and business model	<ul style="list-style-type: none"> • GOV1 Responsibilities of Management and Supervisory Bodies • GOV2 Oversight of Key ESG Risks and Opportunities (IROs) • SBM1 Description of the Business Model and Sustainability Strategy • SBM3 Double Materiality Methodology
b) Engagement with affected stakeholders across all key steps of due diligence	<ul style="list-style-type: none"> • GOV2 Approach to the involvement of management and supervisory bodies in stakeholder engagement (stakeholder overview and mapping) • SBM3 Results of double materiality from the stakeholder perspective • RO1 Overview of the impact and risk assessment process
c) Identification and assessment of adverse impacts	<ul style="list-style-type: none"> • SBM3 Double materiality methodology and results • IRO1 Process of detailed impact and risk assessment
d) Actions to address identified adverse impacts	<ul style="list-style-type: none"> • E1 Climate mitigation action plans • E5 Resource use and circular economy • S1 Workforce impacts and human rights • S4 Management of impacts on customers and end-users
e) Monitoring the effectiveness of these activities and communication with stakeholders	<ul style="list-style-type: none"> • GOV2 Reporting to governance bodies and communication plan with key stakeholders

1.1.6.1 Environmental Aspects of the Due Diligence Process

Assessment of Climate and Environmental Risks

Dalekovod Group conducts analyses of physical and transition risks related to climate change. The scenario analysis applies the ESRS E1 methodology, including:

- **Modeling of transition risks** through RCP and SSP scenarios (Representative Concentration Pathways and Shared Socioeconomic Pathways).
- **Emissions management** through cost assessments under the EU ETS (Emissions Trading System).
- **Business model resilience** analysis in relation to environmental regulations.

Sustainable Supply Chain and Environmental Standards

Dalekovod Group actively adapts its supply chains to ESG requirements through supplier assessments based on environmental standards.

1.1.6.2 Social Aspects of the Due Diligence Process

Assessment of Human Rights Risks in Supply Chains

Dalekovod Group uses sectoral analysis and geopolitical factors to identify risks related to forced labor, child labor, and discrimination. The internal supplier assessment process includes:

- **Analysis of suppliers** based on high-risk regions.
- **ESG supplier evaluation system** to assess compliance with human rights.
- **Compliance Review** – Dalekovod Group has prepared, in line with the minimum social safeguards (MSS) requirements of the EU Taxonomy, a review of operations in accordance with OECD Guidelines and the UN Guiding Principles on Business and Human Rights (UNGP)..

Internal Due Diligence Processes

Each company within Dalekovod Group is responsible for regularly reviewing social risks, including:

- **Annual assessments of working conditions and employee rights.**
- **Monitoring and adaptation** in accordance with ILO standards and the UN Global Compact.

1.1.6.3 Management of Due Diligence Processes

Internal Risk Management Processes

Dalekovod Group manages ESG risks by integrating them into the annual business risk review and the double materiality process, which includes:

- **Internal mapping of ESG risks** by business segments.
- **Assessment of the financial impacts** of ESG factors on business operations.

Dalekovod Group analyzes its operations in accordance with OECD and UNGP guidelines (MSS).

Code of Conduct and Third-Party Due Diligence

Under the Dalekovod Group Code of Conduct, all companies within the Group are required to conduct third-party due diligence in cases of:

- Operations in high-risk regions.
- Collaboration with partners subject to international sanctions.

1.1.7 GOV-5 Risk Management and Internal Controls for Sustainability Reporting

Dalekovod Group has established and maintains a risk management system that enables continuous identification, assessment, and management of risks affecting the Group's business, including sustainability-related risks.

The risk management system is based on the principles of **HRN ISO 31000 – Risk Management** and is

applied at strategic, operational, program, and project levels. The risk management policy is adopted by the Management Board and is publicly available on the Company's website.

The Management Board of Dalekovod d.d. and its subsidiaries is responsible for identifying and assessing risks that may significantly impact the Group's business and for establishing appropriate control mechanisms to mitigate them. The system supports the achievement of strategic objectives, ensures financial stability, and protects the reputation and interests of all stakeholders.

Risk Management Process

The risk management process is detailed in internal procedures that define identification, analysis, assessment, and prioritization of risks, as well as methods for risk treatment. All organizational units participate in the process, and risk assessments cover activities of the Company, subsidiaries, subcontractors, and other relevant stakeholders involved in business operations.

A **Risk Catalogue** is prepared in accordance with the defined methodology and updated annually. The catalogue identifies and evaluates key strategic, operational, and financial risks, including sustainability-related risks. For each identified risk, mitigation measures and responsible individuals (risk owners) are defined. The effectiveness of these measures is evaluated during the annual update.

The Management Board is responsible for designing, implementing, adapting, and monitoring the risk management system and regularly reports to the Audit Committee on its effectiveness.

Based on identified risks and other relevant information, the Internal Audit Department prepares annual and multi-year audit plans. Audit plans are approved by the Supervisory Board upon the proposal of the Audit Committee. The multi-year plan for 2025–2028 includes audits covering sustainable business processes, corporate governance, and human resources management.

Internal audit regularly reports to the Management Board, the Audit Committee, and the Supervisory Board on audit results and the implementation of recommendations. The Audit Committee monitors the effectiveness of internal control and risk management systems and oversees the identification and management of key risks, reporting findings to the Supervisory Board.

Integration of Sustainability Risks

Dalekovod Group integrates the assessment of sustainability risks into the risk management system, including transitional climate risks, regulatory requirements, and supply chain risks.

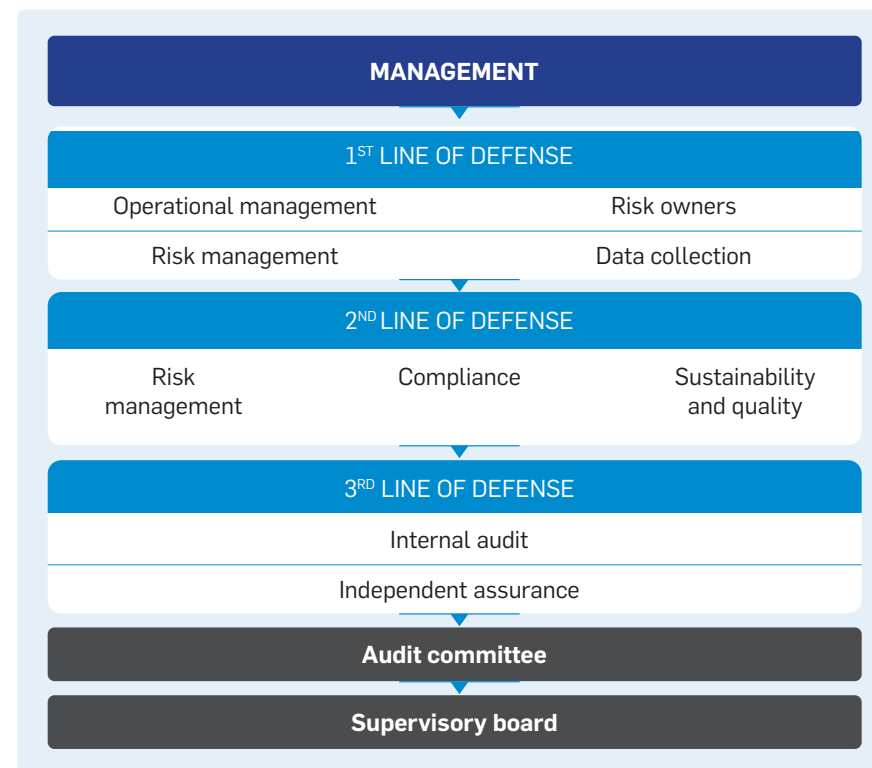
Sustainability Data Management

Dalekovod Group has established a system for collecting and managing sustainability data in line with ESRS requirements and the data points identified through the double materiality process. Designated organizational units are responsible for data collection and validation, with environmental data collected monthly and other reporting data available at the start of the reporting year.

The sustainability data collection process is integrated into the existing quality management system according to **ISO 9001**, ensuring consistency, reliability, and quality of data used in sustainability reporting.

Three Lines of Defense Model

The structure of Dalekovod Group's risk management system is illustrated according to the "Three Lines of Defense" model in the following diagram:



1.1.8 SBM-1 Strategy, Business Model, and Value Chain

The adoption of the **Sustainability Strategy** marked the beginning of a new strategic cycle and the initial phase of implementing comprehensive changes and initiatives to ensure the effective integration of **environmental, social, and governance (ESG) factors** into business operations. This report is aligned with **European standards** and represents the next step in implementing the strategy and monitoring progress toward achieving sustainable goals year by year.

OUR MISSION

To develop and maintain business relationships with domestic and international partners while ensuring high-quality standards in **engineering, production, and construction of energy, road, railway, and telecommunications infrastructure**, based on long-standing knowledge and tradition, innovation, strong social responsibility, and trust in the successful execution of all projects.

OUR VISION





To become a **leading international company** in providing comprehensive and high-quality engineering, production, and construction services in energy, road, railway, and telecommunications infrastructure, primarily by strengthening positions in foreign markets, securing new projects, and entering new markets, all built on a foundation of long-standing tradition, expertise, competitiveness, innovation, and reliability.










Sustainability Policy

The Sustainability Policy is available through the official Dalekovod Group website and internal communication channels for employees and business partners. Transparency is ensured through regular reporting and audits.

Through nine strategic goals, Dalekovod Group contributes to the **United Nations Sustainable Development Goals (SDGs)** (see Table 3.1).

Table 3.1: Objectives, measures and contributions to the UN SDGs

Dalekovod objectives	Description	Measure	Contribution to the UN SDGs
Emissions-free future (ESRS E1)	Reduce Scope 1 and 2 emissions, while supporting the net-zero transition	<ul style="list-style-type: none"> Prepare a climate transition plan in 2025 with projections for 2030 and 2050. Increase energy efficiency by 35% by 2026 compared with 2019. Ensure 100% electricity from renewable sources on an annual basis. Manage 80% of production waste using methods other than landfilling, compared with 2019. Increase the use of wood and cardboard from renewable sources by 2026. 	 
Circular economy (ESRS E5)	Reduce waste generation and ensure responsible use of packaging materials	<ul style="list-style-type: none"> Manage 80% of production waste using methods other than landfilling, compared with 2019. Increase the use of wood and cardboard from renewable sources by 2026. 	
Employee health and safety (ESRS S1)	Ensure a healthy and safe working environment for all employees	<ul style="list-style-type: none"> Percentage of lost working hours due to work-related injuries <1.5% by the end of 2026. Provide the right to supplementary health insurance for all employees. 50% of employees involved in training on stress prevention and the importance of mental health. 	

Employee development and satisfaction (ESRS S1)	Promote inclusion, diversity and equal opportunities	<ul style="list-style-type: none"> 25% women in management positions by 2026. Increase the employment of persons with disabilities and foster an inclusive working environment. Provide support to parents until the child reaches 15 years of age. Provide support to foreign workers for easier integration and to domestic workers for integration in foreign markets. 	 
Employee development and satisfaction (ESRS S1)	Enable employees' professional development and growth	<ul style="list-style-type: none"> Ensure onboarding for new employees. Encourage the sharing of knowledge, skills and experience. Increase the average number of training hours per employee per year. Develop individual development plans for 100% of key positions. Develop leadership skills and competencies for all managers. 	
Youth in focus (ESRS S1)	Attract young people and encourage cooperation with educational institutions	<ul style="list-style-type: none"> Provide student and pupil internships and scholarships. Cooperate with technical faculties. 	
Local community development (ESRS S3)	Encourage involvement in the development of local communities	<ul style="list-style-type: none"> Strengthen corporate volunteering. 	
Responsible and transparent governance (ESRS G1)	Ensure responsible and ethical governance and the integration of sustainability into the business	<ul style="list-style-type: none"> Integrate ESG criteria into risk assessments and risk management plans in 2025. Create an ESG governance architecture. Integrate ESG criteria into management KPIs. Provide ESG training for all employees. Zero tolerance for bribery and corruption. Improve information security. 	 
Responsible supply chain (ESRS G1)	Ensure accountability in the supply chain and conduct in line with Dalekovod's values	<ul style="list-style-type: none"> 100% of strategic suppliers screened for ESG risks. 100% of suppliers made aware of the Supplier Code of Conduct. 	 

Sub-goals for the implementation of the objectives defined by the strategy and policies will be detailed in each section of the report (MDR-A) with corresponding metrics and statuses (MDR-M)..

Description of Significant Product Groups and Markets (ESRS 2.40.a)

Product and Service Groups

Dalekovod Group operates in the power, infrastructure, and construction sectors, offering the following key products and services:

- **Power Lines and Energy Infrastructure** – Design, production, and installation of high-voltage power lines, substations, and electrical equipment.
- **Energy Poles and Structures** – Manufacturing of steel lattice towers, supports, and structures for the energy sector, telecommunications, and infrastructure.
- **Network Maintenance and Modernization** – Services for reconstruction and upgrading of energy facilities to enhance energy efficiency and system security.
- **Renewable Energy** – Engineering and construction of infrastructure for wind farms, solar power plants, and energy storage systems.
- **Infrastructure Projects** – Construction works and project solutions for transport infrastructure, including bridges, viaducts, and railway systems.

Significant Markets and Customers

Dalekovod Group operates globally, with a focus on the European Union and Scandinavia:

- **Main customer groups:** National electricity companies, transmission and distribution system operators, investors in renewable energy, construction companies, and telecommunications operators.

A more detailed breakdown of markets by country is provided in Note 6 of the financial statements.

Employees by Region

- **Croatia:** 1,056 employees (largest production and R&D base).
- **EU:** 3 employees (sales, market development, and support).
- **Other regions:** 9 employees (project assignments and sales).

Revenue breakdown and ESRS sectors (ESRS 2.40.b and 2.40.c) according to the financial statement data

Business segment	Revenue (000 EUR)	Share of revenue	Examples of products and services	Key relevant ESRS topics
Construction of power and infrastructure networks	246,011	88%	Construction of transmission lines up to 750 kV; construction of substations up to 750 kV; installation, testing, and commissioning of power systems; construction of power supply and catenary systems for railway infrastructure; construction of tunnels, roads, and industrial facilities	E1 Climate Change (emissions from construction activities and transport), E5 Resource Use and Circular Economy (consumption of materials such as steel and concrete), S1 Own Workforce (occupational safety), G1 Business Conduct
Manufacturing of metal structures and power equipment	21,018	8%	Suspension and jointing equipment up to 750 kV; steel structures; lattice and tubular poles for transmission lines; busbars and connection equipment; lighting poles and fences; portals and equipment for road and railway infrastructure	E1 Climate Change (energy consumption and emissions in manufacturing), E5 Resource Use and Circular Economy (metal materials), S1 Own Workforce, G1 Business Conduct
Design and engineering of power systems	9,691	3%	Design of transmission lines up to 500 kV; design of substations up to 400 kV; design of electrical supply systems, cable systems, and lighting; design of catenary systems and energy systems for railways	E1 Climate Change (design of energy-efficient systems), G1 Business Conduct
Other	1,501	1%	Other revenues and services related to the Group's operations	G1 Business Conduct

Business Model and Value Chain (ESRS 2.42)

The business model of the Dalekovod Group is based on the design, production, and construction of power and infrastructure equipment, as well as the provision of related engineering and construction services. Environmental, social, and governance (ESG) aspects of sustainability are progressively integrated into business processes.

Input Factors

Dalekovod Group relies on key resources such as raw materials, energy, digital technologies, and skilled labor to optimize operations and increase efficiency:

- **Access to resources** – Partnerships with certified suppliers providing recycled metals, sustainable construction materials, and energy-efficient electronic components.
- **Sustainable procurement** – Focus on sourcing raw materials from responsible sources in accordance with ESG standards and EU taxonomy.
- **Supply chain digitalization** – Implementation of advanced AI and IoT systems to optimize inventory management, reduce waste, and improve operational efficiency.
- **Green energy in production** – Gradual transition to renewable energy sources in production facilities to reduce overall CO₂ emissions.

Output Factors and Benefits

Through its operations, Dalekovod Group generates long-term economic, environmental, and social benefits for key stakeholders:

- **Customers** – National electricity companies, transmission and distribution operators, transport companies, industrial complexes, and investors in renewable energy.
- **Investors** – ESG-oriented banks, investment funds, and institutions supporting green infrastructure and sustainable projects.
- **Society and environment** – Reduction of CO₂ emissions through smart grids, energy-efficient transmission systems, and the development of renewable energy infrastructure.

Value Chain

Dalekovod Group manages a complex and interconnected value chain that includes the following key stages:

- **Upstream Chain (Suppliers and Resources):**
 - Procurement of raw materials such as steel, aluminum, and electronic components from certified and ESG-compliant suppliers.
 - Integration of recycled and sustainable materials to reduce the environmental footprint of production.
- **Own Activities (Production and Implementation):**
 - Research and Development (R&D) of new technologies for smart grids, renewable energy, and digital energy management systems.
 - Production of energy equipment, including transmission towers, power transformers, and structures for renewable energy.
 - Assembly and testing of products in accordance with international quality and safety standards.

- **Downstream Chain (Distribution and Sustainability):**

- Logistics and distribution of products through optimized transport routes to reduce delivery-related emissions.
- Installation and commissioning of energy systems using innovative digital solutions.
- Maintenance and modernization of power infrastructure to improve energy efficiency and system reliability.
- Implementation of recycling and material reuse strategies within a circular economy model.

Key Challenges and Solutions in the Sustainability Strategy (ESRS 2.40.g)

Challenge	Response strategy
Limited capacities for green production	Investments in digitalisation and energy-efficient facilities for manufacturing and construction
Increased regulatory requirements and customers' ESG requirements	Align reporting with ESRS requirements through the preparation of the 2025 Sustainability Report.
Risk of raw material price fluctuations	Develop long-term contracts with certified suppliers and increase the share of recycled materials.
Demand for smart solutions enabling energy savings and workforce optimisation	Increase investments in digital solutions

1.1.9 SMB-2 Stakeholders' Interests and Perspectives

Within its operations and decision-making processes, the Group systematically engages with and considers both internal and external stakeholders, including key groups such as suppliers, investors, employees, regulatory authorities, and local communities. Regular stakeholder engagement is conducted through direct communication or, when needed, via anonymous surveys.

Through ongoing communication with relevant stakeholder groups, the Group gains insight into their views, needs, and expectations, ensuring that identified challenges and opportunities are incorporated into the double materiality assessment process. The table below presents the key stakeholder groups, their primary interests and expectations, and the methods of their involvement in business processes.

Table 3.2: Key Stakeholders

Stakeholder group	Main stakeholder interests and expectations	Means of engagement in business processes	Related ESRS topics
Customers and service users (clients)	Quality and reliability of products and services; fulfilment of contractual obligations and deadlines; product safety; sustainability of solutions; ethical business conduct; protection of privacy and data	Direct communication; regular meetings and site visits; satisfaction surveys and ESG topic surveys; complaint receipt and resolution system; trade fairs and professional events	E1, E5, S4, G1
Employees	Wages and benefits; occupational health and safety; job stability; professional development; equal opportunities; organisational culture; respect for human rights	Employee surveys; meetings with managers and workers' representatives; education and training programmes; intranet	S1, G1
Works council and trade union	Protection of workers' rights, respect for human rights, equality and equal treatment of all workers	Involvement in working groups, decision-making, and early notification through meetings and active involvement in processes	S1, G1
Management	Wages and benefits, protection of workers' rights, development and investment in professional growth	Direct communication and regular meetings, with active consideration of views in decision-making processes	S1, G1
Product suppliers	Stability and long-term cooperation; transparent business terms; working conditions in the value chain; compliance with ethical and ESG standards	Direct communication; regular meetings; workshops; supplier evaluation and monitoring	E1, E5, G1
Energy and fuel suppliers	Regulatory compliance, ESG standards, market competitiveness, management of transition risks	Direct communication, regular meetings, surveys and evaluations	E1, E5, G1
Shareholders and owners	Business strategy; profitability; long-term sustainability of the business model; risk management	General Meeting; direct communication; annual financial and sustainability reports	ESRS 2, E1, G1
Financial institutions	Financial stability; fulfilment of contractual obligations; management of financial and ESG risks; transparency	Regular meetings and presentations; periodic reports; annual financial and sustainability reports	E1, G1, ESRS 2
Local community	Impact on local development; environmental protection; use of natural resources; safety and quality of life	Donations and sponsorships; volunteering programmes; media releases; public communication	S3
Legislative bodies and inspections	Compliance with legislation; regulatory reporting; tax and other public obligations	Regulatory and statutory reports; official communication	G1, ESRS 2
Business partners and subcontractors	Long-term cooperation; ethical and sustainable business conduct; stability of business relationships	Direct communication; meetings; contractual relationships; trade fairs	G1, E1
Other interested parties	Professional organisations and associations support the development of knowledge and competencies; research and innovation; youth employment	Joint projects; professional placements; conferences; public announcements	S1, G1
Users of (non-)financial reports	ESG standards, compliance with legal obligations, transparency, quality of data and published information	Direct communication with institutions, indirect communication (through online publications), public announcements and communication through the media	G1
Insurance companies	Compliance with obligations and standards	Regulatory and statutory reports, direct communication and public announcements	ESRS 2, E1, G1

[SBM-2_01, SBM-2_02, SBM-2_03, SBM-2_04, SBM-2_05, SBM-2_06, SBM-2_07, SBM-2_08, SBM-2_09, SBM-2_10, SBM-2_11, SBM-2_12]

The interests and views of stakeholders are systematically considered, and their priorities regarding sustainability issues are integrated into the Group's strategy and business models through a comprehensive and regular stakeholder engagement process. Mechanisms for stakeholder involvement have been implemented, including regular communication and separate engagement via materiality assessment questionnaires, to gather feedback and ensure that their interests and perspectives are systematically taken into account and their priorities for specific sustainability issues are identified. Feedback serves as a basis for updating the sustainability strategy to support sustainable decision-making. Additionally, stakeholders are consulted to identify risks and opportunities through existing communication channels.

The results of the revised materiality review (IRO) were reviewed and approved at the management level and incorporated into the development of new policies and procedures for 2026. Internal stakeholders were informed through existing channels, and their opinions (collected via questionnaires) were considered in identifying material sustainability topics (IRO).

1.1.10 SBM-3 Significant impacts, risks, and opportunities and their interaction with the strategy and business model

In line with the double materiality assessment, Dalekovod Group has identified significant topics as well as related significant impacts, risks, and opportunities relevant to the Group's business model and strategic direction. Below is the result of the double materiality assessment according to the list of sustainability factors defined in AR 16 of the ESRS, along with the corresponding strategic sustainability objectives of the Group.

Overview of Material Topics of Dalekovod Group	Dalekovod Group Sustainability Strategic Priorities
<p>ENVIRONMENT</p> <p>E1 Climate changes</p> <p>Climate change adaptation </p> <p>Climate change mitigation </p> <p>Energy </p> <p>E5 Resources and Circular Economy</p> <p>Resource inflows </p> <p>Resource outflows </p> <p>Waste </p>	<p>CLIMATE AND RESOURCES</p> <p>Reduction of Scope 1 and Scope 2 emissions, supporting the net-zero transition</p> <p>Reduction of waste generation and responsible use of packaging materials</p>
<p>SOCIAL</p> <p>S1 Own Workforce</p> <p>Working conditions </p> <p>Equal treatment and opportunities for all </p> <p>Other rights arising from employment </p> <p>S3 Affected Communities</p> <p>Economic, social and cultural rights of communities </p> <p>S4 Consumers and End-users</p> <p>Personal safety </p>	<p>EMPLOYEES AND COMMUNITIES</p> <p>Ensure a healthy and safe working environment for all employees</p> <p>Promote inclusion, diversity, and equal opportunities</p> <p>Enable employee professional development and growth</p> <p>Attract young talent and foster cooperation with educational institutions</p> <p>Encourage involvement in the development of local communities</p>
<p>GOVERNANCE</p> <p>G1 Business Conduct</p> <p>Corporate culture </p> <p>Whistleblower protection </p> <p>Corruption and bribery </p> <p>Supplier relationship management </p>	<p>RESPONSIBLE GOVERNANCE</p> <p>Ensure responsible and ethical governance and the integration of sustainability into business operations</p> <p>Ensure responsibility within the supply chain and alignment with the values of Dalekovod Group</p>

Legend: positive impacts, negative impacts, risks, opportunities

1.1.11 IRO-1 Description of the Procedure for Identifying and Assessing Significant Impacts, Risks, and Opportunities

The Dalekovod Group's double materiality assessment (DMA) serves as the fundamental framework for identifying and assessing significant impacts, risks, and opportunities (IRO) related to the Group's own operations as well as its upstream and downstream value chain, and for determining reporting topics in accordance with ESRS requirements. The assessment is designed to cover two complementary perspectives:

- the significance of the Group's business impacts on the environment and society, and
- the financial materiality of risks and opportunities that may affect Dalekovod Group's financial position, business results, and long-term resilience.

Stakeholder Involvement (Internal and External)

The consideration of stakeholder interests and perspectives is an integral part of the double materiality assessment process. The methodology identifies key internal and external stakeholder groups based on their relevance to the Group's business and the potential impact of business activities on them.

The process included regulatory authorities, investors and financial institutions, customers and business partners, suppliers, local communities, and employees at various organizational levels. Representatives of management and specialized functions, including risk management and sustainability, also participated, ensuring integration of strategic and operational perspectives.

Stakeholder insights were collected through structured consultations, questionnaires, existing communication channels, and feedback analysis. The results were integrated into a quantitative materiality assessment together with an analysis of the severity of potential impacts and financial exposure, ensuring a methodologically grounded assessment of materiality.

Value Chain Mapping

Within the double materiality assessment, significant impacts, risks, and opportunities were analyzed across Dalekovod Group operations and the entire value chain. The Group's business model includes the design, production, and construction of power infrastructure, including power lines, steel structures, and associated infrastructure facilities.

The upstream value chain includes suppliers of steel, metals, energy resources, specialized equipment, and other materials required for manufacturing and construction processes, as well as strategic industrial partners.

The downstream value chain covers investors and clients of infrastructure projects, including transmission and distribution network operators, energy companies, and other infrastructure and industrial entities utilizing Dalekovod Group solutions.

The assessment also considers potential impacts on local communities, workers within the value chain, and supplier employees who are not directly employed by the Group. In areas with limited data availability, industry analyses, regulatory reports, and relevant research were used to identify high-risk areas and vulnerable groups, while also highlighting the need for further improvement in value chain data collection.

For 2025, Dalekovod Group conducted a review of the double materiality assessment (DMA) performed in 2024. Changes in business operations, identified risks for the current year, and amendments to relevant regulatory frameworks were considered. No significant changes in business operations occurred, and the risk assessment results did not lead to modifications of the significant impacts, risks, and opportunities (IRO) across the entire Dalekovod Group value chain.

1.1.12 IRO-2 Disclosure Requirements under ESRS Covered by the Company's Sustainability Statement

After conducting the double materiality analysis and mapping the impacts, risks, and opportunities (IRO), Dalekovod Group has mapped the material topics in accordance with ESRS disclosure requirements and data points, as presented in **Appendix I** of this Sustainability Report. Data points derived from other EU regulations are included in the table in **Appendix II**, with references to the relevant sections or marked as "Not material."

1.1.13 Overview of Group-Level Policies of Dalekovod

The sub-targets for implementing the aforementioned goals (MDR-T) defined by the strategy and policies are detailed in each segment of the report (MDR-A) with corresponding metrics and statuses (MDR-M).

During 2025, Dalekovod developed a Climate Change Mitigation Transition Plan based on data collected in 2024, selecting that year as the baseline for emission reduction. The Transition Plan sets metrics and targets across three time horizons (short-term, medium-term, and long-term) with the aim of reducing CO₂ emissions by 45% by 2030, while also addressing physical and transitional risks associated with climate change.

Group-level Policies of Dalekovod Group

Management system policies are available on the Dalekovod d.d. website, on company notice boards, and at construction sites. These management system policies have been communicated to all employees as a fundamental tool used by the Management Board to ensure and manage the systems. The policies are also shared with subcontractors and all other relevant stakeholders.

All employees are familiar with the policy and its objectives. Motivation and a positive attitude toward environmental protection enable the achievement of set goals. Through training programs for all employees, awareness is ensured regarding the established environmental management system, the environmental policy, objectives, their environmental impacts, the benefits arising from improved work performance, and the potential consequences of failing to meet requirements.

Table 3.1.1 List of Adopted Policies and Their Content

Policies	Content	Scope	Responsible for implementation	External standards	Availability
The Dalekovod Group sustainable business policy includes the policies listed below					
Policy on energy use, energy consumption and energy efficiency E1-2	<ul style="list-style-type: none"> Encourages the application of energy-efficient technologies and practices. Aligns operations with international standards. Defines regular monitoring and reporting, as well as target-setting. 	Dalekovod Group	All	ISO 50001: 2018	Available at: www.dalekovod.hr
Policy on safe workplaces and the workforce S1-1	<ul style="list-style-type: none"> Ensuring fair and competitive wages Respecting employees' working hours Promoting freedom of association Preventing violence, discrimination, harassment and retaliation 	Dalekovod Group	All		Available at: www.dalekovod.hr
Health and safety policy S1-1	<ul style="list-style-type: none"> Applying high standards and ensuring compliance with laws Continuous training Regular monitoring and reporting, as well as process evaluation and elimination of potential risks 	Dalekovod Group	All	ISO 45001: 2018	Available at: www.dalekovod.hr
Environmental protection policy E1-2	<ul style="list-style-type: none"> Development and preparation of projects in line with standards Continuous training Managing impacts on land and on areas of affected communities, and monitoring community interests 	Dalekovod Group	All	ISO 14001: 2015	Available at: www.dalekovod.hr

Policies	Content	Scope	Responsible for implementation	External standards	Availability
Circular economy policy E5-1	<ul style="list-style-type: none"> Encourages optimisation of material use, recycling, innovation in materials, responsible waste management and education on the importance of the circular economy Regular monitoring and reporting on results 	Dalekovod Group	All		Available at: www.dalekovod.hr
Supplier relationship management policy S2-1 G1-2	<ul style="list-style-type: none"> Defines cooperation based on principles, Group policies, and international standards and rights. Defines expectations regarding ethical conduct and practices, as well as anti-bribery and anti-corruption practices. Encourages transparency and cooperation on sustainability in the supply chain. 	Dalekovod Group	All	ISO 9001 ISO 14001 ISO 50001 ISO 45001	Available at: www.dalekovod.hr
Social responsibility and community engagement policy S3-1	<ul style="list-style-type: none"> Defines contribution to the community through job creation, engagement of local suppliers and partners, and participation in infrastructure and social projects Promotion and respect for human rights Defines support for educational, cultural and sports initiatives 	Dalekovod Group	All		Will be available at: www.dalekovod.hr

Policies	Content	Scope	Responsible for implementation	External standards	Availability
Corporate governance policy G1-1	<ul style="list-style-type: none"> Commits to principles in the areas of human rights, labour rights, environmental protection and anti-corruption (as a member of the UN Global Compact) Defines governance principles: <ul style="list-style-type: none"> ethical, transparent and responsible business conduct, stakeholder engagement compliance with regulations quality management, and application of the Zagreb Stock Exchange Corporate Governance Code and the Dalekovod Group Code of Conduct 	Dalekovod Group	All	ISO 9001:2015	Will be available at: www.dalekovod.hr
Rulebook on internal reporting of irregularities – Whistleblower protection G1-1	<ul style="list-style-type: none"> Reporting procedures and process Anonymous reporting Resolution procedures 	Dalekovod Group	All		SharePoint internal acts
Končar Group sustainability policies that also apply to Dalekovod Group companies					
Končar Group risk management policy	<ul style="list-style-type: none"> Defines principles and processes for effective risk management Is based on risk identification and mitigation Regulates control mechanisms and procedures for introducing measures to reduce or eliminate risks 	Končar Group	All within the Končar Group	ISO31000	Available on the website: https://koncar.hr/hr/dokumenti

Policies	Content	Scope	Responsible for implementation	External standards	Availability
Končar Group anti-corruption policy	<ul style="list-style-type: none"> Defines key principles of zero tolerance for corruption, promotes professional and ethical conduct, and business transparency. Identifies high-risk areas and prescribes rules for managing them. Refers to procedures for reporting and handling suspicions of corruption, protection of reporters, training, and regular reporting to management. 	Končar Group	All within the Končar Group		Available on the website: https://koncar.hr/hr/dokumenti
Končar Group sustainable development policy E1-2	<ul style="list-style-type: none"> Defines key sustainability objectives and principles, including the management of impacts on the environment, society and the economy Focuses on identifying and mitigating risks, seizing opportunities and continuously improving sustainable practices Sets out arrangements for monitoring and regular reporting 	Končar Group	All within the Končar Group	UN Global Compact ISO9001 ISO14001 ISO45001 ISO50001	Available on the website: https://koncar.hr/hr/dokumenti
Končar Group diversity policy S1-1	<ul style="list-style-type: none"> Defines principles and objectives for achieving diversity and inclusion, covers equal opportunities for different groups, and measures to prevent discrimination, violence and unequal treatment 	Končar Group	All within the Končar Group		Available on the website: https://koncar.hr/hr/dokumenti
ESRS 2					

1.2 Disclosures in accordance with Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

The EU Taxonomy is a key part of the European Union's (EU) ambition to become the first climate-neutral continent by 2050. The EU Taxonomy represents a classification system that helps investors and other market participants identify environmentally sustainable economic activities. The core Regulation 2020/852 (hereinafter: EU Taxonomy or the Regulation) establishes the framework and defines the criteria for determining whether an economic activity is environmentally sustainable.

The EU Taxonomy defines six environmental objectives:

1. Climate change mitigation (CCM) – defines activities that reduce greenhouse gas emissions;
2. Climate change adaptation (CCA) – defines activities that help adapt to existing or expected climate change;
3. The sustainable use and protection of water and marine resources (WTR) – defines activities that contribute to sustainable water management;
4. The transition to a circular economy (CE) – defines activities that promote resource efficiency and waste reduction;
5. Pollution prevention and control (PPC) – defines activities that prevent or control pollution;
6. The protection and restoration of biodiversity and ecosystems (BIO) – defines activities that preserve or restore ecosystems.

For a specific economic activity listed under any of the environmental objectives to be considered environmentally sustainable, it must meet the criteria of substantial contribution, the Do No Significant Harm (DNSH) criterion, and be carried out in compliance with minimum safeguards.

In preparing this EU Taxonomy report, in addition to the core Regulation, all delegated regulations related to the EU Taxonomy have also been taken into account:

1. Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, which establishes technical screening criteria for activities that substantially contribute to climate change mitigation or climate change adaptation;
2. Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, which regulates the content and presentation of information on environmentally sustainable economic activities disclosed by undertakings;
3. Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022, relating to amendments to economic activities in certain energy sectors and specific public disclosures of information on those activities;
4. Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023, which supplements economic activities and technical screening criteria for climate change mitigation or climate change adaptation;
5. Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023, which establishes technical screening criteria for activities that substantially contribute to the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, or the protection and restoration of biodiversity and ecosystems, and which supplements the content and presentation of corporate disclosures;

6. Commission Delegated Regulation (EU) 2024/3215 of 28 June 2024, which corrects certain language versions of Delegated Regulation (EU) 2021/2139 supplementing Regulation (EU) 2020/852 by establishing technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or adaptation, and for determining that it does not significantly harm any of the other environmental objectives;

7. Commission Delegated Regulation (EU) 2026/73, published on 8 January 2026, which amends and simplifies earlier Delegated Regulations (EU) 2021/2178, 2021/2139 and 2023/2486. The Regulation is part of the "Omnibus" package and introduces significant changes, including the simplification of technical criteria, simplified KPI templates, and the introduction of the concept of materiality in reporting.

In preparing disclosures for the 2025 financial year, the Group considered the possibility of applying the simplifications introduced by Commission Delegated Regulation (EU) 2026/73, to the extent applicable to reporting for 2025. As part of the Omnibus I package, Dalekovod Group continues to carry out the necessary activities to comply with updated regulatory requirements, including the preparation and disclosure of taxonomy KPIs, as well as related qualitative disclosures that form part of the ESRS standards.

The OpEx KPI was analysed in accordance with Delegated Regulation (EU) 2021/2178 and the amendments introduced by Delegated Regulation (EU) 2026/73. Based on the assessment performed, it was determined that the items included in the OpEx KPI are quantitatively insignificant, i.e. immaterial, and therefore OpEx has not been further elaborated in separate tabular annexes.

1.2.1 Analysis of taxonomy-eligible and aligned activities

Dalekovod Group analysed its economic activities in accordance with the Regulation's technical screening criteria², i.e. an assessment was carried out to determine whether, in line with these criteria, a specific activity substantially contributes to any of the six environmental objectives as a first step, and whether it meets the DNSH (Do No Significant Harm) criteria, i.e. does not harm other environmental objectives.

In order to meet the requirements prescribed by the Delegated Act³, on disclosures, Dalekovod Group first identified its taxonomy-eligible activities by thoroughly examining activities against the descriptions of individual activities contained in the technical screening criteria, and comparing them with the activities actually performed by the company (not only those for which it is registered). The result of this analysis, identified as taxonomy-eligible activities and for which financial indicators for 2025 could be associated, is presented in the table below.

² COMMISSION DELEGATED REGULATION (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and whether that economic activity causes significant harm to any other environmental objective

³ COMMISSION DELEGATED REGULATION (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical screening criteria for determining the conditions under which an economic activity is considered to contribute substantially to climate change mitigation or climate change adaptation and whether that economic activity causes significant harm to any other environmental objective

Table 1. Taxonomy-eligible activities of Dalekovod Group

Objectives	Activity code	Economic activity description
CCM	3.1.	Manufacture of renewable energy technologies
CCM	3.20.	Manufacture, installation and servicing of high, medium and low voltage electrical equipment for electricity transmission and distribution that results in substantial greenhouse gas emission reductions or enables such reductions
CCM	6.5.	Transport by motorbikes, passenger cars and light commercial vehicles
CCM	6.6.	Freight transport services by road
CCM	6.14.	Infrastructure for rail transport
CCM	7.3	Installation, maintenance and repair of energy efficiency equipment
CCM	7.4.	Installation, maintenance and repair of electric vehicle charging stations in buildings (and parking spaces attached to buildings)
CCM	7.6.	Installation, maintenance and repair of renewable energy technologies
CCM	7.7.	Acquisition and ownership of buildings
CE	2.3.	Collection and transport of non-hazardous and hazardous waste

For activities under the circular economy objective, specifically 2.3. Collection and transport of non-hazardous and hazardous waste, it was difficult to separate the indicators, and therefore they were not taken into account in the calculation. For circular economy activities that are part of contracted projects and whose amounts cannot currently be separately disclosed, a system for allocation from projects will be established in 2026.

In assessing the alignment of activities with the technical screening criteria for substantial contribution and DNSH criteria, it was concluded that the majority of revenue from activities 3.1. Manufacture of renewable energy technologies and 3.20 Manufacture, installation and servicing of high-, medium- and low-voltage electrical equipment for the transmission and distribution of electricity, which substantially contribute to climate change mitigation or enable such contribution, meet the specified criteria, primarily because they

relate to the connection of renewable energy sources to the rest of the power grid. This applies to projects in Scandinavia (Skaidi-Hyggevatn – Norway) and certain projects in Croatia, for which it can be reliably confirmed that they are connected to renewable energy sources.

Projects under activities **7.3. Installation, maintenance and repair of energy efficiency equipment, 7.4. Installation, maintenance and repair of electric vehicle charging stations in buildings and at parking spaces associated with buildings, and 7.5. Installation, maintenance and repair of renewable energy technologies also meet the technical alignment criteria, while for activity 6.14. Railway transport infrastructure, only a portion of revenue meets the technical alignment criteria.**

However, the alignment of the aforementioned activities could not be confirmed for the current reporting year and is therefore not disclosed in the alignment KPIs, as the process of assessing and documenting compliance with minimum safeguards (MSS) had not been completed by the reporting date. Additionally, certain activities were not included in the alignment KPIs in cases where there were no relevant financial amounts in the reporting period or where it was not possible to perform a sufficiently reliable financial allocation to the aligned portion of activities. Further details are provided below in the section on minimum safeguards. For activity 6.14. Railway transport infrastructure, only a portion of revenue meets the criteria.

1.2.2 Minimum safeguards

Dalekovod Group conducts its business activities in accordance with internationally recognised standards of responsible business conduct that form the basis of minimum safeguards (MSS), including the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, and the International Bill of Human Rights.

During 2024, the Group carried out, for the first time, a structured process for assessing compliance with MSS criteria for the 2023 period. The process included the collection and analysis of relevant documentation, the implementation of internal assessments, and the alignment of existing policies, procedures, and control mechanisms with the identified requirements. Based on the activities performed, no significant breaches of the relevant principles were identified.

In 2024 and 2025, activities were further enhanced with the aim of integrating MSS requirements into day-to-day operations. Particular emphasis was placed on strengthening the governance framework, refining internal policies and procedures, and developing and implementing a supplier code of conduct, thereby further reinforcing risk management within the value chain.

Given increased regulatory expectations and the expanded scope of requirements for demonstrating compliance, the Group continued to develop systems for monitoring and documenting compliance during the reporting period. However, for the 2025 reporting year, the Group was not able to fully demonstrate compliance with all minimum safeguards requirements in terms of complete documentation, consistency, and audit verifiability across all relevant business segments.

Accordingly, the Group is undertaking additional activities aimed at establishing a comprehensive, consistent, and audit-verifiable system for managing MSS requirements, with the objective of achieving full compliance in the next reporting period.

1.2.3 Key Performance Indicators (KPIs) under the EU Taxonomy

Considering that economic activities defined by the EU Taxonomy are not limited solely to registered NACE activities, Dalekovod Group conducted a comprehensive identification of its business activities to determine taxonomy-relevant (eligible) activities.

Based on the established scope of activities, Key Performance Indicators (KPIs) for revenues and capital expenditures (CapEx) were calculated. The identification and calculation process was carried out with the participation of a multidisciplinary team to ensure accuracy, consistency, and transparency of the data. Special attention was paid to avoiding double counting, in accordance with the principles of the Taxonomy, to prevent multiple recognition of the same activity across different environmental objectives or entities.

As part of the assessment of taxonomy indicators, an analysis of operating expenses (OpEx) was also conducted, applying the latest simplifications introduced in the EU Omnibus package, allowing focus on material and relevant information. Since OpEx is not materially significant within the total expense structure, a detailed breakdown by individual categories was not carried out. Instead, its significance was assessed at the denominator level of the KPIs (revenues, CapEx, and OpEx), confirming its limited impact on the taxonomy indicators.

Accordingly, OpEx is not presented separately in detailed tabular annexes. Calculations determined that the shares are significantly below the indicative materiality threshold of 10%.

The analysis was conducted using a detailed approach to classifying economic activities, where activities were identified and mapped at the level of individual business processes and products, aiming for precise determination of taxonomy eligibility and compliance with technical screening criteria. As previously mentioned, the Group analyzed its activities at the overall process level as well as at the level of each asset and activity separately, and the same methodology was applied for the calculation and inclusion of individual activities in the KPIs each time.

The calculated KPIs are explained below, and the tables required for disclosure under Delegated Regulation (EU) 2026/73 are published in the annex to this report.

1.2.4 Accounting Policies and Key Performance Indicators

For the purpose of calculating KPIs, Dalekovod Group conducted a structured analysis of consolidated financial data, including the general ledger, fixed asset registers, investment records, and available project, contractual, and technical documentation, to ensure that each KPI includes complete, accurate, and appropriately allocated amounts in accordance with the requirements of the Delegated Act on disclosures. The calculation was performed separately for revenue, CapEx, and OpEx, with relevant amounts identified and linked to the corresponding taxonomy-aligned activities based on their actual economic connection and transaction content.

When linking financial indicators to activities, the accounting policies outlined in Note 2 of the annual consolidated financial statements were applied, in accordance with the requirements imposed by the EU Taxonomy Regulation for each financial indicator.

To ensure accuracy and consistency of reported indicators, the Group applied the principle of unique allocation, whereby the same financial amount could not be included more than once within the same KPI, nor simultaneously allocated to multiple taxonomy activities without a clearly established, documented, and verifiable basis for such allocation. Controls to prevent double counting were carried out by linking each amount to the original accounting record, reviewing project and investment codes, verifying transaction descriptions, and, where applicable, aligning with contractual and technical documentation.

When a specific revenue, investment, or expense was associated with multiple activities, only the portion that could be reliably linked to the relevant taxonomy activity based on the available documentation and applied allocation methodology was included in the KPI. The remaining portion of such amounts was not included in other KPIs or other activities without an appropriate basis. This ensured that the same financial data was not recognized multiple times within a single KPI or between revenue, CapEx, and OpEx KPIs.

Additionally, before final reporting of KPIs, a reconciliation was performed between narrative disclosures, financial records, and quantitative indicators to ensure that only amounts with an appropriate basis for classification, allocation, and disclosure were included. Estimates were used only in cases where direct allocation was not possible based on existing records, applying consistent and reasonably justified assumptions, which are further described later in the report.

All KPIs for this report are presented at the consolidated level of Dalekovod Group, together with accompanying qualitative information on methodology, scope, and applied estimates. Based on the analysis performed, the taxonomy-eligible but non-aligned activities have been identified below, while no taxonomy-aligned activities at the Dalekovod Group level were reported in this reporting year.

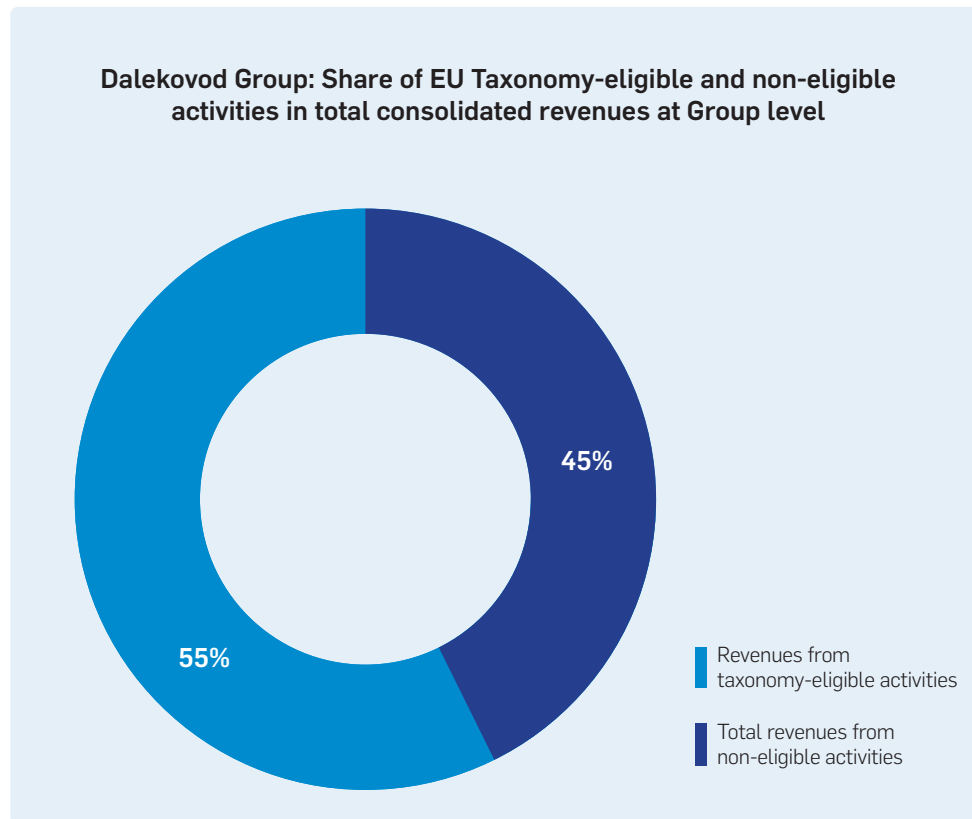
Indicator	Eligible activities		Aligned activities	
	2024	2025	2024	2025
Revenues	43.32%	54.58%	-	-
CapEx	99.82%	97.19%	-	-
OpEx	75%	-%	-	-

1.2.4.1 Revenues (Turnover)

For the purpose of calculating the KPI related to revenues, the company compared the net revenue generated from services and products linked to taxonomy-eligible activities (numerator) with the total net revenue (denominator), as established in section 1.1.1 of Annex I of the Delegated Act on disclosures.

The revenues considered under the EU Taxonomy are consistent with notes 6 and 7 of the consolidated financial statements.

Figure 1. Share of taxonomy-eligible/non-eligible activities in total revenues at the consolidated level



Of the total revenue, 100% is directed towards the climate change mitigation objective at the Group level, amounting to EUR 152.9 million. Compared to the previous year, there is a noticeable increase in the share of eligible activities from 43.32% to 54.58%. The largest revenue share comes from activity 3.1 – Production of technologies for renewable energy, accounting for 36.35% of revenue compared to 20.81% in the previous year. The second-largest activity by share is 6.14 – Railway infrastructure, representing 14.29% of Group revenue. This differs from the previous year, where 13.77% of revenue came from activity 6.15, as projects were more focused on road tunnel infrastructure, while in 2025 the emphasis was on railway infrastructure. The remaining 3.94% of eligible revenue in 2025 comes from activity 3.20 (CCM) – Production, installation, and servicing of high-, medium-, and low-voltage electrical equipment for electricity transmission and distribution that significantly contributes to climate change mitigation or enables such contribution.

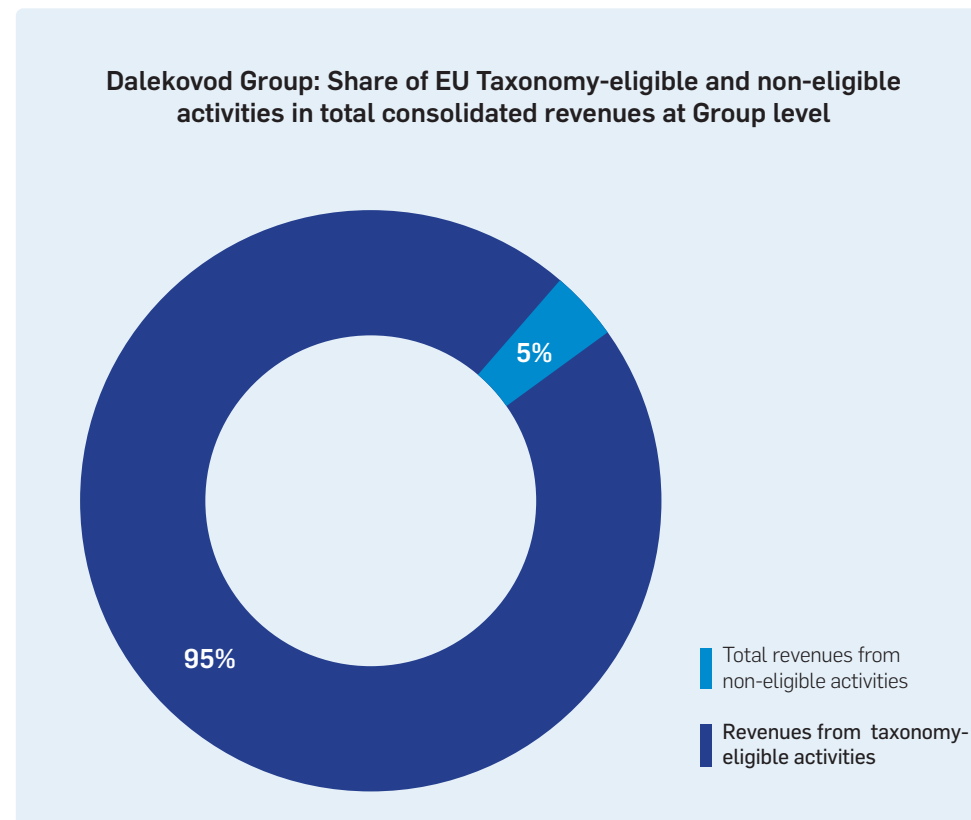
1.2.4.2 Capital Expenditures (CapEx)

For the purpose of calculating the KPI related to CapEx, the companies within the Group determined the numerator and denominator in accordance with the criteria set out in points **1.1.2.1 and 1.1.2.2 of Annex I of the Delegated Act on disclosures**.

In cases where investments in fixed assets and production facilities relate to assets used for multiple activities, the CapEx allocation was carried out based on the **revenue key**, i.e., according to the proportion of revenues of the respective activities. This approach was applied when it was not possible to reliably determine the actual share of equipment usage for individual activities from the available records. The applied method represents a reasonable, consistent, and documented basis for allocating shared investments to the relevant activities.

For the purpose of determining the capital expenditure indicator, the allocation is linked to notes 15, 16, and 18 of the annual consolidated financial statements.

Figure 2. Share of taxonomy-eligible/non-eligible activities in capital expenditures at the consolidated level



Of the total CapEx, 100% is directed toward activities contributing to the climate change mitigation objective, amounting to EUR 11.3 million. Among the five eligible activities, the largest share goes to activity 3.1 – Production of technologies for renewable energy, totaling just under EUR 5 million and representing 42.95% of total CapEx, which is significantly higher than in 2024, when 28.60% of capital expenditures were identified as eligible for this activity.

Activity 6.6 – Road transport services accounts for 27.67% with EUR 3.2 million, while activity 6.14 – Railway infrastructure represents 16.87% with EUR 1.9 million; in the previous year, a similar share of 18.93% was related to activity 6.15, which focused on tunnel construction and road transport infrastructure.

The remaining CapEx includes 4.65% for activity 3.2 (CCM) – *Production, installation, and servicing of high-, medium-, and low-voltage electrical equipment for power transmission and distribution, which significantly contributes to climate change mitigation or enables such contribution, and 5.06% for activity 6.5 – Transport by motorcycles, passenger cars, and light commercial vehicles.*

1.2.4.3 Operating Expenditures (OpEx)

For the purpose of calculating the KPI related to OpEx, companies applied the ratio of numerator and denominator as defined in points 1.1.3.1 and 1.1.3.2 of Annex I of the Delegated Act on disclosures. The total OpEx in 2025 amounted to EUR 3,497,233, compared to EUR 2,590,010 in 2024.

To determine the operational expenditure indicator, figures related to Note 8 were considered to assess material and service costs, and Note 9 was also reviewed to check whether payroll costs could be allocated to employees working exclusively on maintenance activities. At this time, this separation was not possible, so a conservative cost estimation method was applied.

For 2025, OpEx represents only 1.26% of the company's total turnover, while the relevant OpEx compared to total operating expenses amounts to 1.32%. Therefore, OpEx falls below the materiality threshold of 10%.

Form 1: Share of turnover, capital expenditures, and operating expenditures from products or services associated with taxonomy-aligned economic activities – disclosure for the year (2025) (summary of key performance indicators)

Financial year (N) 2025															
KPI (1)	Total (2)	Proportion of Taxonomy eligible activities (3)	Taxonomy aligned activities (4)	Proportion of Taxonomy aligned activities (5)	Breakdown by environmental objectives of Taxonomy aligned activities						Proportion of enabling activities (12)	Proportion of transitional activities (13)	Not assessed activities considered non-material (14)	Taxonomy aligned activities in previous financial year 2024 (15)	Proportion of Taxonomy aligned activities in previous financial year 2024 (16)
					Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water (8)	Circular Economy (9)	Pollution (10)	Biodiversity (11)					
Text	Million €	%	Million €	%	%	%	%	%	%	%	%	%	Currency	%	
Turnover	280,172	54.58%	- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	54.58%	0.00%	0.00%	0%	0%
CapEx	11,948	94.56%	- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	62.73%	4.92%	0.00%	0%	0%
OpEx	3,497 €	0.00%	- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	100.00%	0%	0%

Form 2: Share of taxonomy-eligible/ineligible turnover in total consolidated turnover, in accordance with Annex II of the Delegated Act on disclosures.

Reported KPI (Turnover) Turnover													
Financial year (N) 2025													
Economic Activities (1)	Code (2)	Taxonomy eligible KPI (Proportion of Taxonomy eligible Turnover) (3)	Taxonomy aligned KPI (monetary value of Turnover) (4)	Taxonomy aligned KPI (Proportion of Taxonomy aligned Turnover) (5)	Environmental objective of Taxonomy aligned activities						Enabling activity (12)	Transitional activity (13)	Proportion of Taxonomy aligned in Taxonomy eligible (14)
					Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water (8)	Circular Economy (9)	Pollution (10)	Biodiversity (11)			
Text		%	Million €	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
3.1. Manufacture of renewable energy technologies	CCM	36.35%	- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	E		0.00%
3.20. Manufacture, installation and servicing of high, medium and low voltage electrical equipment for electricity transmission and distribution that results in substantial greenhouse gas emission reductions or enables such reductions	CCM	3.94%	- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	E		0.00%
6.14. Infrastructure for rail transport	CCM	14.29%	- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	E		0.00%
Sum of alignment per objective					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
Total KPI (Turnover)		54.58%	- €	0.00%									0.00%

Form 3: Share of taxonomy-eligible/ineligible capital expenditures in total consolidated capital expenditures, in accordance with Annex II of the Delegated Act on disclosures.

Reported KPI (CapEx)		CapEx											
Financial year (N) 2025													
Economic Activities (1)	Code (2)	Taxonomy eligible KPI (Proportion of Taxonomy eligible CapEx) (3)	Taxonomy aligned KPI (monetary value of CapEx) (4)	Taxonomy aligned KPI (Proportion of Taxonomy aligned CapEx) (5)	Environmental objective of Taxonomy aligned activities						Enabling activity (12)	Transitional activity (13)	Proportion of Taxonomy aligned in Taxonomy eligible (14)
					Climate Change Mitigation (6)	Climate Change Adaptation (7)	Water (8)	Circular Economy (9)	Pollution (10)	Biodiversity (11)			
Tekst		%	Million €	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
3.1. Manufacture of renewable energy technologies	CCM	41.78%	- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	E		0
3.20. Manufacture, installation and servicing of high, medium and low voltage electrical equipment for electricity transmission and distribution that results in substantial greenhouse gas emission reductions or enables such reductions	CCM	4.53%	- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	E		0
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	CCM	4.92%	- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		T	0
6.6. Freight transport services by road	CCM	26.92%	- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			0
6.14. Infrastructure for rail transport	CCM	16.42%	- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	E		0
Sum of alignment per objective					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
Total KPI (CapEx)		94.56%	- €	0.00%									0

2 Environment

Our commitment to climate protection includes the development of a comprehensive climate transition plan based on scientific insights, enabling the transformation of our business and the shift toward net-zero emissions by 2050.

The industry in which Dalekovod Group competes is expected to experience significant growth in the coming period due to aging transmission network technology that requires renewal and expansion. Additionally, an increase in demand for green energy from renewable sources and a transition from fossil fuels to renewable electricity is anticipated.

2.1.1 ESRS E1 Climate Change

Dalekovod Group recognizes climate change as one of the key strategic issues affecting the long-term sustainability of its business model, competitiveness, and ability to create value for stakeholders. Given that the Group operates in the design, production, and construction of power, transport, railway, and telecommunications infrastructure up to 750 kV, climate factors have a direct impact on operational processes, investment decisions, and market opportunities.

In the context of the conducted double materiality assessment, climate change has been identified as a material topic both from the perspective of environmental impact and financial risks and opportunities. The analysis covers the Group's own operations, infrastructure construction projects, and activities across the value chain, including the procurement of steel, aluminum, concrete, and other energy-intensive materials.

Dalekovod Group's activities are associated with greenhouse gas emissions arising from its own operations as well as upstream and downstream value chain activities. The most significant sources of emissions include:

- Fuel and electricity consumption in production facilities,
- Use of construction machinery and transportation,
- Procurement of steel structures and other high-emission-intensity materials (Scope 3).

At the same time, the Group's core activity—construction and modernization of transmission and distribution networks—plays a key role in enabling the energy transition, integrating renewable energy sources, supporting cross-border interconnections, and reducing electricity transmission losses. In this way, Dalekovod Group indirectly contributes to the decarbonization of the power system at both national and international levels.

2.1.1.1. E1.SBM-3 Significant impacts, risks, and opportunities and their interaction with the strategy and business model

Material topic	TYPE	IRO	Value chain	Time horizon
Climate change mitigation	NU	GHG emissions Greenhouse gas emissions arising from own operations as well as along the upstream and downstream stages of the value chain contribute to climate change and may result in negative environmental impacts.	Upstream Own operations Downstream	Short-term to long-term
	PU	Reduction of GHG emissions By reducing GHG emissions in production through improved energy efficiency and the procurement of energy from renewable sources, the Dalekovod Group contributes to climate change mitigation. (linked to E5 - Resource use and circular economy)	Upstream Own operations	Short-term to long-term
	PU	Dalekovod Group projects enable the integration of renewable energy sources into grids and support the transition to cleaner and more sustainable energy sources and systems. (linked to E5 - Resource use and circular economy)	Downstream	Short-term to long-term
	PR	Reputational aspects and decarbonisation targets Investors give preference to companies with clear decarbonisation strategies and transition plans and favour sustainable projects, enabling more favourable financing conditions through green bonds and credit lines.	Own operations Downstream	Medium-term to long-term
	PR	Increased demand for key products As climate neutrality and decarbonisation become market standards, demand is increasing for the Dalekovod Group's low-carbon solutions, particularly in the segments of power infrastructure, smart grids and the transition to renewable energy sources.	Own operations Downstream	Medium-term to long-term
	PR	Regulatory incentives and subsidies The EU and national governments finance green infrastructure projects, renewable energy sources and energy system modernisation, which can increase demand for Dalekovod Group products.	Own operations Downstream	Medium-term to long-term
	TR	Increase in raw material prices Rising prices of key raw materials and materials linked to the climate transition, regulatory changes and changes in demand may increase operating costs. (linked to E5 - Resource use and circular economy)	Upstream	Srednjoročno do dugoročno

Material topic	TYPE	IRO	Value chain	Time horizon
Climate change adaptation	PU	Climate resilience The development and manufacture of equipment adapted to demanding working conditions contributes to resilience to extreme climate conditions, in line with clients' needs and long-term reliability requirements for transmission and distribution infrastructure.	Own operations Downstream	Short-term to long-term
	PR	Infrastructure adaptation The construction and maintenance of Dalekovod Group infrastructure are planned so as to reduce or, as far as possible, eliminate potential risks associated with climate change.	Own operations Downstream	Medium-term to long-term
	FR	Adaptation of business processes and locations to climate change Climate-driven effects may affect operating costs through supply chain disruptions and business interruptions and lead to additional adaptation costs for locations situated in climate-vulnerable areas. (linked to E5 - Resource use and circular economy)	Upstream Own operations	Short-term to long-term
	PR	Adaptation of products to climate extremes Significantly increased requirements for the design of products adapted to climate conditions, capable of operating reliably in demanding conditions and under extended load regimes, create an opportunity for the Dalekovod Group to develop innovative and climate-resilient solutions.	Own operations Downstream	Medium-term to long-term
	TR	Business adaptation costs Adapting the business to new regulatory requirements, market expectations and sustainability standards may require additional investment and increase the cost of adapting business processes and products. (linked to E5 - Resource use and circular economy)	Own operations Downstream	Medium-term to long-term

Material topic	TYPE	IRO	Value chain	Time horizon
Energy	PU	Energy efficiency and energy from renewable sources For its production processes, the Dalekovod Group uses electricity from renewable sources, including its own photovoltaic power plants, and records a reduction in energy consumption per unit of revenue through systematic energy management by applying ISO 50001 in key entities, investing in energy-efficient technologies and optimising energy consumption in buildings and plants.	Own operations	Short-term to long-term
	TR	Increase in energy prices An increase in energy prices due to physical and transition risks in the power sector further raises energy costs for industry and consumers.	Own operations	Medium-term to long-term
	TR	Decarbonisation of production processes Investments in new technologies to increase energy efficiency and reduce emissions required for the decarbonisation of production processes may significantly increase capital expenditure.	Own operations	Medium-term to long-term

Legend: NU - negative impact, PU - positive impact, FR - physical risk, TR - transition risk, PR - opportunity

[E1.SBM-3_01, E1.SBM-3_02, E1.SBM-3_03, E1.SBM-3_04, E1.SBM-3_05, E1.SBM-3_06, E1.SBM-3_07]

2.1.1.2 E1.IRO-1 Description of the procedures for identifying and assessing significant impacts, risks, and opportunities related to climate change

Climate Risks and Resilience of Dalekovod Group's Business Model

Dalekovod Group recognizes climate change as one of the key strategic factors affecting long-term competitiveness, business stability, and the development of infrastructure projects in the energy and transport sectors. In accordance with the ESRS E1 standard requirements, the Group has conducted an integrated assessment of transition and physical climate risks and opportunities across the entire value chain, aiming to understand their potential financial and operational significance in the short, medium, and long term.

The climate risk assessment is based on internationally recognized methodologies and scenarios, including NGFS scenarios for the transition to a low-carbon economy, as well as climate scenarios RCP 4.5 and RCP 8.5 for evaluating physical climate risks. The analysis was carried out in accordance with the guidelines of ISO 14091 and the ESRS E1 requirements for assessing the resilience of the business model to climate change.

The analysis of transition risks and opportunities is further grounded in Representative Concentration Pathways (RCP) and Shared Socioeconomic Pathways (SSP) scenarios, which enable an understanding of potential climate and socioeconomic changes and their impact on the Group's operations, as well as the use of NGFS orderly transition scenarios representing projections of the highest regulatory burdens.

Transitional Climate Risks and Opportunities

Dalekovod Group operates in an industrial sector that is highly affected by regulatory, technological, and market changes related to the energy transition and the decarbonization of the economy. The identified transitional risks primarily arise from the development of climate policies and regulations, technological advancements in the energy sector, changes in market expectations, and increasing demands from investors and financial institutions regarding sustainability.

The assessment of transitional climate risks and opportunities was conducted using climate and socioeconomic scenarios, including **Representative Concentration Pathways (RCP)** and **Shared Socioeconomic Pathways (SSP)**, along with additional analysis of transitional risks based on **Network for Greening the Financial System (NGFS)** scenarios, including the **Orderly Transition / Net Zero 2050** scenario. These scenarios enable the evaluation of the potential impact of climate policies, market changes, and technological developments on the Group's business model in the short, medium, and long term.

Regulatory and legal risks are linked to the gradual tightening of climate regulations at the European Union level, including the implementation of the European Green Deal, the Fit for 55 package, the EU Taxonomy, the CBAM mechanism, and sustainability reporting requirements under CSRD and ESRS standards.

These changes may result in higher compliance costs, additional requirements for transparent reporting of greenhouse gas emissions, and the need to demonstrate the low-carbon footprint of projects and infrastructure in public procurement and international tenders. For companies operating in the energy infrastructure sector, the regulatory framework increasingly requires proof of contribution to energy transition projects, electrification, and the integration of renewable energy sources.

Technological risks stem from the accelerated development of energy technologies, grid digitalization, and the integration of renewable energy sources into power systems. Dalekovod Group must continuously invest in developing new solutions and technological competencies to maintain competitiveness in the design, construction, and modernization of energy infrastructure.

At the same time, the technological transition presents a significant opportunity for developing projects related to the modernization of power grids, integration of renewable energy, electrification of transport, and digitalization of energy systems. Increased investment in transmission and distribution networks, as well as infrastructure for renewable energy sources, is expected to generate additional demand for services and projects in which Dalekovod Group has extensive experience.

Market and reputational risks relate to changing expectations of customers, power system operators, and financial institutions, emphasizing the importance of transparent management of greenhouse gas emissions and project sustainability.

A growing number of investors and financial institutions apply ESG criteria in their investment decisions, meaning that failing to meet climate expectations may result in reduced access to capital, less favorable financing conditions, or loss of market share. In the energy infrastructure sector, it is increasingly important to demonstrate compliance of projects with the EU Taxonomy and the European Union's climate goals.

At the same time, the growth of investments in energy infrastructure, renewable energy sources, and the modernization of power grids presents significant market opportunities for Dalekovod Group, particularly in the context of the European energy transition and increased investments in transmission and distribution systems.

Transitional risks along the value chain

The assessment of transitional climate risks has also been conducted along the Dalekovod Group value chain.

Upstream value chain (suppliers and raw materials) may be exposed to transitional risks through increases in the prices of high-carbon materials, such as steel, aluminum, and other energy-intensive products. The introduction of mechanisms such as CBAM or stricter climate standards may affect procurement costs and the availability of certain materials.

Own operations are exposed to regulatory and market risks through requirements to reduce greenhouse gas emissions, improve energy efficiency, and integrate climate objectives into strategic planning and project management.

Downstream value chain through projects and infrastructure designed and constructed by Dalekovod is increasingly assessed against sustainability and climate contribution criteria. Customers and investors expect infrastructure aligned with the European Union's climate objectives and capable of integrating renewable energy sources and electrifying energy systems.

Physical climate risks

Within the transitional plan, Dalekovod Group assesses physical climate risks as complementary to transitional risks and opportunities, aiming to ensure the long-term resilience of the business model and the stability of infrastructure projects. The assessment is conducted through a Climate Risk and Vulnerability Assessment (CRVA) in accordance with EN ISO 14091:2021, the requirements of Delegated Regulation (EU) 2021/2139, and the European Commission guidelines for climate-resilient infrastructure. The analysis covers the Group's main markets (Croatia, Norway, and Sweden) and is based on RCP 4.5 and RCP 8.5 climate scenarios across short-, medium-, and long-term horizons.

The assessment identified several climate hazards relevant to the Group's activities, including heatwaves, wildfires, storms and extreme winds, intense rainfall and floods, as well as geological processes such as landslides and avalanches. The highest exposure to physical climate risks is associated with infrastructure projects and field activities, especially in mountainous and forested areas of Croatia, mountainous regions of Norway, and forested areas of Sweden. These risks may affect the stability of energy infrastructure, site accessibility, employee safety, and project continuity.

At the same time, the assessment shows that the Group's production facilities and administrative buildings are not exposed to significant physical climate risks, as they are located in areas not identified as high-risk zones for floods, landslides, or other extreme climate hazards. Potential impacts on these facilities are mainly related to gradual climate changes, such as temperature increases and heatwaves, which have limited operational and financial significance.

Based on the assessment results, adaptation measures have been defined to increase the resilience of infrastructure and operational processes, including integrating climate scenarios into infrastructure design, conducting geotechnical site analyses, strengthening construction standards for extreme weather conditions, and enhancing operational readiness for fires, storms, and other climate extremes. The assessment results serve as an analytical basis for investment and operational decisions within the transitional plan and to ensure the long-term resilience of Dalekovod Group's business to climate change.

Business Model Resilience Analysis

The integrated assessment of transitional and physical climate risks indicates that the Dalekovod Group's business model is largely aligned with the long-term development of the European energy system and decarbonization objectives. The Group's core activities—design, production, and construction of energy infrastructure—are directly connected to the modernization of energy systems, integration of renewable energy sources, and electrification of the economy, which are fundamental elements of the EU's climate transition.

Given the structure of its operations, a significant portion of the Group's projects is already focused on the development and modernization of transmission and distribution networks, renewable energy infrastructure, and electrified transport systems. The expected growth in investments in European energy infrastructure, driven by the energy transition and the increasing share of renewables in the energy mix, represents a long-term structural trend that can further strengthen the Group's market position.

The business model resilience analysis also considers that most climate risks relate to operational conditions for project execution and the availability of specific resources, while the underlying demand for infrastructure projects in the energy sector remains stable or grows under energy transition scenarios. This demand structure supports the resilience of the business model, as the Group's core activities remain relevant under varying climate and regulatory scenarios.

At the same time, the Group's business model demonstrates a degree of flexibility in adapting to changing market conditions and regulatory environments. Infrastructure design and execution activities can be adjusted to new technological standards, energy efficiency requirements, and the integration of new energy technologies, including renewable energy sources, digitalized grids, and advanced energy management solutions.

Resilience is further supported by the geographical diversification of projects and markets in which the Group operates. Presence across multiple European markets reduces exposure to local climate or regulatory changes and enables adaptation of business activities to markets with larger investment cycles in energy infrastructure.

Considering the results of the climate risk assessment, the nature of the Group's activities, and expected trends in the energy sector, it can be concluded that Dalekovod Group's business model demonstrates a high level of resilience to climate change and transitional processes, with the ability to adapt to regulatory, technological, and market changes accompanying the energy transition. Climate scenarios and risk assessment results are used as inputs for strategic planning and investment decisions to ensure the long-term sustainability and competitiveness of the business.

2.1.1.3 E1-1 E1-1 Transition Plan for Climate Change Mitigation

Strategic Framework and Alignment with Climate Goals

[E1-1_01, E1-1_02, E1-1_14]

In 2025, Dalekovod Group developed, and in 2026 the Group's Management Board adopted, the **Climate Change Mitigation Transition Plan** (hereinafter: the "Plan") as an integral part of its ESG strategic framework and long-term climate vision. The Plan defines greenhouse gas (GHG) emission reduction targets, key decarbonization measures, and the framework for financing and managing the implementation of the climate transition.

The Transition Plan represents a strategic framework guiding the Group's business activities toward long-term sustainability, resilience, and alignment with global climate goals. It outlines how Dalekovod Group contributes to reducing GHG emissions while simultaneously strengthening its competitiveness in the context of the energy transition and sustainable infrastructure development.

The Plan is aligned with the objective of limiting global temperature rise to **1.5 °C**, the EU's climate neutrality target by 2050, and regulatory requirements under **ESRS E1 – Climate Change**. Climate transition is integrated into the business strategy, investment planning, risk management system, and decision-making processes at the Group level, ensuring systematic management of climate-related risks and opportunities.

Dalekovod Group's long-term climate vision focuses on the development of sustainable business models, innovative and energy-efficient solutions, and active contribution to the global **Net Zero 2050** goal, while enhancing the Group's market position in energy infrastructure and technologies related to the energy transition.

As this is the first year of developing a comprehensive climate transition plan—systematically consolidating concrete, planned, and operationally feasible decarbonization measures across all three scopes of GHG emissions—activities have been structured across short-, medium-, and long-term horizons.

In this phase, the focus has been on:

- Establishing a reliable methodological basis for calculating and monitoring GHG emissions across all three scopes;
- Identifying technically, organizationally, and financially feasible measures to reduce emissions;
- Integrating emission reduction targets into transition risk management and the Group's long-term business strategy;
- Aligning business development with trends in the energy transition, digitalization of energy systems, and low-carbon infrastructure development.

Methodological Basis and Reference Year

[E1-4_02] [E1-4_18] [E1-4_20]

The greenhouse gas (GHG) emissions inventory has been prepared in accordance with the **GHG Protocol** methodology, applying the **operational control approach**, which covers all emissions from sources over which the Group has operational control.

The organizational boundary of the emissions inventory includes all key companies within the Group, encompassing production facilities, office buildings, equipment, vehicle fleet, and other resources used in operations. Emissions associated with this owned and controlled assets are classified as **Scope 1 and Scope 2**, while emissions related to the products and services delivered to customers fall under **Scope 3**.

The year **2024** represents the first full year of Scope 1, 2, and 3 emissions inventory at the Group level and is used as the **reference year** for setting emission reduction targets and monitoring progress in implementing the transition plan.

For Scope 3 in 2024, **13 out of the 15 GHG Protocol emission categories** are included. In future reporting periods, further improvements are planned regarding data quality, calculation methodology, and the coverage of emissions across the value chain.

Emission Reduction Targets

[E1-4_01] [E1-4_22]

Dalekovod Group has set greenhouse gas emission reduction targets for **Scope 1 and Scope 2** based on the results of the emissions inventory for the reference year **2024**, prepared in accordance with the GHG Protocol methodology. The targets are defined within the Group's transition plan and are aimed at significantly reducing emissions from its own operations through electrification, increased energy efficiency, and the use of energy from renewable sources.

For the purpose of monitoring progress in the implementation of the transition plan, the market-based approach is primarily used for calculating Scope 2 emissions, as this approach better reflects the effect of decarbonization measures, particularly the procurement of electricity from renewable sources. The location-based approach is used as a supplementary methodological reference for transparency and comparability of data.

Scope 1 and Scope 2 (market-based) emission reduction targets

Year	Total scope 1 + 2 emissions (tCO ₂ e)	Change compared with 2024
2024 (base year)	5,169.01	–
2030	295.00	–94.29 %
2050	929.91	–82.01 %

According to Dalekovod Group's transition plan, total emissions from own operations (Scope 1 and Scope 2, market-based) are reduced from 5,169.01 tCO₂e in the reference year 2024 to 295.00 tCO₂e by 2030, representing a reduction of approximately 94%. This significant decrease results from the implementation of key decarbonization measures, including the electrification of the vehicle fleet, the gradual phasing out of fossil fuels in stationary energy sources, and an increase in the share of electricity from renewable sources.

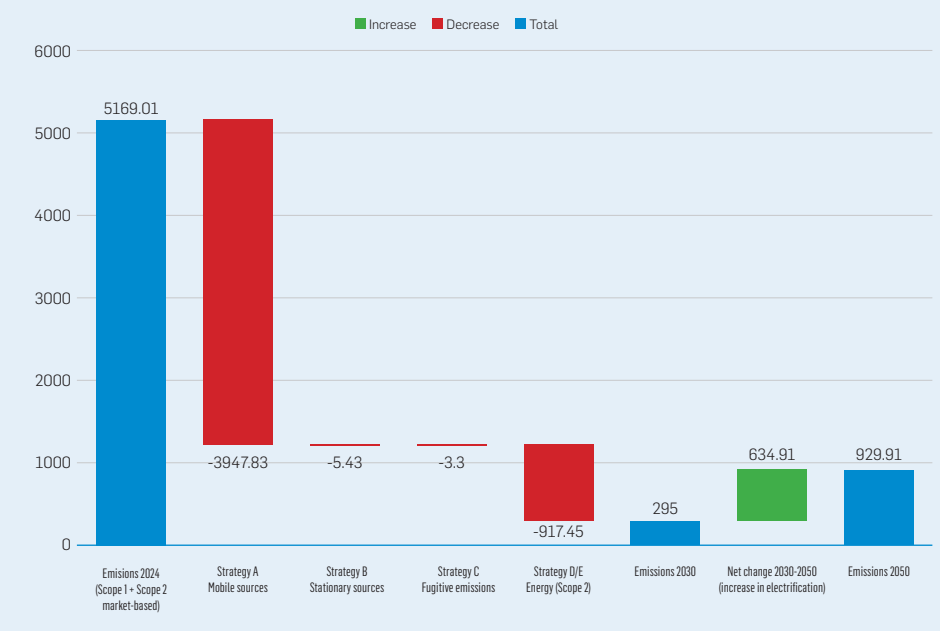
In the long-term transition horizon, by 2050, total emissions from own operations are estimated at 929.91 tCO₂e, representing a reduction of approximately 82% compared to the reference year. The slight increase in emissions compared to 2030 is related to the expected rise in electricity consumption due to the electrification of vehicles, equipment, and certain technological processes. Nevertheless, the overall emission level remains significantly lower than in the reference year thanks to the continuous implementation of energy efficiency measures and the increased share of renewable energy.

The greatest contribution to emission reductions is expected through:

- **electrification of the vehicle fleet and reduction of emissions from mobile sources,**
- **phasing out fossil fuels in stationary energy sources,**
- **reduction of fugitive emissions from refrigerant gases,**
- **increasing energy efficiency of facilities and equipment,**
- **increasing the share of electricity from renewable sources.**

The expected reduction of greenhouse gas emissions from own operations (Scope 1 and 2) with the currently planned measures is shown in the Group's decarbonization pathway in the figure below: [E1-1_AR_31].

Cumulative impact of decarbonisation strategies on Scope 1 and Scope 2 emissions (2024–2050)



Scope 3 emissions, which cover emissions generated throughout the Dalekovod Group's value chain, include emissions related to the procurement of materials, transportation, supplier services, product use, as well as waste management and other activities outside the Group's direct operational control.

In line with its long-term climate strategy and transition plan, the Dalekovod Group has set a long-term goal of achieving net **climate neutrality for Scope 3 by 2050**, with gradual emission reductions through collaboration with value chain partners and the development of low-carbon technological solutions.

During the transition period, the focus is on:

- **Collaboration with suppliers to establish systems for monitoring and reducing emissions across the value chain;**
- **Reducing emissions associated with the procurement of key materials, particularly steel, aluminum, and copper used in the construction of power infrastructure;**
- **Increasing the share of recycled and low-carbon materials in projects and production;**
- **Optimizing logistics and transportation of equipment and materials;**
- **Developing infrastructure solutions that enable decarbonization of the energy system, including transmission and distribution networks for integrating renewable energy sources.**

Decarbonization Strategies and Measures

At this stage of developing the transition plan, quantitative short-term targets for Scope 3 have not yet been formally defined, as further improvements in the data collection system and emission calculation methodology across the value chain are planned for upcoming reporting periods.

The Dalekovod Group's transition plan **includes six interrelated decarbonization strategies** covering emissions from its own operations (Scope 1 and 2) as well as emissions across the value chain (Scope 3).

Strategy A – Fleet Electrification and Alternative Fuels

This strategy involves the gradual replacement of fossil-fuel vehicles with hybrid and electric vehicles, as well as optimizing the use of transport resources. In the short term, a temporary increase in emissions may occur due to higher operational activity and fleet size, while in the medium and long term, a significant reduction in emissions from mobile sources—which are the largest contributor to Scope 1 emissions—is expected.

Strategy B – Electrification and Optimization of Plant Energy System

This strategy includes modernizing and optimizing energy systems, gradually phasing out fossil fuels in heating systems, and replacing existing systems with electric solutions and heat pumps. The goal is to reduce emissions from stationary energy sources and improve the energy efficiency of facilities.

Strategy C – Management of Process Emissions and Technical Gases

This strategy focuses on optimizing production and operational processes and reducing fugitive emissions from refrigerants and technical gases through improved equipment maintenance and the gradual introduction of lower-impact systems.

Strategy D – Energy Efficiency and Digital Energy Management

This strategy involves improving energy efficiency through digital energy management systems, modernizing production and auxiliary equipment, installing energy-efficient equipment, upgrading building envelopes and fixtures, and continuously optimizing energy consumption. Implementation and certification of an energy management system according to ISO 50001 is planned from 2026.

Strategy E – Renewable Electricity

This strategy includes the development of in-house renewable energy sources, primarily solar power plants, and ensuring 100% of purchased electricity comes from renewable sources, significantly reducing Scope 2 emissions on a market-based approach.

Strategy F – Value Chain Decarbonization

This strategy covers the integration of ESG criteria into procurement processes, conducting product life cycle analyses (LCA) and carbon footprint calculations (CFP), increasing material circularity, and collaborating with suppliers to reduce emissions associated with key materials and logistics processes.

[E1-3_01] [E1-3_04] [E1-4_23]

Transition Financial Planning

The implementation of the transition plan requires significant capital and operational investments, including:

- Modernization of production facilities and technological equipment;
- Electrification of the vehicle fleet and logistics equipment;
- Investments in renewable energy sources;
- Digitalization of production and energy systems;
- Development of new production capacities and infrastructure projects.

The transition CapEx plan is integrated into the Group's medium-term financial planning, with capital allocation considering the alignment of investments with the EU Taxonomy criteria for sustainable activities.

[E1-1_04] [E1-1_05] [E1-1_06] [E1-3_06]

Governance and Oversight of the Transition Plan Implementation

The management of the Dalekovod Group is responsible for approving and implementing the transition plan, as well as integrating climate objectives into the business strategy and risk management.

The Supervisory Board monitors the implementation of the plan and regularly reviews reports on progress toward emission reduction targets.

The implementation monitoring system includes:

- Annual updates of the greenhouse gas inventory;
- Tracking the achievement of emission reduction targets;
- Monitoring the execution of individual decarbonization measures and related KPIs;
- Periodic review of the transition plan in the event of significant changes in the business model, technological developments, or the regulatory environment.

[E1-1_13] [E1-1_14] [E1-1_15]

Long-Term Climate Ambition

The Dalekovod Group has set a long-term goal of achieving climate neutrality by 2050.

The Group's priority is to achieve real reductions in greenhouse gas emissions through technological, organizational, and investment measures, including the electrification of operations, improvements in energy efficiency, and the use of renewable energy.

Any residual emissions that remain after implementing all technically feasible emission reduction measures may be addressed through high-quality offset mechanisms, in accordance with relevant international standards and best practices for managing climate impact.

[E1-4_17]

2.1.1.4 E1-2 Policies Related to Climate Change Mitigation and Adaptation

In section IRO-2, all policies are listed in Table 3.1.1 “List of Adopted Policies and Their Content,” including policies related to climate change mitigation and adaptation.

The Dalekovod Group's climate policies are outlined through the **Dalekovod Sustainability Policy** and the **Energy Efficiency Policy**, and are implemented through concrete measures and allocated resources, although a formalized, consolidated activity plan has not yet been published. In practice, the Dalekovod Group undertakes a range of activities aimed at reducing its carbon footprint and improving energy efficiency.

The key measures are presented below, with a clear distinction between those already implemented and those planned, along with the corresponding resources.

2.1.1.5 E1-3 Measures and Resources Related to Climate Policies

Climate change mitigation measures at the Dalekovod Group are defined within the framework of the **Decarbonization Transition Plan**, which is described in **Chapter E1-1** of this report. The transition plan provides an operational framework for achieving the Group's climate objectives and defines a set of strategic measures, technological solutions, and operational activities to ensure the gradual reduction of greenhouse gas emissions in the Group's operations.

The measures, resources, and target values associated with the previously described greenhouse gas emission reduction objectives are presented according to the decarbonization strategies defined in the Dalekovod Group's Transition Plan. Significant CapEx and OpEx related to the implementation of climate measures are aligned with EU Taxonomy disclosures, where applicable.

Strategy A – Fleet Electrification and Use of Alternative Fuels

The Dalekovod Group is implementing measures to gradually modernize its vehicle fleet through electrification and by considering the use of alternative fuels in transportation and construction activities.

Total investments are estimated at **EUR 2,700,000**, including **EUR 1,500,000** for replacing passenger vehicles under activity 6.5 (Motorcycle, passenger car, and light commercial vehicle transport) and **EUR 700,000** under activity 6.6 (Road freight transport services). Additionally, **EUR 500,000** is allocated to the installation of electric vehicle charging stations across Dalekovod Group sites (activity 7.4 – installation, maintenance, and repair of EV charging stations in buildings and associated parking areas), supporting the use of electric vehicles in internal operations and creating infrastructure for further decarbonization of mobility. The implementation of this strategy will be further supported by a project to monitor fleet parameters.

Strategy B – Plant Electrification and Reduction of Stationary Source Emissions

A key measure within the transition plan is the gradual electrification of the Group's energy systems.

Total investments are estimated at **EUR 21,250,000**, including **EUR 20,250,000** for electrifying production processes and constructing new plants that replace traditional fossil fuel use with electricity (activity 3.20 – production, installation, and servicing of high-, medium-, and low-voltage electrical equipment for power

transmission and distribution), and **EUR 1,000,000** for individual energy efficiency upgrades (activity 7.3 – installation, maintenance, or repair of energy efficiency equipment).

Electrifying plants enables near-complete elimination of emissions from stationary sources associated with fuel combustion and is a critical element in achieving the Scope 1 emission reduction targets defined in the transition plan.

Strategy C – Refrigerant Gas Management

The transition plan includes systematic management of refrigerants in air conditioning and cooling systems.

Investments in Strategy C are directly linked to Strategies B and D, as replacing existing refrigeration equipment reduces the use of high-GWP refrigerants. These measures help lower fugitive greenhouse gas emissions and are an important part of the Group's Scope 1 emission reduction strategy.

Strategy D – Energy Efficiency and Optimization of Energy Consumption

Improving energy efficiency is a core element of the Dalekovod Group transition plan.

Investments in building energy efficiency are estimated at **EUR 300,000** (activity 7.3 – installation, maintenance, and repair of energy efficiency equipment). Implementing these measures reduces energy consumption and the associated greenhouse gas emissions from electricity and heat use.

Strategy E – Renewable Electricity

In line with the transition plan, the Dalekovod Group is gradually increasing the share of electricity from renewable sources through a combination of renewable electricity procurement and the development of in-house photovoltaic generation.

Investments in this strategy will be included in business planning in future periods. Increasing the share of renewable energy reduces Scope 2 emissions, contributes to long-term energy supply stability, and mitigates exposure to energy market volatility.

Expected Impacts of Measures

Through the combination of these strategies, the Dalekovod Group achieves significant reductions in operational greenhouse gas emissions. Analyses conducted as part of the transition plan show that implementing these strategies can reduce Scope 1 emissions by over **90% compared to the baseline year**, while significantly lowering Scope 2 emissions through increased renewable energy use.

Thus, the measures defined in section E1-3 constitute the operational mechanism for achieving the climate objectives described in Chapter E1-1 –

Transition Plan for Climate Change Mitigation, ensuring alignment of the Dalekovod Group's business strategy with EU decarbonization goals and long-term climate targets.

2.1.1.6 E1-4 Targets related to climate change mitigation and adaptation

Dalekovod Group's goals related to climate change mitigation are defined within the **Transition Plan for climate change mitigation** described in chapter E1-1. The goals are aimed at reducing greenhouse gas emissions, increasing energy efficiency and increasing the share of energy from renewable sources in total energy consumption..

Reducing greenhouse gas emissions (Scope 1 and 2)

Dalekovod Group has set a goal of reducing greenhouse gas emissions in Scopes 1 and 2 by **45% by 2030 compared** to the base year of 2019. Compared to 2024, emissions from Scope 1 and 2 in 2025 increased by 36.7% due to the increased scope of work, and this is evident from the improved energy efficiency per income in 2025, which is visible in the energy intensity table on the next page. In 2025, further elaboration of the transition plan and operational decarbonization measures is being carried out with the aim of gradually reducing emissions.

Increasing energy efficiency

The Group's goal is to increase energy efficiency **by 35% by 2026** compared to 2019. In 2025, an improvement in energy efficiency (MWh/million euros revenue) of 19.1% is visible compared to the base year 2019, and compared to 2024, the improvement is 1.6%. The Group continues to monitor and improve energy efficiency through energy consumption optimization measures.

Share of energy from renewable sources

Dalekovod Group has set a goal that **by 2026 at least 35% of total energy consumption will come from renewable sources**. In 2025, total energy consumption amounted to **34,069.31 MWh**, of which **3,912.34 MWh (11%) came from renewable sources**, while **30,654.96 MWh (89%)** came from fossil sources

Progress towards targets is monitored through the **annual greenhouse gas inventory**, the Group's energy balance and energy consumption indicators, and the results are published in annual sustainability reports.

2.1.1.7 E1-5 Energy consumption and combination of energy sources

Dalekovod Group has been monitoring energy consumption and energy sources since 2023 and the data is compared and visible in the tables in this section. The data is consolidated for all Group Companies for which the data is significant as stated in ESRS 2 and the introduction to this thematic section on the environment. Dalekovod Group is committed to the responsible use of energy and resources in accordance with the Sustainable Development Policy of the KONČAR Group, and in accordance with the goals set at the Dalekovod Group level. Continuous work is being done to increase energy efficiency and reduce energy consumption in accordance with the goals of ensuring resources for responsible and quality business management and implementing projects at the highest market standards and stakeholder expectations. During procurement, the goals and requirements of the client as well as energy efficiency standards are taken into account to the extent that it is economically justified and commercially viable.

Table 3.3.1: Energy Consumption and Energy Source Mix

Energy consumption and energy mix	2023	2024	2025
(1) Fuel consumption from coal and coal products (MWh)	0	0	0.00
(2) Fuel consumption from crude oil and petroleum products (MWh)	15157.03	17918.89	27522.87
(3) Fuel consumption from natural gas (MWh)	46.8	82.54	91.24
(4) Fuel consumption from other fossil sources (MWh)	0	0	0.00
(5) Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	6018.95	6623.02	3.132.09
(6) Total energy consumption from fossil fuels (MWh) (calculated as the sum of lines 1 to 5)	21175.99	24541.91	30654.96
Share of energy from fossil sources in total energy consumption (%)	96%	88%	89%
(7) Consumption from nuclear sources (MWh)	0	0	0
Share of energy from nuclear sources in total energy consumption (%)	0	0	0%
(8) Fuel consumption from renewable sources including biomass (including industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	0	0	3.900.04
(9) Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	949.29	3448.82	0.00
(10) Consumption of self-generated renewable energy other than fuel (MWh)	0	8.6	12.30
(11) Total energy consumption from renewable sources (MWh) (calculated as the sum of lines 8 to 10)	949.29	3457.42	3.912.34
Share of energy from renewable sources in total energy consumption (%)	4%	12%	11%
Total energy consumption (MWh) (calculated as the sum of lines 6 and 11)	22125.28	27999.33	34567.30
[E1-5_01, E1-5_02, E1-5_03, E1-5_04, E1-5_05, E1-5_06, E1-5_07, E1-5_08, E1-5_09, E1-5_10, E1-5_11, E1-5_12, E1-5_13, E1-5_14, E1-5_15]			

Table 3.3.2: Fuel Consumption

Fuel consumption from crude oil and petroleum products	2023	2024	2025
(1) Petrol (litres)	1052402.74	72808.64	100,384.03
(2) Diesel (litres)	71,296.72	1,341,164.41	1,846,231.91
(3) Fuel oil (litres)	227,000	165,176	210,400.00
(4) LPG (kg)	3656	6449	0.00
(5) Natural gas (m3)	0	0	0.00
Biodiesel (litres)	-	-	47,976.20
(6) Helicopter fuel	179,524.99	188,839	105,356.00
Blue diesel	-	-	52,626.60

[E1-5_11]

Table 3.3.3: Energy Produced

Energy produced	2024	2025
Total energy produced from non-renewable sources (MWh)	0	0
Total energy produced from renewable sources (MWh)	8.6	12.30

[E1-5_16, E1-5_17]

All energy produced by the Dalekovod Group comes exclusively from renewable sources and amounts to 12.30 MWh, primarily from solar energy.

Table 3.3.4: Energy Intensity per Revenue

Energy intensity per net revenue	2023	2024	2025
Total energy consumption from activities in sectors that significantly affect the climate / net revenue from activities in sectors that significantly affect the climate (MWh/€)	133 MWh / EUR million	126 MWh / EUR million	123 MWh / EUR million

2.1.1.8 E1-6 Gross Greenhouse Gas Emissions from Scope 1, 2, 3, and Total Greenhouse Gas Emissions

Table 3.3.4: Breakdown of GHG emissions by country, operating segments, economic activity, subsidiary, GHG category or source type

Gross Scope 1, 2 and 3 GHG emissions and total GHG emissions	Unit of measure	2024	2025	Change 2025-2024(%)
Scope 1 GHG emissions	t CO ₂ e	4862.21	7356.27	2494.06 (51%)
Share of Scope 1 GHG emissions from regulated emissions trading schemes emissions	%	-	-	
Location-based Scope 2 GHG emissions	t CO ₂ e	1295.77	1194.36	-101.41 (8%)
Market-based Scope 2 GHG emissions	t CO ₂ e	918.78	673.56	-245.22 (-27%)
Scope 3 GHG emissions	t CO ₂ e	57210.57	96361.16	39150.59 (68%)
1. Purchased goods and services	t CO ₂ e	50347.97	59735.07	9387.10 (19%)
2. Capital goods	t CO ₂ e	4279.29	4722.40	443.11 (10%)
3. Fuel- and energy-related activities (not included in Scope 1 or 2)	t CO ₂ e	1126.61	1445.35	318.74 (28%)
4. Upstream transportation and distribution	t CO ₂ e	540.30	27609.65	27069.35 (5010%)
5. Waste generated in operations	t CO ₂ e	21.65	325.52	303.87 (1404%)
6. Business travel		635.68		
7. Employee commuting	t CO ₂ e	259.06		
8. Upstream leased assets		-	1661.96	
9. Downstream transportation	t CO ₂ e	-	325.52	
10. Processing of sold products		-		
11. Use of sold products	t CO ₂ e	-		
12. End-of-life treatment of sold products	t CO ₂ e	-	439.51	
Total GHG emissions (location-based)	t CO ₂ e	63368.55	104911.79	41543.24 (66%)
Total GHG emissions (market-based)	t CO ₂ e	62991.56	104391.00	41399.44 (66%)

GHG intensity per net revenue	Unit of measure	2024	2025
Total GHG emissions (location-based) per net revenue	t CO ₂ e / EUR million	323.56	374.16
Total GHG emissions (market-based) per net revenue	t CO ₂ e / EUR million	321.64	372.30

Comment - calculation

Company	Share of total emissions in 2025
Dalekovod d.d.	66.49
Dalekovod MK	13.27
Dalekovod-Projekt d.o.o.	0.16
Dalekovod OSO d.o.o.	9.78
Dalekovod EMU d.o.o.	0.03
Dalekovod Ljubljana d.o.o.	0.05
Dalekovod Mostar d.o.o.	9.23
Dalekovod Skoplje	0.98

General information related to the calculation of greenhouse gas emissions

Organizational boundaries

Two different approaches to the presentation of greenhouse gas emissions can be used for corporate reporting: the equity approach and the control approach, which is divided into operational control and financial control. For the presentation of greenhouse gas emissions, the operational control approach was chosen. The operational control approach was chosen because the Group companies have full control over their operations and the authority to introduce and implement operational policies.

Emissions calculation limits

With this calculation of the carbon footprint, greenhouse gas emissions are shown according to the 3 Ranges of the GHG protocol, which include:

- direct GHG emissions
- indirect GHG emissions from purchased energy
- indirect GHG emissions from transport

- indirect GHG emissions from purchased good
- indirect GHG emissions from other sources

All greenhouse gas emissions are shown in terms of CO₂ equivalent. The calculation methodology is standard, whereby activity, expressed depending on the category, is multiplied by emission factors..

Dalekovod d.d., Dalekovod OSO and Dalekovod MK use electricity for which the distributor confirms that it belongs to renewable energy sources, more precisely that the source of the consumed electricity is hydroelectric power plants. Therefore, emissions resulting from the use of electricity, according to the location-based calculation approach, are not in Scope 2, but are found exclusively in Scope 3 as a result of energy transformations and transport. Dalekovod MK d.o.o. exited the Group's consolidation scope on 1 October 2025. Accordingly, emissions of Dalekovod MK d.o.o. were included in the Group's GHG inventory for the first nine months of the reporting year (January–September 2025), applying a proportional allocation of annual emissions. This approach was applied consistently across all Scope 1, 2 and 3 emission categories.

Overview of greenhouse gas emissions

Scope 1 – direct emissions includes:

- Stationary sources
- Mobile sources
- Fugitive emissions
- Process emissions from cutting and welding processes

The most significant contribution to Scope 1 comes from the combustion of liquid fuels, with diesel combustion contributing the most.

Scope 2 – Emissions from purchased energy

- Purchased electricity
- Purchased thermal energy (DLKV)

Scope 3 – Materially significant indirect emissions include:

- procurement of goods and services (e.g. steel, aluminium, metal structures)
- capital investments (machinery, vehicles, IT equipment)
- upstream transport and distribution (road and maritime transport)
- waste generated in operations
- downstream transport and distribution
- end-of-life treatment of product

The largest share of Band 3 emissions comes from:

- procurement of raw materials and materials, especially metals

Categories 6 (business trips) and 7 (employee trips to work) emissions from Scope 3 are omitted in 2025, considering that they are not material (they make up 0.01-0.02% of total emissions in Scope 3). Inapplicable

categories are 13 (downstream rental), 14 (franchises) and 15 (investments). For the calculation of emissions, methods based on actual activities (activity-based), distances traveled (distance-based) and the financial value of acquisition (spend-based) were applied, depending on the availability and quality of data

Data Management and Limitations

Data were collected from internal records of energy consumption, ISO management systems, and accounting records.

The emissions inventory forms the basis for setting emission reduction targets within the transition plan in accordance with ESRS E1-1 and E1-4.

Calculation Uncertainty

The uncertainty of greenhouse gas emissions calculations is a critical parameter indicating the quality of collected data, emission factors used, and calculation methods applied. The more accurate the activity data and emission factors, the lower the calculation uncertainty. However, this is often not feasible for every individual source category due to the unavailability of complete and precise information, both regarding activity data (and production in other entities on which the client depends) and emission factors, which are more reliable when based on a local and/or regional approach compared to a continental or global approach.

2.1.2 ESRS E5 Resource use and circular economy

The environmental objectives of Dalekovod Group promote a circular economy based on sustainable practices regarding resource use and waste management – reducing or recycling generated waste, reducing the waste disposal rate, and reducing the overall environmental footprint of products, i.e., more efficient use of resources in project execution and planning.

Regular employee training on circular economy, resource management, and waste

We are aware that to make progress and achieve our objectives, we must actively engage our employees and educate them on the fundamental concepts so that they can identify opportunities for improvement and contribute together to achieving our environmental goals.

4.1.2.1 E5.IRO-1 Description of the process for identifying and assessing material impacts, risks and opportunities related to resource use and the circular economy

Dalekovod Group has conducted a comprehensive assessment of impacts, risks, and opportunities (IRO) through a double materiality assessment process. A review of significant IROs, their location in the value chain, and the relevant time horizon is presented in the following table:

Material topic	TYPE	IRO	Value chain	Time horizon
Resource inflows	NU	Consumption of carbon- and environmentally intensive resources during product manufacturing	Upstream Own operations	Short-term to long-term
		The use of carbon- and environmentally intensive energy and materials is associated with risks of depletion of natural resources and the long-term availability of raw materials, particularly in the context of global extractive activities over which the Dalekovod Group has no control, but on whose availability it depends for its operations.		
		Introduction of recycled materials in strategic products, reduction of environmental impact		
Resource inflows	PU	Introduction of recycled materials in strategic products, reduction of environmental impact	Upstream Own operations	Short-term to long-term
		The Dalekovod Group designs products with a very long service life and a high potential for refurbishment and revitalisation. Additional efforts are being made to introduce recycled materials and materials with a lower initial carbon footprint of metals into final products, which reduces the need for extraction of primary raw materials and lowers the product's environmental footprint. When selecting suppliers and materials, certified products made from recycled materials or materials with reduced environmental impact are sought (for example, PEFC, FCS and EU Ecolabel certificates).		
		Unstable availability and rising prices of raw materials and materials		
Resource inflows	TR	Unstable availability and rising prices of raw materials and materials	Upstream Own operations	Short-term to long-term
		Increased demand for green technologies and renewable energy sources places additional pressure on supply chains, which may lead to delivery delays, reduced availability of key semi-finished products and components, and higher prices. These factors increase production costs and financial risks while simultaneously creating a need to diversify supply chains and develop resilience strategies.		
		(linked to G1 - Business conduct)		

Material topic	TYPE	IRO	Value chain	Time horizon	
Resource outflows	PU	Product durability and high quality enable waste reduction for end users and resilience to climate risks	The Dalekovod Group develops and implements high-quality products with a lower environmental footprint and, through further work on the development of modular components, increases the efficiency and service life of infrastructure projects. Suppliers are selected whose materials and components are harmless to people and the environment and can be recycled at the end of the service life of the product for which they are intended, or can be safely disposed of. In the future, increased use is expected of materials and components with a low carbon footprint, a higher share of recycled content and an even stronger presence of the circular economy throughout the value chain.	Upstream	Short-term to long-term
				Own operations	
				Downstream	
Waste	NU	Waste generation during production	Hazardous and non-hazardous waste is generated in the Dalekovod Group's manufacturing activities, which the Group systematically manages through ISO 14001, and most of the waste is reused and/or recycled, significantly reducing the amount of waste sent to landfill.	Vlastito poslovanje	Short-term to long-term
			Effective management of input materials and waste	Effective management of input materials and waste on site is based on circular economy principles, with the aim of optimising processes and reducing waste. By implementing a waste management plan, the Group contributes to waste reduction and reduces negative impacts on people and the environment.	

Legend: NU - negative impact, PU - positive impact, TR - transition risk, PR - opportunity

[S3.SBM-3_01, S3.SBM-3_02, S3.SBM-3_06]

4.1.2.2 E5-1 Policies related to resource use and the circular economy

Dalekovod Group has published a Sustainable Business Policy, which includes the **Circular Economy Policy**, recognizing the importance of circular economy principles in sustainable resource management, particularly regarding input raw materials. The Group is committed to promoting circular economy principles through:

- **Material use optimization:** We strive to reduce raw material consumption through efficient product and process design.
- **Recycling and reuse:** We incorporate recycled materials into our products wherever possible and encourage material reuse.
- **Collaboration with suppliers:** We work with our suppliers to ensure that the raw materials used come from sustainable and renewable sources.
- **Waste minimization:** We implement processes that reduce waste generation during production and construction.
- **Material innovations:** We invest in research and development of new materials that are more environmentally friendly and sustainable.
- **Education and awareness:** We educate our employees and partners on the importance of the circular economy and sustainable resource management.
- **Monitoring and reporting:** We regularly monitor our performance in the area of circular economy and report on achieved results.

Additionally, through ISO 14001, implemented and governed by Dalekovod Group's Management Board, the following are carried out:

- Includes the nature of the organization, scope, and environmental impact of its activities, products, and services
- Provides a framework for setting environmental objectives
- Includes commitment to environmental protection, including pollution prevention and other specific commitments relevant to the organization's context
- Includes commitment to compliance obligations
- Includes commitment to continual improvement of the environmental management system to enhance environmental performance

2.1.2.3 E5-2 Measures and resources related to resource use and circular economy

Dalekovod Group applies principles of efficient resource use and circular economy to reduce natural resource consumption, minimize waste generation, and increase the reuse and recycling of materials in operations and projects. Material and waste management is conducted within the **environmental management system certified according to ISO 14001**, which includes identifying significant environmental aspects, monitoring material flows and waste, and continuously improving environmental performance.

Given the nature of Dalekovod Group's business, the largest share of materials used includes **steel, aluminium, copper, concrete, insulation materials, wood, and packaging materials (cardboard and plastic)** used in the design, production, and execution of energy and infrastructure projects. Managing these material flows is a key element in reducing the Group's environmental footprint.

Material use and procurement optimization

In project design and execution, the Group seeks to optimize the use of construction materials and reduce losses during production and equipment installation. Material procurement is conducted in accordance with regulatory requirements, technical standards, and internal procedures, with consideration for materials with lower environmental impact and higher recycled content where technically and commercially feasible.

Supplier management and sustainable materials

Dalekovod Group collaborates with suppliers to increase transparency of material origin and promote the use of more sustainable raw materials. Special attention is given to identifying suppliers who can provide **wood and cardboard materials** from sustainable sources and to collecting information on the share of recycled materials in key raw materials.

Supplier assessment and supply chain management procedures are described in chapter **G1 – Business Conduct**.

Waste and material flow management

Waste generated during production, logistics, and construction activities is sorted, monitored, and disposed of in accordance with applicable legislation and internal environmental management procedures. Dalekovod Group continuously works to reduce waste generation and increase material recovery rates.

Future activities in resource and waste management include:

- **Mapping sources of waste generation** in operations and projects and developing an action plan to reduce municipal waste
- **Mapping strategic materials** used in production and projects and identifying opportunities to increase the share of recycled materials in the supply chain
- **Collaborating with suppliers to map sources of wood and cardboard** and identifying suppliers able to provide materials from sustainable or certified sources
- **Conducting specialized training for key functions** (procurement, design, logistics, and project management) on circular economy principles, efficient resource use, and waste management

Packaging and logistics optimization

In logistics processes, the Group seeks to use reusable or recyclable packaging and optimize transport solutions to reduce packaging waste and increase the efficiency of logistics processes.

End-of-life material management

Given the long lifespan of the energy and infrastructure equipment designed and built by the Group, Dalekovod Group promotes responsible management of materials at the end of the infrastructure lifecycle, including metal recycling and reuse of components wherever possible.

By implementing these measures, Dalekovod Group gradually develops a systematic approach to the circular economy, aiming to reduce resource consumption, increase material efficiency, and lower the overall environmental footprint of its projects.

The Group aims to ensure waste reduction and responsible resource use in production, requiring the following measures and resources:

- Map sources of waste generation in operations and develop an action plan to reduce municipal waste
- Map sources of strategic materials and opportunities to increase the share of recycled materials
- Map sources of wood and cardboard with suppliers and identify suppliers capable of providing materials from sustainable sources
- Conduct specialized training for key functions on circular economy, resource use, and waste management

2.1.2.4 E5-3 Target values related to resource use and circular economy

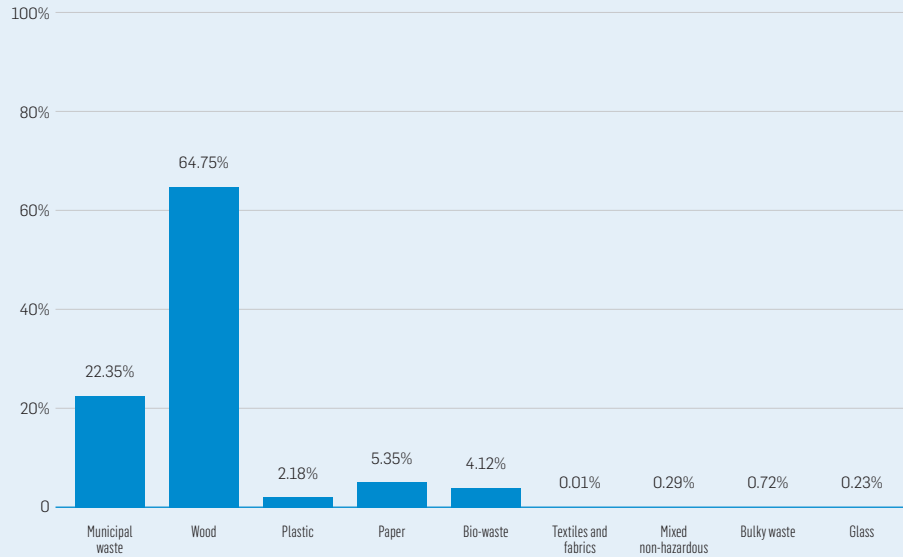
Action plan for municipal waste reduction in 2025

Recycle and prepare for reuse or repair at least 55% of municipal waste mass by 2026

No.	Activities	Deadline
1	Increase the number of separately collected waste fractions	06.2025*
2	Conduct training for all key employees who have a significant impact on waste management practices	once per year
3	Site supervision related to waste management	quarterly
4	Analysis of data on target achievement	02.2026

*Target achieved: more than 78% of municipal waste was separately collected in 2025.

Dalekovod Group: Share of individual waste types relative to the total volume of municipal waste in 2025



2.1.2.5 E5-4 Resource inflows

Table 3.3.6: Resource inflows

Resource inflows	Amount (tonnes) / Rate (%)	
	2024	2025
Total weight of technical and biological materials used (tonnes)	122,363,46	188,863.88
Total weight of biological materijal (and biofuels used for non-energy purposes) with certificates for sustainable origin (tonnes)	97.01	288.24
Percentage of sustainability certified biological materials (and biofuels used for non-energy purposes) (%)	0.001%	0.002%

[E5-4_02, E5-4_03]

Biological materials from sustainable sources refer to paper and wood certified under EU Ecolabel, FSC, and PEFC international certificates, with certificate validity monitored annually or at new contract signing or procurement selection.

The absolute weight of recycled components used [E5-4_04] could not be determined in this reporting period due to lack of data and tracking capability. Similarly, the percentage of recycled components used [E5-4_05] could not be determined. Given the data availability and quality, a short-term objective has been set to improve data collection methods for future periods, allowing calculation and monitoring of these metrics.

2.1.2.6 E5-5 Resource outflows

Table 3.3.7: Resource outflows

Amount per waste type	Amount for 2024 (tonnes)	Amount for 2025 (tonnes)
Total amount of waste	1,753.47	1,906.18
Total amount of hazardous waste	141.10	238.22
Total amount of nuclear waste	0	0

[E5-5_07, E5-5_15, E5-5_16]

Table 3.3.8: Waste disposal

Waste diverted and waste disposed (per treatment type)	Amount for 2024		Amount for 2025	
	Hazardous (tonnes)	Non-hazardous (tonnes)	OPASNI (tone)	Non-hazardous (tonnes)
Waste diverted from disposal (per treatment type)	26.91	1,517.10	16.10	1,546.15
Preparation for reuse	0	0	0	0
Recycling	16.60	1,517.10	8.38	1,545.48
Other recovery operations (including RL waste to energy recovery)	10.31	0	7.73	0.67
Disposed waste (per treatment type)	114.19	95.27	222.12	121.82
Incineration (D10 incineration on land)	0	0	63.14	0
Landfill	0	81.36	0	121.82
Other waste treatment	114.09	13.91	158.98	0
Total amount of waste	141.10	1,612.37	238.22	1,667.96
Non-recycled waste		209.46		343.94
Percentage of non-recycled waste		3%		18%

[E5-5_07, E5-5_08, E5-5_09, E5-5_10, E5-5_11]

3 Society

Although we are navigating numerous changes, our core values remain constant. One of these constants is our responsibility to our people and the communities we operate in, which is crucial for business success and for building a fairer and more resilient society.

3.1.1 ESRS S1 Own Workforce

At Dalekovod Group, employee health and safety are a top priority. We continuously implement measures to mitigate workplace risks and ensure a safe and healthy working environment for all employees.

The Group fosters a work environment that encourages professional development, equal opportunities, and inclusivity. Special attention is given to employing persons with disabilities, improving conditions for parents, increasing the representation of women in leadership positions, and supporting the integration of foreign workers and employees engaged in international projects.

We are aware of the challenges related to the shortage of qualified workforce in the industry and strive to attract and retain talented employees through an encouraging work environment, development opportunities, and transparent communication about the Group's business and sustainability goals. Employee development is supported through training programs, individual development plans, and recognition and reward systems. Particular emphasis is placed on developing leadership competencies, fostering collaboration, and promoting knowledge sharing among employees.

In collaboration with the academic community, the Group supports the development of young professionals through scholarships, internships, and awards for student excellence, while corporate volunteering programs contribute to the development of local communities.

3.1.1.1 S1-SBM-3 Significant impacts, risks, and opportunities and their interaction with strategy and business model

Material topic	TYPE	IRO	Value chain	Time horizon
Working conditions	PU	Safe workplaces A stable employment structure, based on permanent and full-time contracts, contributes to employee security and business continuity, with a turnover rate comparable to the industry average.	Own operations	Short-term to long-term
	PU	Working time Ensuring adequate working time and rest for all employees, especially field workers, reduces the risk of overwork and increases safety, while contributing to workforce satisfaction and sustainability.	Own operations	Short-term to long-term
	PU	Adequate wages The Dalekovod Group ensures fair and competitive wages in line with qualifications, responsibilities and scope of work, while recognising work performed under special conditions such as work on Sundays and public holidays, and overtime, night and shift work.	Own operations	Short-term to long-term
	PU	Social dialogue Through regular negotiations and information exchange with trade unions, the Dalekovod Group ensures transparency, stability and trust in industrial relations. The Dalekovod Group respects freedom of association and non-interference in the establishment of and membership in trade unions, ensures good-faith bargaining, provides time and space for workers' representatives, and safeguards trade union members against dismissal and discrimination.	Own operations	Short-term to long-term
	PU	Collective bargaining Collective bargaining ensures clear workers' rights and obligations, while in other entities at least an equivalent standard of rights is ensured through internal acts.	Own operations	Short-term to long-term

Material topic	TYPE	IRO	Value chain	Time horizon
Working conditions	PU	Work-life balance Efforts are made to maintain employees' work-life balance, thereby contributing to their well-being, reducing stress, and increasing trust and satisfaction through benefits such as flexible working arrangements, including flexible start and finish times and a hybrid working model where possible, as well as active encouragement of the use of parental rights.	Own operations	Short-term to long-term
	PU	Employee health and safety The occupational health and safety management system, aligned with ISO 45001, together with continuous training and the work of formal committees, contributes to injury prevention, risk reduction and the strengthening of the safety culture.	Own operations	Short-term to long-term
	R	Impaired employee health and safety An insufficient level of safety in working conditions and an increased frequency of accidents in certain work processes, especially in sectors with permanently present sources of danger, can lead to work-related injuries, including the risk of severe and potentially fatal injury associated with the construction of energy facilities, work near high voltage and work at height.	Own operations	Short-term to long-term
	NU	Work-life balance Insufficiently aligned work schedules and inefficiently organised shift work during periods of increased production for some employees may affect satisfaction and lead to stress and reduced productivity.	Own operations	Short-term to long-term
	R	Workforce turnover and labour unavailability The departure of key employees and difficulties in finding and attracting qualified replacements on the labour market, due to labour shortages and migration to markets with more favourable conditions, may negatively affect business continuity and the availability of the required competencies.	Own operations	Short-term to long-term

Material topic	TYPE	IRO	Value chain	Time horizon
Equal treatment and opportunities for all	PU	Gender equality and equal pay for work of equal value The remuneration system is based on the principle of equal pay for work of equal value and is aligned with the principles of non-discrimination and gender equality.	Own operations	Short-term to long-term
	PU	Training and skills development Continuous employee training and skills development through structured education and specialisation programmes strengthens employee competencies and competitiveness.	Own operations	Short-term to long-term
	PU	Employment and inclusion of persons with disabilities The employment of persons with disabilities, together with workplace adjustments and additional benefits such as extra leave and financial support, contributes to an inclusive working environment.	Own operations	Short-term to long-term
	PU	Measures against violence and harassment in the workplace By implementing a strict zero-tolerance policy on violence and harassment, confidential whistleblowing mechanisms, whistleblower protection and training, the Group strengthens a culture of respect for human rights and ethical standards. (linked to G1 - Business conduct)	Own operations	Short-term to long-term
	PU	Diversity Dalekovod Group develops an inclusive working environment that respects the diversity of all employees, including foreign workers, and provides integration support as well as support to parents after maternity/parental leave, thereby contributing to their integration and well-being.	Own operations	Short-term to long-term
	PU	Adequate accommodation Providing adequate accommodation for workers outside their place of residence helps reduce stress, increase employee satisfaction and motivate field work.	Own operations	Short-term to long-term

Material topic	TYPE	IRO	Value chain	Time horizon
	PU	Privacy By implementing clear personal data protection policies, complying with legal frameworks and ensuring data transparency and security in recruitment and business processes, a key contribution is made to candidate and employee trust and to regulatory compliance.	Own operations	Short-term to long-term

Legend: NU - negative impact, PU - positive impact, R - risk, TR - transition risk, PR - opportunity

[\[S1.SBM-3_01, S1.SBM-3_02, S1.SBM-3_06\]](#)

3.1.1.2 S1-1 Policies Related to Own Workforce

Human Rights

To protect employees and ensure a safe and supportive working environment, Dalekovod Group applies the Safe Workplace and Employee Policy. This policy promotes work-life balance, skills development, and supports freedom of association and social dialogue between employees and management. It also encourages transparency and employee participation in decision-making. The policy ensures competitive wages in line with relevant standards and protects fundamental human and labor rights, including working hours compliance, employee privacy, gender equality, and diversity. It prohibits discrimination and includes measures against workplace violence and harassment. Within the human rights management framework, the Employee Wellbeing Policy is also applied.

UN Global Compact

Since 2007, Dalekovod has been a signatory to the UN Global Compact initiative, committing to operate in accordance with its ten principles covering human rights, labor, environmental protection, and anti-corruption. These principles are based on internationally recognized United Nations conventions and declarations.

Occupational Health and Safety

The health and safety management system is based on the international ISO 45001:2018 standard. Dalekovod d.d., Dalekovod MK, and Dalekovod OSO have certified health and safety management systems, valid until December 2, 2028. Dalekovod Projekt is certified separately, with validity until December 15, 2028. Certificates and relevant policies are publicly available on the Group's websites. The management system includes risk identification and management for employees and other stakeholders, along with continuous improvement of business process safety. All activities are planned and executed in compliance with applicable occupational health and safety legislation.

During 2024, analyses and assessments of workplace safety served as a foundation for the "Safety Culture" campaign, implemented in 2025 to strengthen safety standards and promote responsible behavior among Dalekovod Group employees.

Diversity, Equality, and Inclusion

Promoting diversity, inclusion, and equal opportunities is one of Dalekovod Group's strategic goals. Management integrates these principles into business processes and fosters a corporate culture that empowers employees and stakeholders. Based on human rights impact assessments aligned with CSRD requirements, the Diversity Policy from KONČAR Group was applied to all Dalekovod Group entities, along with an action plan for implementation. The policy aims to ensure a work environment based on equality, tolerance, and respect for individual rights while improving working conditions through targeted initiatives. Mechanisms for reporting irregularities will be strengthened, alongside employee training in ethical conduct.

3.1.1.3 S1-2 Procedures for Collaboration with Employees and Employee Representatives Regarding Impacts

Dalekovod Group employees are involved in decision-making through formal consultation and participation mechanisms. Management consults the Workers' Council before making decisions that could significantly affect employees' economic and social position, and the Council informs the union accordingly. This ensures structured, timely, and two-way communication between management and employees, integrating employee perspectives into decision-making processes.

Additionally, employees have a representative on the Dalekovod Group Supervisory Board, enabling participation in top-level corporate governance decisions. Continuous dialogue with the Workers' Council ensures that employee interests and viewpoints are integrated into strategic and operational decisions.

Dalekovod d.d. has established, implements and continuously improves processes for consultation and participation of workers at all applicable levels and functions within the occupational health and safety management system (OHSMS). Worker participation encompasses the planning, implementation, monitoring and evaluation of system performance, as well as the definition and implementation of improvement measures. The policies and procedures of the management system are available to all employees and constitute a key tool for the Management Board in ensuring effective management of risks and opportunities, including those related to organisational changes and project execution.

The Human Resources sector conducts annual employee satisfaction surveys to assess working conditions, organizational climate, and engagement levels. Results inform initiatives to enhance employee satisfaction, motivation, and retention. Dalekovod invests in structured training programs, covering digital and IT skills, communication, stress management, ESG topics, and specialized professional programs, aligned with job requirements and employee interests. Dalekovod Group uses multiple channels for employee collaboration at different intervals:

- **Quarterly reporting:** management informs the Workers' Council at least every three months on business performance and other relevant matters.
- **Semiannual employee assemblies:** meetings for comprehensive updates and discussions.
- **Continuous communication** via internal channels (email, Jenz application).

Collective agreements also govern negotiations with unions, providing another formal cooperation mechanism.

These structures ensure timely, systematic employee involvement in decisions.

Formal cooperation with workers is ensured through employee representative bodies and designated employer representatives. An employee representative participates in the work of the Supervisory Board, thereby ensuring that the voice of employees is included at the highest level of governance. The operational implementation of social dialogue is ensured by the Management Board and the human resources function in accordance with the Collective Agreement of the Dalekovod Group, which clearly defines procedures for informing and consulting employee representatives and integrates social dialogue into the corporate governance system. [S1-2_04]

The Company further monitors the state of labour relations through analyses of HR indicators (turnover, sick leave, complaints) and employee satisfaction surveys. At the level of the Končar Group, an annual employee satisfaction survey is conducted, which also includes companies of the Dalekovod Group.

The Group monitors the effectiveness of collaboration through ongoing social dialogue, employee assemblies, and feedback mechanisms, with constructive outcomes demonstrated by collective negotiations without industrial actions.

Employees are regularly informed via email (glasnogovornik@dalekovod.hr), notice boards, and the internal mobile app Jenz, which enables interactive communication, commenting, and the submission of questions or complaints, including anonymous reports through the "Shoutbox" channel. [S1-2_06]

Special attention is given to vulnerable employee groups, including women, migrants, and persons with disabilities, to ensure inclusion and equitable participation. Priorities include increasing women's representation in leadership roles and employing persons with disabilities in inclusive work environments. Employees can express concerns via the Workers' Council and other communication channels, which are considered in decision-making and welfare initiatives.

3.1.1.4 S1-3 Procedures for Remediation of Negative Impacts and Channels for Employees to Raise Concerns

Dalekovod Group has a clearly defined general approach and formalized processes for remedying adverse impacts on its own workforce. In the event of a negative impact, such as violations of labor rights, discrimination, or safety incidents, Dalekovod Group applies internal procedures aligned with Croatian legislation, including the **Whistleblower Protection Act** and the **Labor Act**. A particularly significant role is played by the designated Confidential Officer for receiving reports of irregularities, who is appointed with active employee involvement and is obliged to investigate the report and initiate a remediation procedure. Although no formal cases of discrimination or serious rights violations have been recorded in the previous period, Dalekovod Group regularly evaluates the effectiveness of remediation through internal audits and monitoring potential repeat complaints, demonstrating a systematic and preventive approach to protecting employee rights.

The procedure includes:

- Recording of the incident.
- Investigation and identification of the cause of the incident.
- Implementation of corrective actions and preventive measures.
- Monitoring the effectiveness of implemented measures through periodic audits and internal controls.

Dalekovod Group assesses the effectiveness of remediation through regular reviews and monitoring the frequency of repeated complaints and incidents and applies corrective measures based on the results of these assessments. [S1-3_01]

Dalekovod Group maintains several specific channels through which employees can directly communicate their concerns or needs:

- **Whistleblowing channel** – a Confidential Officer for receiving anonymous or non-anonymous reports of irregularities.
- **Workers' Council and trade unions** – accessible to all employees for direct communication with Management.
- **Human Resources (HR)** – a centralized channel for handling individual issues and complaints.
- **Internal platform (Jenz application)** – a digital channel for anonymous and non-anonymous employee communication with management.
- **Reports of violations of worker dignity** – a formal channel aligned with the Labor Act.

These channels, particularly the Jenz application and email (glasnogovornik@dalekovod.hr), are integrated into the onboarding process to familiarize new employees with communication methods within the Company. All channels are continuously promoted among employees through internal communication campaigns, training sessions, and regular meetings with employee representatives, actively supporting the availability of channels for expressing concerns. The Whistleblowing Procedure is aligned with EU Directive and national whistleblower protection legislation. In the event of a report, Dalekovod Group guarantees the confidentiality of the reporter's identity and provides legal protection, further encouraging employees to openly express their concerns without fear of negative consequences. Protection against retaliation is clearly stated in the Company's internal documentation and communicated to all employees via the internal platform, training sessions, and internal campaigns. This approach ensures an open and safe working environment, encouraging employees to raise concerns freely without fear of negative repercussions. [S1-3_02, S1-3_09]

Dalekovod Group has established formal mechanisms for addressing employee complaints related to occupational safety, discrimination, harassment, and unethical conduct. Procedures are defined by the Company's internal acts, including the Labor Rulebook, the Rulebook on Protection of Dignity and Non-Discrimination, and the Internal Whistleblowing Procedure. The Confidential Officer is required to initiate a procedure within seven days of receiving a report, with a final resolution issued within 30 days, or no later than 90 days in more complex cases. In addition to the formal whistleblowing channel, HR functions, managers, and employee representatives are involved in complaint resolution, ensuring timely and systematic handling of reported issues. [S1-3_05]

Processes ensuring the availability of channels for raising concerns and complaints are governed by general acts of the Company, which are public and accessible to all employees. This ensures a transparent and standardized framework for the use of available communication mechanisms. Support for channel availability is implemented through:

- Regular training of employees on their rights and relevant procedures (e.g., onboarding training, workshops, and internal meetings).
- Continuous information via internal communication channels, including the intranet and internal application (Jenz).
- Periodic employee gatherings and meetings with Workers' Council and union representatives.

The effectiveness of established channels is ensured through clearly defined responsibilities and independence of designated persons responsible for specific processes, along with appropriate oversight by authorized bodies. Dalekovod Group systematically monitors and evaluates channel effectiveness through:

- The Confidential Officer maintaining detailed records of all reports, including procedural steps and outcomes.
- Internal committees and HR departments regularly analyzing trends in received complaints and assessing the effectiveness of implemented measures.
- Conducting periodic evaluations of the system through internal audits and regular reporting.
- Transparent reporting on the number of received complaints and their resolution in annual reports.

This structured approach enables continuous improvement of channel effectiveness and associated processes, reinforcing an organizational culture of open communication and trust. [S1-3_06, S1-3_07]

Dalekovod Group regularly assesses employees' awareness of available channels and their confidence in their effectiveness through annual employee satisfaction surveys and by analyzing the frequency and method of use of individual channels. The results are used as a basis for further improvement of communication mechanisms, including targeted training and internal communication activities. [S1-3_08]

3.1.1.5 S1-4 Measures to Address Significant Impacts on the Workforce, Approaches to Mitigating Key Risks, and Realizing Opportunities Related to the Workforce, and Their Effectiveness

Dalekovod Group implements ongoing measures to prevent and mitigate adverse impacts on its workforce. In 2024, a new Collective Agreement was adopted, increasing minimum wages and introducing additional tax-free bonuses, reducing employees' financial stress. Work schedules and shifts have been optimized to prevent excessive working hours, while the ISO 45001 system is continuously implemented through training, audits, and activities of the Occupational Safety Committee, aiming to maintain lost work hours due to injuries below 1% by 2026. Stress prevention training and activities raise awareness of employees' mental health.

The Group has formal procedures to remediate significant impacts, including confidential complaint channels, corrective actions, legal support, compensation, and workplace adjustments, with effectiveness monitored through internal oversight. Additional initiatives for positive impacts include employee satisfaction surveys, ISO system audits, monitoring turnover and complaints, and evaluation of training and mentoring through feedback and progress indicators. Identification of measures is based on risk analyses, feedback, complaints, and consultations with Workers' Councils and trade unions, alongside monitoring market trends and internal indicators such as turnover, sick leave, and working hours.

To mitigate significant risks, Dalekovod Group develops initiatives for workforce availability (employer branding, scholarships, and referral systems), continuous training and health and safety audits, and strengthens trust in complaint channels through transparency, whistleblower protection, and regular communication. Opportunities for employees are realized through professional development (performance management, development plans, and mentoring), inclusion and diversity (integration of foreign workers and persons with disabilities), and development of digital skills, with at least 20% of training focused on digital competencies. A total of 12,887 hours of employee training at Dalekovod were conducted related to workplace safety and safe use of

machinery and tools, held monthly and as needed. [S1-13]

Dalekovod Group ensures that its practices do not generate adverse impacts through regular audits and monitoring of working conditions, transparent hiring policies, GDPR compliance, and open communication with employees and unions. Resources for managing significant impacts are allocated through appointment of Confidential Officers and internal committees, coordination by HR departments, financial investments in safety, training, development of digital skills, inclusive initiatives, and action plans with clear deadlines within strategic objectives. [S1-4_01 – S1-4_09]

3.1.1.6 S1-5 Target Values Related to Managing Significant Negative Impacts, Promoting Positive Impacts, and *Managing Key Risks and Opportunities*

Dalekovod Group actively involves its workforce and their representatives in processes for defining, monitoring, and improving objectives related to significant negative and positive impacts, risks, and opportunities for employees. Workers' Councils and trade unions participate in regular meetings, consultations, and collective bargaining, particularly regarding working conditions, wages, occupational safety, and additional benefits.

Occupational Safety Committees, including employee representatives, play an active role in defining, approving, and monitoring objectives related to workplace health and safety, as well as in implementing initiatives aimed at reducing workplace injuries and improving working conditions.

Employees are also engaged in data collection and materiality assessment processes within the development of the Sustainability Strategy and execution of double materiality analysis, ensuring that workforce perspectives are incorporated into the Company's strategic direction.

Monitoring of achieved objectives is carried out through regular, at least quarterly, reporting to the Workers' Council, participation of employee representatives in the Supervisory Board, and continuous oversight by the Occupational Safety Committee, including evaluations and audits of the effectiveness of implemented measures.

The workforce and their representatives further participate in identifying improvement opportunities through social dialogue mechanisms, incident analysis, employee satisfaction surveys, and complaint resolution committees. This approach continuously enhances organizational culture, training and mentoring systems, digital competence development, and flexible work arrangements. [S1-5_01 – S1-5_03]

3.1.1.7 S1-6 Workforce Characteristics

Table 3.4.3: Employees by Contract Type and Gender

Employees per contact type and gender	2024			2025		
	Female	Male	Total	Female	Male	Total
Number of employees	134	934	1068	147	1055	1202
Number of permanent employees	133	854	987	144	979	1123
Number of temporary employees	1	80	81	3	76	79
Number of non-guaranteed hours employees	0	0	0	0	0	0
Number of full-time employees	132	929	1061	144	1050	1194
Number of part-time employees	2	5	7	3	5	8

[S1-6_01, S1-6_07]

Compared to the previous reporting year, the number of employees in Dalekovod Group increased by 12.55%. The Group has a small number of part-time employees, primarily retirees, while other part-time employees work reduced hours due to employer agreements, secondary employment, supplementary work, or illness.

During this reporting period, 125 employees left the Company (2024: 130) [S1-6_11]. The turnover rate for this year is 11.03% (2024: 12.51%) [S1-6_12]. The lower turnover compared to the previous year is the result of several targeted organizational measures. During the year, changes and redesigns of the reward system were implemented, introducing clearly defined fixed and variable salary components for all employees, along with adjustments of fixed salaries to market levels. Special emphasis was placed on improving working conditions for field employees through better-organized rotations, field allowances, and provided meals. Workforce stability has also been supported by a relatively flat organizational structure and stable management largely developed from internal personnel. Additionally, development programs for managers were implemented, focusing on improved people management, including clearer goal setting, regular performance monitoring, timely feedback, and fostering appropriate team communication.

Table 3.4.2: Number of employees in countries with 50 or more employees representing at least 10% of the total workforce

Number of employees per country	2024.	2025
Croatia	1056	1189
Total	1056	1189

[S1-6_04]

3.1.1.8 S1-8 Coverage of Collective Bargaining and Social Dialogue

Table 3.4.3: Reporting Template for Collective Bargaining and Social Dialogue Coverage

	Collective bargaining coverage	Social dialogue
Rate	Number of own employees covered by collective bargaining agreements are within coverage rate by country with significant employment (in the EEA)	Number of employees in country country with significant employment (in the EEA) covered by workers' representatives
80-100%	Croatia	Croatia

The EEA - European Economic Area consists of the EU member states and three EFTA countries (Iceland, Liechtenstein, and Norway).

[S1-8_02, S1-08_06]

The total number of employees covered by collective agreements is 1,075 (2024: 948), representing 89% (2024: 89%) of Dalekovod Group's employees. [S1-8_01]

3.1.1.9 S1-9 Diversity Indicators

Table 3.4.4: Gender Distribution at the Highest Management Level

Gender	2024		2025	
	Number	Percentage	Number	Percentage
Male	14	93%	14	93%
Female	1	7%	1	7%

[S1-9_01, S1-9_02]

Table 3.4.5 Distribution of employees under 30 years of age, between 30 and 50 years of age, and over 50 years of age

Number of employees per age group				
Age	2024		2025	
	Number	Percentage	Number	Percentage
<30	171	16.01%	239	19.88%
30-50	573	53.65%	603	50.17%
>50	324	30.34%	360	29.95%

[S1-9_03, S1-9_04, S1-9_05]

Compared to the previous and reporting period, there were no significant changes in diversity, except that Dalekovod Group succeeded in attracting a larger number of young workers. The issue of labor shortages has been recognized across the sector in Croatia and abroad. Thanks to activities in collaboration with secondary vocational schools and other initiatives (participation in job fairs, employer presentations, presentations in secondary vocational schools, as well as cooperation with various associations (HGK)), there has been an increase in the employment of young people. .

3.1.1.10 S1-10 Appropriate Wages

All employees receive adequate remuneration, in accordance with applicable reference values. [S1-10_01]

3.1.1.11 S1-14 Health and Safety Indicators

Table 3.4.6 Health and Safety Indicators

Health and safety	Unit of measure	2024		2025	
		Work-related incidents resulting in sick-leave (LTI)	Work-related incidents resulting in sick-leave (LTI)	Total number of work related-incidents	
Number of work-related accidents	Number	19	20	32	
Rate of work-related accidents	Rate (%)	10.35	9.27	14.84	
Number of days lost to work-related injurie	Number	633	713		

Number of cases of recordable work-related ill health of employees	Number	0	0	0
Number of fatalities for own workforce	Number	0	0	
Number of fatalities for workers in value chain	Number	0	0	
The percentage of people in its own workforce who are covered by the undertaking's health and safety management system based on legal requirements and/or recognised standards or guidelines	Rate (%)	100%		100%

[S1-14_01, S1-14_02, S1-14_03, S1-14_04, S1-14_05, S1-14_06, S1-14_07]

In 2025, improvements were made to the system for monitoring workplace injury data. The number of injuries resulting in sick leave in 2024 and 2025 is comparable, but the data also include all recorded injuries, which comprise work-related injuries resulting in sick leave and work-related injuries requiring more than first aid. In 2025, the total number of injuries also includes 12 recorded injuries that did not result in sick leave.

This means there were 20 injuries with sick leave compared to 19 in 2024. Additionally, in 2025, Dalekovod d.d. recorded 20% more working hours, which statistically increases the risk of work-related injuries. Work on power lines involves work at heights, work with tools, and other field activities, and strict rules and safety measures are rigorously applied to protect our workers and adequately equip them. One of our strategic goals is to minimize the number of injuries and reduce lost days due to work-related accidents, occupational illnesses, and fatalities from employee-related illnesses, which for 2025 amounted to 713 days. The percentage of lost work hours due to work-related injuries remained in line with the target of <1.5%, at 0.26% for 2025 compared to 0.28% in 2024.

There was an increase in the total number of working hours of our own workforce to 2,156,410 hours [S1-14_05], representing a 17.5% increase at the Dalekovod Group level compared to the previous reporting period.

3.1.1.12 S1-16 Compensation Indicator (Pay Gap and Total Compensation)

Table 3.4.7 Pay Gap by Gender

Complexity level	Gender Pay Gap (M/F)	
	2024	2025
B0	0%	-100.00%
B1	-21.23%	-16.01%
B2	4.72%	6.04%
B3	-8.19%	-7.73%

Complexity level	Gender Pay Gap (M/F)	
	2024	2025
B4	0%	-100.00%
I2	0.41%	-12.50%
I3	-5.51%	-0.99%
I4	6.03%	2.25%
I5	36.69%	18.35%
I6	19.28%	7.97%
I7	-18.77%	-9.61%

[S1-16_01]

Analysis of pay differences between men and women by job complexity levels shows variations primarily related to changes in average coefficients and employee structure within individual categories. For 2025, at the Dalekovod Group level, a pay gap of 13.15% in favor of men was identified [S1-16_01].

At level B, the reduction of negative differences in categories B1 and B3 in 2025 indicates partial equalization of coefficients and/or changes in employee distribution across positions. The slight increase in the gap in favor of women within category B2 results from the structure of positions and coefficients within the category.

At level I, changes are more pronounced:

- I5 and I6: the significant reduction in the gap in favor of women is the result of an increase in male coefficients and/or changes in the structure (e.g., higher share of men in more complex positions).
- I3 and I4: the reduction in differences indicates gradual alignment of coefficients between genders.
- I7: the reduction of the negative gap is the result of growth in female coefficients.

The overall increase in average coefficients in 2025 for both genders confirms a general rise in salary levels, while changes in the percentage differences primarily reflect:

- changes in the structure of employees by job complexity and seniority,
- different dynamics in coefficient growth between genders,
- labor market trends for specific profiles.

In conclusion, changes in pay differences in the observed period are primarily due to structural and market factors, with a visible trend of narrowing differences in most categories, indicating gradual alignment with the principle of equal pay for equal work.

3.1.1.13 S1-17 Cases, Complaints, and Significant Impacts Related to Human Rights

In this reporting year, as in the previous year, no incidents were reported within Dalekovod Group.

3.1.2 S3 Affected communities

Building and maintaining a good relationship with local communities is an integral part of sustainable business operations. Dalekovod Group actively promotes engagement in the development of local communities. As a strategic objective, the Group plans to strengthen corporate volunteering. In the double materiality assessment, the topic identified as relevant relates to impacts on land and areas of affected communities.

3.1.2.1 S3.SBM-3 Material impacts, risks and opportunities and their interaction with the strategy and business model

Material topic	TYPE	IRO	Value chain	Time horizon
Economic, social and cultural rights of communities	PU	Positive impact in communities		
		The Dalekovod Group operates with great care in the communities in which it does business in order to leave a positive impact. Through local employment, investment in infrastructure, and donations and sponsorships, it contributes to the social and cultural development of numerous communities.		
			Own operations	Short-term to long-term

Legend: NU - negative impact, PU - positive impact, TR - transition risk, PR - opportunity

[ESRS 2, IRO-1, S3.SBM-3_01, S3.SBM-3_02, S3.SBM-3_06]

Dalekovod Group includes all communities that may be significantly affected by its operations, including those in the immediate vicinity of production sites, transmission line routes and transport infrastructure, as well as communities where infrastructure projects are implemented in Croatia and abroad. This scope covers all relevant communities within the reporting boundary, regardless of whether they are directly or indirectly affected.

Affected communities include both urban and rural areas where infrastructure is being developed or where works on transmission lines and other energy projects are carried out. A significant portion of operations takes place in countries with well-developed regulatory frameworks, including the EU, Scandinavia and the United States, where strict evaluation and permitting procedures are applied, including mandatory public participation.

Positive impacts of Dalekovod Group on local communities are achieved through local employment, investments in infrastructure and modernisation, donations and sponsorships, as well as programmes targeting youth and education. No significant negative impacts, risks or opportunities related to the Group's impact on communities have been identified. Social and environmental assessments ensure that communities, including those with specific characteristics or in particular contexts, are appropriately identified and included in project planning and implementation processes.

3.1.2.2 S3-1 Policies, actions and targets related to affected communities

Dalekovod Group's policies relating to affected communities provide a framework for managing social impacts and strengthening positive contributions to local communities. The overarching Sustainability Policy defines the principles of responsible business conduct and contribution to societal well-being, while Codes of Conduct establish standards of ethical behaviour and transparent stakeholder engagement. The Risk Management Policy ensures a systematic approach to identifying and managing risks related to safety, human rights and environmental protection. No material risks or opportunities related to affected communities have been identified, and only positive impacts have been recognised, as presented in the table above [S3.MDR-P]

Dalekovod Group actively contributes to the development of the communities in which it operates through the creation of new jobs and promotion of local employment, inclusion of local suppliers and partners in projects, participation in infrastructure and community projects of importance, contribution through increased access to renewable energy sources, respect for and promotion of human rights and social inclusion, as well as support for educational, cultural and sports initiatives.

Social responsibility activities are further governed by internal rules regulating donations, sponsorships and employee volunteering, ensuring transparent allocation of funds and encouraging employee engagement in social initiatives, thereby contributing to the development of local communities, particularly in the areas of education, social inclusion and environmental protection.

3.1.3 S4 Consumers and end-users

3.1.3.1 S4.SMB-3 Material impacts, risks and opportunities and their interaction with the strategy and business model

Material topic	TYPE	IRO	Value chain	Time horizon
Personal safety of consumers and/or end users	PU	Product quality and safety and customer information The Dalekovod Group implements effective quality management mechanisms and safety standards to protect customers and end users of its products and services and transparently informs customers about its products.	Downstream	Short-term to long-term
		Product safety Risks related to product safety and customer satisfaction include the possibility that products or services do not meet safety standards or user expectations. This may result in injuries, customer dissatisfaction, product recalls and potential legal and reputational consequences.	Downstream	Short-term to long-term

Legend: NU - negative impact, PU - positive impact, R - risk, TR - transition risk, PR - opportunity

[S4.SBM-3_01, S4.SBM-3_02, S4.SBM-3_06]

3.1.3.2 S4-1 Policies, actions and targets related to consumers and end-user

Dalekovod Group manages material impacts, risks and opportunities related to consumers and end-users through Group-level policies and procedures that define principles, responsibilities and processes concerning product quality, user safety, transparent communication and respect for human rights. Key policies include the Sustainability Policy, which sets objectives for responsible business conduct and requires continuous assessment of risks and opportunities; the Integrated Management System Policy covering quality, environment, health and safety, and energy, which ensures compliance of products with customer requirements and the ISO 9001 standard while promoting transparency and continuous improvement; and the Group Code of Conduct, which governs ethical principles and fair treatment of customers.

The Risk Management Policy establishes a framework for identifying, assessing and mitigating risks that may affect strategic and operational objectives, including those related to consumers and end-users. It is based on good practice principles and the methodological guidelines of ISO 31000, ensuring a proactive approach to identifying and addressing potential adverse impacts on users.

Dalekovod Group systematically engages customers throughout all stages of the business cycle, from defining technical requirements and project planning to after-sales support, in order to integrate the perspectives of consumers and end-users into the identification of actual and potential impacts, risks and opportunities.

The effectiveness of engagement is monitored through customer satisfaction indicators, complaint tracking, and the results of internal and external quality system audits, ensuring continuous improvement of products and services. Existing policies and procedures collectively address material risks and impacts related to product safety, quality and customer satisfaction, while also identifying opportunities to strengthen client relationships, foster innovation and deliver sustainable solutions.

4 Governance

Responsible and transparent governance and responsible supply chains are key objectives of the Dalekovod Group. The following section (but also in Table 3.1.1) outlines policies that ensure responsible and ethical governance and the integration of sustainability into business operations. In order to ensure responsible behavior towards suppliers and ensure responsible behavior along the entire supply chain in accordance with the values of the Dalekovod Group, a new Code of Conduct for suppliers has been introduced and companies within the Group have started to monitor and verify suppliers and their compliance with ESG risks, Code procedures and Group requirements.

4.1.1 G1 Business conduct

Material topic	TYPE	IRO	Value chain	Time horizon
Corporate culture	PU	Ethical governance	Own business	Short-term to long-term
		Ethical governance through established codes of conduct and values ensures compliance with ethical standards in all governance processes, which increases stakeholder and public trust		
	PU	Alignment with sustainable strategic goals and transparent regular reporting to stakeholders on achievements, plans and challenges		
		Dalekovod already has established transparency and strategic consistency in supporting a green and sustainable economy. Long-term benefits include maintaining stakeholder trust, strengthening corporate reputation, and aligning with ESG standards. The changes are significant and long-lasting, with a visible impact on key business processes and stakeholder relationships.		
	R	Mismatch	Own business	Short-term to long-term
		Risk of fines and/or litigation due to non-compliance with positive regulations and standards. Reputational risk of non-compliance with ESG regulatory requirements.		

Material topic	TYPE	IRO	Value chain	Time horizon
Whistleblower protection	PU	Availability of whistleblower reporting mechanisms and whistleblower protection	Own business	Short-term to long-term
		Available and secure whistleblower reporting mechanisms enable timely identification and addressing of unethical and illegal behavior and strengthen a culture of integrity.		
	PU	Supplier Code of Conduct		
Supplier relationship management		Maintaining fair and transparent relationships with suppliers, including fair contracting, respecting payment deadlines and responsible sourcing, contributes to the stability and sustainability of the supply chain.	Upstream	Short-term to long-term
	PU	ESG risk check	Upstream	Short-term to long-term
		Auditing sustainability risk with strategic suppliers has the potential to ensure sustainability and reduce risk in the supply chain.		
	R	Failure to comply with ESG standards in the supply chain	Upstream	Short-term to long-term
		Failure to comply with sustainability standards in the supply chain can lead to legal and reputational losses.	Own business	
Corruption and bribery	PU	Zero tolerance for corruption	Upstream Own business	Short-term to long-term
		Dalekovod Group implements the principle of zero tolerance for corruption, whereby employees and suppliers are familiar with anti-corruption policies and procedures, and transparency and clearly defined procedures contribute to the prevention of corrupt practices.		

Legend: NI- negative impact, PI- Positive impact, R- Risk, TR- Transition risk, OP- opportunity

[S4.SBM-3_01, S4.SBM-3_02, S4.SBM-3_06]

4.1.1.1 G1.GOV-1 The role of administrative management and supervisory bodies related to business conduct

The management structure of Dalekovod Group is based on a dualistic management system consisting of the Management Board and the Supervisory Board. The Management Board is responsible for managing the Company's business, managing operational activities and implementing the business strategy and decisions of the General Assembly and the Supervisory Board. Within its powers, the Management Board ensures legal, transparent and efficient operations, manages financial and operational risks and regularly reports to the Supervisory Board on the Company's business, financial results and key strategic issues. [Described in more detail in ESRS 2].

In the context of business conduct, the Management Board is responsible for adopting and implementing a framework for business conduct (policies, codes and procedures) and ensuring the establishment of appropriate mechanisms and controls for the implementation of practices and compliance of business with the goals and positions of Dalekovod Group.

The Supervisory Board performs the function of supervising the conduct of the Company's affairs and the work of the Management Board and ensures strategic supervision of the management of the Company. Within its competence, the Supervisory Board appoints and dismisses members of the Management Board, monitors the implementation of the business strategy, reviews the financial and other reports of the Management Board and supervises the effectiveness of the risk management system, internal controls and corporate governance. The Supervisory Board reports on the supervision carried out to the General Assembly and, as necessary, establishes specialized committees to support its work in areas such as audit, appointments and remuneration, and corporate governance. [G1.GOV1_01].

The body's expertise in business conduct matters is comprised of members who have knowledge, experience and expertise in the business areas [Described in more detail in ESRS 2]. Members participate in continuing education and training to develop skills and knowledge, particularly in relation to business sustainability, and to keep abreast of best practices, legislative changes and market developments in matters of best practices, gender equality, diversity and the prevention of irregularities, bribery and corruption. [G1.GOV1_02].

4.1.1.2 G1-1 Business conduct policies and corporate culture

Dalekovod Grupa integrates ESG principles into its management structures to ensure effective sustainability management, responsible business and application of best corporate governance practices. As a member of the UN Global Compact since 2007, the Group operates in accordance with its principles in the field of human rights, labor standards, environmental protection and the fight against corruption, and regularly reports on its progress in sustainability reports.

As a company whose shares are listed on the Zagreb Stock Exchange, Dalekovod Group applies high social, ethical and environmental standards in its own operations and throughout the value chain in the markets in which it operates.

Governance is based on the principles of ethical business practices, transparency, accountability and active stakeholder engagement. The Group implements measures to prevent corruption and bribery, including employee education, risk assessments and clearly defined business conduct policies. Progress in achieving sustainability goals is regularly monitored and published, with independent verification to ensure the reliability

of data. Operations are aligned with relevant international and European regulatory requirements.

The quality management system is based on the ISO 9001:2015 standard, and the Zagreb Stock Exchange Corporate Governance Code and the Dalekovod Group Code of Conduct are also applied in the business. Policies for the prevention of bribery and corruption specifically regulate dealings with public officials, gifts and business hospitality, engagement of third parties, donations, sponsorships and other forms of business cooperation, as well as activities in the area of human resources management.

Dalekovod Group, in accordance with the Group KONČAR, adopted the Code of Business Conduct for Suppliers at the end of 2025, which is a mandatory part of contracts with suppliers and a tool for managing sustainability risks in the supply chain.

Supplier selection and verification has been systematically implemented in Dalekovod d.d and is starting to be systematically implemented and monitored at the Dalekovod Group level. The Supplier Selection Criteria require international standards and norms such as management system certification according to the requirements of the international standards ISO 9001 for quality management, ISO 14001 for environmental management, ISO 45001 for occupational health and safety management, ISO/IEC 27001 for information security management and ISO 50001 for energy management.

4.1.1.3 G1-2 Supplier relationship management

Dalekovod Group values its suppliers and approaches supplier relationships in the supply chain in a transparent and responsible manner. The Supplier Relationship Management Policy pays special attention to the timely settlement of obligations to suppliers in accordance with legal and contractual payment deadlines [G1-2_0]. The policy manages relationships and additionally aims to reduce risks associated with suppliers and encourage sustainability in all phases of business. In 2025, a Supplier Code of Conduct was additionally adopted, which in more detail encourages but also conditions sustainable practices of suppliers and partners in order to continue cooperation with Dalekovod Group.

The Policy and Code serve as key documents for mitigating risks associated with unstable supply chains and reputational risks. In an industry that has a long value chain, the Group is exposed to financial and reputational risks from prices to ways of exhausting raw materials and materials that are volatile and limited (such as copper, aluminum, steel, etc.). Dalekovod Group applies measures and practices in order to select, whenever possible, suppliers whose materials have the least negative impact on people and the environment, so that the products are of high quality and have a long life, the materials are not harmful to the environment and are not irritating, and that the safety of employees and workers in the value chain comes first.

Dalekovod Group applies high business standards and expects its suppliers to meet the same standards. Accordingly, certified management systems are applied in accordance with the requirements of international standards ISO 9001 (quality management), ISO 14001 (environmental management), ISO 45001 (occupational health and safety) and ISO 50001 (energy management). Other relevant norms and standards are also applied for certain products, in accordance with the requirements of customers, users and applicable regulations. When selecting suppliers and renewing contracts, evidence (certificates) of meeting the requirements is requested, along with other basic data and answers to a questionnaire in order to establish essential information for cooperation, as well as information related to the protection of health and safety at work for workers, the protection of human rights and workers' rights, environmental protection and the quality management system. The approach is equal towards all suppliers and all suppliers and partners are expected to consistently comply

with the laws, regulations, standards and policies of Dalekovod Group, which are established in the cooperation contracts themselves.

Dalekovod d.d. conducts an assessment of suppliers with an annual turnover exceeding 50,000.00 euros. In 2025, 81.87% of such suppliers were checked, with all of them being assessed as compliant, which represents a significant increase in the level of compliance compared to the previous year. The above-mentioned suppliers account for 75.39% of the company's total turnover in 2025. In Dalekovod OSO d.o.o., all 43 suppliers were checked in 2025. Of the total number of checked suppliers, 25, or 58%, were assessed as partially or fully compliant. Given the complexity of the industry and the limited selection of suppliers, the current statistics and progress are positive for limited circumstances, availability and selection possibilities.

Dalekovod Ljubljana does not conduct supplier assessments. Out of a total of 125 suppliers, 11 of them generate turnover greater than 1% of the total turnover and in relation to the Group, most suppliers are assessed as insignificant. Dalekovod MK d.o.o. conducts supplier audits every 3 years with the last audit in 2024, which included 24 suppliers. Dalekovod Projekt d.o.o., Dalekovod Mostar, Dalekovod EMU, and EL-RA do not conduct supplier audits. With the newly adopted Code of Business Conduct for Suppliers, all suppliers and partners are informed about its content, and when signing new or renewing old contracts, acceptance of the Code is a prerequisite for continued cooperation.

4.1.1.4 G1-3 Prevention and detection of corruption and bribery

Dalekovod Group has zero tolerance for corruption and bribery. The Group focuses on prevention, detection and enforcement measures. The KONČAR Group Anti-Corruption Policy applies to Dalekovod Group, and all employees are familiar with its principles and obligations.

Employees who, in good faith, report suspicions of corruption to management, responsible persons or competent authorities are guaranteed anonymity and protection against any form of retaliation or discrimination.

The Group regularly reviews the implementation of anti-corruption measures, and such measures and their effectiveness are considered in the assessment of risks and opportunities.

Dalekovod Group assesses corruption risks depending on the circumstances and type of business relationship. Each assessment considers general criteria, including country-related risk, whether the counterparty belongs to the public or private sector, and specific transaction characteristics such as contract value, project complexity and procurement type.

Where business is conducted through agents or intermediaries, additional assessments are performed, including the partner's reputation and reliability, their relationship with the customer, scope and nature of engagement, company size and level of remuneration, as well as the proportionality between effort, risk and expected reward.

Risk assessments are carried out where justified, required by the nature of the transaction, or mandated by regulation. Risk mitigation and control measures include systematic employee training and raising supplier awareness of the Anti-Corruption Policy and internal acts governing standards of business conduct at Group level. [G1-4_01, G1-4_02, G1-4_05, G1-4_08]

4.1.1.5 G1-4 Incidents of corruption or bribery

In 2025, as in 2024, there were no [G1-4_04] incidents [G1-4_06] or legal proceedings [G1-4_07] related to breaches of anti-corruption and anti-bribery regulations.

4.1.1.6 G1-5 Political influence and lobbying

Dalekovod Group is not engaged in lobbying or political influence activities.

4.1.1.7 G1-6 Payment practices

Dalekovod Group operates in compliance with national and EU regulations governing payment terms and applies the provisions of the Act on Financial Operations and Pre-Bankruptcy Settlement.

Each entity within the Group independently defines its payment policy within the framework of legal and contractual obligations and informs suppliers at the time of contracting.

The control system ensures regular monitoring of payables to suppliers and receivables from customers. Supervisory Boards review detailed reports at each session, while entities submit monthly overviews of outstanding liabilities by maturity and creditor type. Management continuously monitors the timeliness of payments through governance and oversight mechanisms.

As a result of this management and control framework, the Group has no legal proceedings related to delays in payments to suppliers.

As a rule, liabilities are settled within the statutory period of 60 days, unless longer terms are contractually agreed (e.g. retention arrangements in complex projects). The average payment period at Group level was 59 days in 2025, compared to 63 days in 2024. The share of payments made in line with the Group's standard payment terms amounted to **63%** in 2025 (2024: **61%**).

Standard payment terms are contractually defined and vary depending on supplier type and the nature of goods and services. Payments are generally executed within predefined timelines, most commonly upon invoice receipt, within 30 days, or within 60 days, while in certain cases longer terms apply depending on market practices and contractual specifics.

The share of payments made in accordance with these standard terms amounted to **63%** in 2025.

As at the reporting date, Dalekovod Group had **3 ongoing legal proceedings related to late payments**, compared to **2** proceedings in 2024.

Annex I – IRO-2 – Disclosure requirements under ESRS covered in the undertaking’s sustainability statement

Dalekovod discloses the following requirements based on the double materiality assessment:

Section	Topic	Disclosure requirement	Page
General Disclosures		BP-1 General basis for preparation of the Sustainability Report	13
		BP-2 Disclosures related to specific circumstances	13
		GOV-1 Role of administrative, management and supervisory bodies	14
		GOV-2 Information and sustainability matters provided to administrative, management and supervisory bodies	16
		GOV-3 Integration of sustainability-related performance into incentive schemes	16
		GOV-4 Due diligence statement	16
		GOV-5 Risk management and internal controls over sustainability reporting	17
		SBM-1 Strategy, business model and value chain	18
		SBM-2 Interests and views of stakeholders	21
		SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	23
		IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	24
		IRO-2 Disclosure requirements in ESRS covered by the undertaking’s sustainability report	24

Section	Topic	Disclosure requirement	Page
Environment	ESRS E1 Climate Change	E1-1 Transition plan for climate change mitigation	37
		E1.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	34
		E1.IRO-1 Description of processes to identify and assess material climate change-related impacts, risks and opportunities	35
		E1-2 Policies related to climate change mitigation and adaptation	40
		E1-3 Actions and resources related to climate policies	40
		E1-4 Targets related to climate change mitigation and adaptation	41
		E1-5 Energy consumption and energy mix	41
		E1-6 Gross greenhouse gas emissions from Scope 1, 2, 3 and total greenhouse gas emissions	42
	ESRS E5 Resource Use and Circular Economy	E5.IRO-1 Description of processes to identify and assess material impacts, risks and opportunities related to resource use and circular economy	44
		E5-1 Policies related to resource use and circular economy	45
		E5-2 Actions and resources related to resource use and circular economy	45
		E5-3 Targets related to resource use and circular economy	46
		E5-4 Resource inflows	47
		E5-5 Resource outflows	47

Section	Topic	Disclosure requirement	Page
Social	ESRS S1 Own Workforce	S1.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	48
		S1-1 Policies related to own workforce	50
		S1-2 Processes for engaging with own workers and workers' representatives about impacts	50
		S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	51
		S1-4 Taking action on material impacts on own workforce, approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	52
		S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	52
		S1-6 Characteristics of the undertaking's employees	53
		S1-8 Collective bargaining coverage and social dialogue	53
		S1-9 Diversity metrics	53
		S1-10 Adequate wages	54
		S1-14 Health and safety metrics	54
		S1-16 Remuneration metrics (gender pay gap and total remuneration)	54
		S1-17 Incidents, complaints and severe human rights impacts	55

Section	Topic	Disclosure requirement	Page
Social	ESRS S3 Affected Communities	S3.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	55
		S3-1 Policies for affected communities	55
		S3-2 Processes for engaging with affected communities about impacts	n/a
		S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns	n/a
		S3-4 Taking action on material impacts on affected communities, approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	n/a
	S3-5 Targets for managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	n/a	
	ESRS S4 Consumers and End-users	ESRS S4 Consumers and End-users	56
		S4.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	56
		S4-1 Policies for consumers and end-users	n/a
		S4-2 Processes for engaging with consumers and end-users about impacts	n/a
S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns		n/a	
S4-4 Taking action on material impacts on consumers and end-users, approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	n/a		
Governance	ESRS G1 Business Conduct	G1.GOV-1 Role of administrative, management and supervisory bodies in relation to business conduct	58
		G1-1 Business conduct policies and corporate culture	58
		G1-2 Supplier relationship management	58
		G1-3 Prevention and detection of corruption and bribery	59
		G1-4 Incidents of corruption or bribery	59
		G1-6 Payment practices	' +

Annex II – IRO-2 – List of datapoints in cross-cutting and topical standards derived from other EU legislation

The table below presents datapoints derived from other EU legislation as listed in Appendix B of ESRS 2. The table indicates where these datapoints are disclosed within the report and identifies those that have not been assessed as material.

Table 1.2: List of datapoints derived from other legislation

Disclosure requirement	Data Point	SFDR (1)	Pillar 3 (2)	Benchmarks (3)	European Climate Law (4)	Page / Materiality
General information						
GOV-1	21(d)					Gender diversity on the Board
GOV-1	21(e)					Percentage of independent Board members
GOV-4	30					Due diligence statement
SBM-1	40(d)(i)					Engagement in fossil fuel activities
SBM-1	40(d)(ii)-(iv)					Activities in the chemical industry, controversial weapons or tobacco sector
Environment						
E1-1	14					Transition plan for achieving climate neutrality
E1-1	16(g)					Exclusion from Paris-aligned benchmarks
E1-4	34					Greenhouse gas emission reduction targets
E1-5	38					Energy consumption from fossil sources disaggregated by source (only for sectors with significant climate impact)
E1-5	37					Energy consumption and energy mix
E1-5	40-43					Energy intensity related to activities in sectors with significant climate impact
E1-6	44					Gross greenhouse gas emissions from Scope 1, 2, 3 and total greenhouse gas emissions
E1-6	53-55					Gross greenhouse gas emissions intensity
E1-7	56					Greenhouse gas removals and carbon credits
E1-9	66					Exposure of the reference portfolio to physical climate risks

Disclosure requirement	Data Point		SFDR (1)	Pillar 3 (2)	Benchmarks (3)	European Climate Law (4)	Page / Materiality
E1-9	66(a)	Breakdown of monetary amounts by acute and chronic physical risk		●			
E1-9	66(c)	Location of significant assets exposed to material physical risk		●			
E1-9	67(c)	Breakdown of the carrying value of real estate assets by energy efficiency class		●			
E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			●		
E2-4	28	Quantity of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) released to air, water and soil	●				Not material
E3-1	9	Water and marine resources	●				Not material
E3-1	13	Specific policy	●				Not material
E3-1	14	Sustainable oceans and seas	●				Not material
E3-4	28(c)	Total volume of recycled and reused water	●				Not material
E3-4	29	Total water consumption in m ³ per net revenue from own operations	●				Not material
SBM-3-E4	16(a)	Biodiversity-sensitive areas	●				Not material
SBM-3-E4	16(b)	Impacts on land and soil	●				Not material
SBM-3-E4	16(c)	Endangered species	●				Not material
E4-2	24(b)	Sustainable land/agricultural practices or policies	●				Not material
E4-2	24(c)	Sustainable ocean/sea practices or policies	●				Not material
E4-2	24(d)	Policies to address deforestation	●				Not material
E5-5	37(d)	Non-recycled waste	●				
E5-5	39	Hazardous and radioactive waste	●				
Social							
SBM-3-S1	14(f)	Risk of forced labour	●				
SBM-3-S1	14(g)	Risk of child labour	●				
S1-1	20(a)	Human rights policy commitments	●				
S1-1	21	Due diligence policies regarding matters covered by ILO Conventions 1 to 8			●		
S1-1	22	Procedures and measures to prevent human trafficking	●				
S1-1	23	Occupational accident prevention policy or management system	●				
S1-3	32(c)	Grievance mechanism	●				
S1-14	88(b)(c)	Number of fatalities and number and rate of occupational injuries	●				
S1-14	88(e)	Number of days lost due to injuries, accidents, fatalities or illness	●		●		
S1-16	97(a)	Unadjusted gender pay gap	●				
S1-16	97(b)	Excessive CEO-to-employee pay ratio	●		●		
S1-17	103(a)	Incidents of discrimination	●				
S1-17	104(a)	Non-compliance with UN Guiding Principles on Business and Human Rights and OECD Guidelines	●		●		
Workers in the value chain							

Disclosure requirement	Data Point		SFDR (1)	Pillar 3 (2)	Benchmarks (3)	European Climate Law (4)	Page / Materiality
SBM-3-S2	11(b)	High risk of child labour or forced labour in the value chain	●				Not material
S2-1	17	Human rights policy commitment	●				Not material
S2-1	18	Policies related to workers in the value chain	●				Not material
S2-1	19	Non-compliance with UN Guiding Principles and OECD Guidelines	●		●		Not material
S2-1	19	Due diligence policies regarding ILO Conventions 1 to 8			●		Not material
S2-4	36	Human rights issues and incidents in upstream and downstream value chain	●				Not material
Affected communities							
S3-1	16	Human rights policy commitments	●				
S3-1	17	Non-compliance with UN Guiding Principles, ILO standards or OECD Guidelines	●		●		
S3-4	36	Human rights issues and incidents	●				
Consumers and end-users							
S4-1	16	Policies related to consumers and end-users	●				
S4-1	17	Non-compliance with UN Guiding Principles and OECD Guidelines	●		●		
S4-4	35	Human rights issues and incidents	●				
Governance							
G1-1	10(b)	United Nations Convention against Corruption	●				
G1-1	10(d)	Whistleblower protection	●				
G1-4	24(a)	Fines for breaches of anti-corruption and anti-bribery laws	●		●		
G1-4	24(b)	Anti-corruption and anti-bribery standards	●				

(1) Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR)

(2) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation or CRR)

(3) Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (Benchmark Regulation)

(4) Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (European Climate Law)

Audit Report





Independent Auditor's Limited Assurance Report on the Consolidated Sustainability Report

To the Shareholders of Dalekovod d.d.

Limited assurance conclusion

We have performed a limited assurance engagement on whether the consolidated Sustainability Report of Dalekovod d.d. and its subsidiaries (collectively, "the Group"), included in the *Sustainability Report* section of the Group's Management Report as of and for the year ended 31 December 2025 ("the Sustainability Report"), has been prepared in accordance with the Croatian Accounting Law (Official Gazette 85/24, 145/24) ("the Accounting Law").

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Group's Sustainability Report as of and for the year ended 31 December 2025 is not prepared, in all material respects, in accordance with the Accounting Law, including:

- Compliance with the European Sustainability Reporting Standards ("ESRS"), including that the process carried out by the Group to identify the information reported in the Sustainability Report ("the Process") is in accordance with the description set out in the *IRO-1 Description of the process for identification and assessment of material impacts, risks and opportunities* section thereof; and
- Compliance of the disclosures in the *EU Taxonomy* section of the Sustainability Report with the reporting requirements of Article 8 of Regulation (EU) 2020/852 ("the Taxonomy Regulation").

Our conclusion on the Sustainability Report does not extend to any other information that accompanies or contains the Sustainability Report and our limited assurance report thereon, nor to any information within the Sustainability Report not in scope of our assurance engagement. We have not performed any assurance procedures as part of this engagement with respect to such other information. However, we audited the Company's separate and the Group's consolidated financial statements as of and for the year ended 31 December 2025 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, forming part of the other information, and our auditor's reports thereon are also included with the other information.

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics of Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA code), together with the ethical requirements that are relevant to our assurance engagements on the Sustainability Reports in Croatia.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

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Independent Auditor's Limited Assurance Report on the Consolidated Sustainability Report (continued)

Responsibilities for the Sustainability Report

The Management Board of the Company is responsible for designing, implementing and maintaining a process to identify the information reported in the Sustainability Report in accordance with the ESRS and for disclosing this Process in the *IRO-1 Description of the process for identification and assessment of material impacts, risks and opportunities* section of the Sustainability Report. This responsibility includes:

- Understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- Identifying the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- Assessing the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- Developing methodologies and making assumptions that are reasonable in the circumstances.

The Management Board of the Company is further responsible for the preparation of the Sustainability Report in accordance with the Accounting Law, including:

- Compliance with the ESRS;
- Preparing the disclosures in the *EU taxonomy* section of the Sustainability Report, in compliance with Article 8 of the Taxonomy Regulation;
- Designing, implementing and maintaining such internal controls that the Management Board of the Company determines are necessary to enable the preparation of the Sustainability Report such that it is free from material misstatement, whether due to fraud or error; and
- Selecting and applying appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the reporting process for the Group's Sustainability Report.

Inherent limitations in preparing the Sustainability Report

There are inherent limitations regarding the measurement or evaluation of the sustainability matters presented in the Sustainability Report subject to limited assurance, which have been set out below:

- As described in the *BP-2 Disclosure related to specific circumstances* section, greenhouse gas emissions quantification is subject to inherent uncertainty as a result of both scientific and estimation uncertainty;
- Certain metrics reported within the Sustainability Report may be subject to inherent limitations;
- In reporting forward-looking information in accordance with the ESRS, the Management Board is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected;
- In determining the disclosures in the Sustainability Report, the Management Board interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

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Independent Auditor's Limited Assurance Report on the Consolidated Sustainability Report (continued)

Our responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Report is free from material misstatement, whether due to fraud or error, and reporting our limited assurance conclusion to the Company's shareholders. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Report as a whole.

Our responsibilities in relation to the Process for reporting the Sustainability Report, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in the *IRO-1 Description of the process for identification and assessment of material impacts, risks and opportunities* section.

Our other responsibilities in respect of the Sustainability Report include:

- Obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Report but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures focused on disclosures in the Sustainability Report where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work we performed as the basis for our conclusion

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Report. We designed and performed our procedures to obtain evidence about the Sustainability Report that is sufficient and appropriate to provide a basis for our conclusion.

The nature, timing and extent of our procedures depended on our understanding of the Sustainability Report and other engagement circumstances, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Report. We exercised professional judgment and maintained professional skepticism throughout the engagement.

In conducting our limited assurance engagement, with respect to the Process, the procedures we performed included:

- Obtaining an understanding of the Process by:
 - performing inquiries to understand the sources of the information used by management (including stakeholder engagement, business plans and strategy documents); and
 - inspecting the Group's internal documentation of its Process.
- Evaluating whether the evidence obtained from our procedures about the Process was consistent with the description of the Process set out in the *IRO-1 Description of the process for identification and assessment of material impacts, risks and opportunities* section.

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Independent Auditor's Limited Assurance Report on the Consolidated Sustainability Report (continued)

Summary of the work we performed as the basis for our conclusion (continued)

In conducting our limited assurance engagement with respect to the Sustainability Report, the procedures we performed included:

- Obtaining an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Report by performing inquiries of the relevant personnel and inspecting the Group's internal documentary evidence;
- Evaluating whether material information identified by the Process is included in the Sustainability Report;
- Evaluating whether the structure and the presentation of the Sustainability Report is in accordance with the ESRS;
- Performing inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Report;
- Performing substantive assurance procedures on a sample basis on selected disclosures in the Sustainability Report;
- Obtaining evidence on the methods, assumptions and data for developing material estimates and forward-looking information and on how these methods were applied;
- Obtaining an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Report;
- Evaluating whether the standardized reporting templates required by the Taxonomy Regulation were appropriately used to present the key performance indicators;
- Assessing whether the taxonomy disclosures are reconciled, where relevant, with the Group's consolidated financial statements; and
- Performing substantive assurance procedures on selected taxonomy disclosures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

KPMG Croatia d.o.o. za reviziju

Croatian Certified Auditors
Eurotower, 17th floor
Ivana Lučića 2a
10000 Zagreb
Croatia

15 April 2026

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

Corporate Governance Code Compliance Report



Application of Corporate Governance Principles

Given that the Company's shares are listed on the Official Market of the Zagreb Stock Exchange, the Company applies the Corporate Governance Code issued by the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency (HANFA). The Code is available on the websites of the Zagreb Stock Exchange (www.zse.hr) and HANFA (www.hanfa.hr).

In accordance with applicable legislation, the Company has prepared, for 2025, a Statement on the Application of the Corporate Governance Code, confirming that it operates and develops in line with good corporate governance practices across all aspects of its business. The Statement on the Application of the Corporate Governance Code has been published on the Company's website (www.dalekovod.hr), as well as on the websites of the Zagreb Stock Exchange (www.zse.hr) and HANFA (www.hanfa.hr). Certain corporate governance matters are defined differently from those prescribed by the Corporate Governance Code of the Zagreb Stock Exchange and HANFA. Exceptions and deviations from the Code are presented below.

In addition to the Corporate Governance Code of the Zagreb Stock Exchange and HANFA currently in force, the Company also applies its own Corporate Governance Rules, thereby enhancing transparency standards in line with European Union directives. The Corporate Governance Rules define procedures for the work of the Supervisory Board, the Management Board and other bodies and decision-making structures, and ensure the avoidance of conflicts of interest, effective internal control and an efficient system of accountability.

The Company has adopted a Code of Ethics as a fundamental document establishing and promoting the organisational values of the Company and the Dalekovod Group as a whole, as well as fostering socially responsible business conduct. The Company is also a signatory to the Code of Ethics in Business, initiated by the Croatian Chamber of Economy. By adopting this Code, the Company has undertaken to act in accordance with the principles of responsibility, integrity, efficiency, transparency, quality, good faith, and adherence to good business practices in its relations with business partners, the business and social environment, and its employees.

A description of the main elements of the internal control and risk management system constitutes an important part of the Company's operations, and these elements are presented below. The composition and activities of the Management Board and the Supervisory Board, the manner of conducting the General Assembly, and information on the Company's shareholders form part of the Corporate Governance Statement and are set out below. All of the aforementioned documents are available on the Company's website (www.dalekovod.hr).

The Company complies with the recommendations of the Code, except for those provisions whose application is not practical at a given time or is not envisaged under the applicable legal framework. Such exceptions are set out below:

- The Supervisory Board has not granted prior approval to a conflict of interest management policy that is not publicly available free of charge on the Company's website (Article 7 of the Code), as this matter is governed by the Code of Ethics, which is available on the Company's website. A Code of Conduct defining the conflict of interest management policy was adopted at the beginning of 2026.
- Members of the Management Board and the Supervisory Board do not hold interests in companies that compete with the Company (Article 10 of the Code).
- The Supervisory Board has not formally set a target percentage of female members of the Supervisory Board and the Management Board (Article 14 of the Code); however, all international and national standards regarding gender representation and equality are directly implemented. In 2024, a Sustainability Strategy was adopted defining the target share of female members of the Supervisory Board and the Management Board in management positions.

- The report on the progress of the plan has been partially disclosed in the annual report in accordance with Article 14 of the Code. In 2024, a Sustainability Strategy was adopted defining the target share of female members of the Supervisory Board and the Management Board in management positions.
- When proposing candidates for the Supervisory Board to the General Assembly, the Company makes available, as part of the General Assembly materials, only the candidates' curricula vitae as published on the website (Article 16 of the Code).
- Not all information required under Article 16 of the Code is available free of charge on the Company's website (only the curricula vitae are available).
- The materials for the General Assembly do not contain all information required under Article 17 of the Code, but only the curricula vitae.
- Not all information required under Article 17 of the Code is available free of charge on the Company's website in cases where a workers' representative or other member of the Supervisory Board not elected by the General Assembly is appointed.
- The majority of the Supervisory Board members are not independent in accordance with the definition set out in Appendix A of the Code, as they are representatives of the majority shareholder within the meaning of Article 22 of the Code.
- The Chairperson or Deputy Chairperson of the Supervisory Board is not independent, as they are representatives of the majority shareholder within the meaning of Article 22 of the Code.
- The majority of the members of each Supervisory Board committee are not independent (in accordance with the definition set out in Appendix A of the Code), as some members represent significant shareholders (Article 27 of the Code).
- The job descriptions of the Supervisory Board members and/or the Company's internal acts stipulate that all materials required for a Supervisory Board committee meeting are to be provided to its members no later than five (5) days prior to the meeting (Article 34 of the Code), rather than seven days.
- The terms of reference of the Supervisory Board committees and/or the Company's internal acts stipulate that all materials required for committee meetings are to be provided to their members no later than five (5) days prior to the meeting (Article 34 of the Code), rather than seven days.
- The Company's internal acts stipulate that all materials required for meetings of the Supervisory Board and its committees are to be provided to their members no later than five (5) days prior to the meeting (Article 34 of the Code), rather than seven days.
- The duties of the Management Board members as set out in Article 47 of the Code are regulated by the individual contracts of each Management Board member. In 2026, Corporate Governance Rules were adopted providing for the relevant approvals.
- The Remuneration Policy does not include provisions specifying in greater detail the circumstances under which a portion of a Management Board member's remuneration would be withheld or subject to clawback (Article 53 of the Code).
- The Remuneration Policy and the Company's internal acts do not provide for restrictions on including variable or performance-related elements in the remuneration of Supervisory Board members, as the Supervisory Board does not receive remuneration, except for the workers' representative, whose remuneration is fixed in accordance with Article 55 of the Code.
- The provision of non-audit services by the external auditor is considered on a case-by-case basis and disclosed in the external auditor's report (Article 64 of the Code).
- The Audit Committee has not, within the past 12 months, assessed the need for such a function as part of its evaluation of the internal control system, as the Company has an internal audit function in place in accordance with Article 68 of the Code.

- The Company does not use modern communication technologies to enable participation and voting at the General Assembly (Article 79 of the Code), as the existing method of voting has proven to be optimal in practice, primarily due to the large number of shareholders holding smaller numbers of shares.
- In addition to attending in person or by proxy, shareholders are not able to exercise their voting rights at the General Assembly by other means, as stated in the notice convening the General Assembly, in accordance with Article 79 of the Code.

Anti-corruption and anti-bribery

Members of the governing bodies, employees and business partners are familiar with anti-corruption policies and procedures and comply with the principles of the Code of Ethics in their business conduct and daily activities. In international markets, the Company enjoys a reputation as a reliable and fair business partner, and no cases of corruption have been recorded at the level of the Dalekovod Group.

The Company has not made any financial or non-financial contributions for political purposes, either directly or indirectly, to any state or beneficiary. The Company promotes and maintains fair and transparent market competition practices in all business activities, with all counterparties and in all locations. No conduct contrary to the principles of free market competition, or involving antitrust or monopolistic practices, has been recorded within the Dalekovod Group.

Corporate Governance Structure

In line with best practices, the Company strives to maintain high standards of corporate governance and business transparency as the only appropriate basis for all business activities within the Dalekovod Group. The corporate governance structure is based on a two-tier system, consisting of the Supervisory Board and the Management Board. Together with the General Assembly, and in accordance with the Articles of Association and the Companies Act, these constitute the three principal bodies of the Company.

General Assembly

The General Assembly is the body through which shareholders exercise their rights in the Company and through which the will of the shareholders, representing the will of the Company, is expressed. The General Assembly comprises all shareholders of the Company. The manner of conducting the General Assembly, its powers, shareholders' rights and the manner of their exercise are governed by the Company's Articles of Association, which are publicly available on the Company's website (www.dalekovod.hr).

The General Assembly is responsible for the appointment and dismissal of members of the Supervisory Board, decisions on the appropriation of profit, granting discharge to members of the Management Board and the Supervisory Board, the appointment of the external auditor, decisions on amendments to the Articles of Association, increases and reductions of share capital, and other matters assigned to it by law.

In 2025, one session of the General Assembly was held. At the session held on 10 June 2025, all resolutions on the agenda were adopted. The General Assembly adopted the following resolutions: the resolution granting discharge to members of the Management Board and the Supervisory Board; the resolution on the allocation of profit for 2024; the resolution on the appointment of the external auditor for 2025 and 2026; the resolution approving the Remuneration Policy for members of the Management Board; and the resolution approving

the Remuneration Report for members of the Management Board and the Supervisory Board for 2024. All resolutions adopted at the General Assembly were published in accordance with applicable regulations on the Company's website (www.dalekovod.hr), as well as on the websites of the Zagreb Stock Exchange and HANFA, together with the voting results.

Supervisory Board

In accordance with the applicable Corporate Governance Code of the Zagreb Stock Exchange and HANFA, the Supervisory Board is composed predominantly of members who are not independent, i.e. who represent the majority shareholder of the Company.

The Supervisory Board consists of five members, four of whom are appointed and dismissed by the General Assembly, while one representative is elected by the employees in accordance with the Labour Act.

The Supervisory Board is responsible for supervising the management of the Company's business, representing the Company vis-à-vis the Management Board, and making decisions on matters outside the competence of the General Assembly. The Supervisory Board does not manage the Company directly; rather, it guides the Management Board in strategic decision-making and in establishing the management framework. The Company's Articles of Association also grant additional powers to the Supervisory Board, defining certain categories of transactions that may only be undertaken with its prior approval. At least four times a year (and more frequently if necessary), the members of the Supervisory Board discuss the Company's strategy and business plan at their meetings. The Supervisory Board acts collectively as a governing and supervisory body, and committees with specific responsibilities have been established.

The Chairperson of the Supervisory Board is elected from among the members appointed by the General Assembly. The Deputy Chairperson is also elected from among the members appointed by the General Assembly. The term of office of the Supervisory Board members is four years, and members may be reappointed.

In accordance with the adopted Remuneration Policy and the resolution of the General Assembly dated 30 June 2022, members of the Supervisory Board (including the Chairperson and Deputy Chairperson) are not entitled to remuneration for their work, except for the employee representative, who is entitled to a monthly gross remuneration of EUR 530.89.

The Remuneration Report for the Management Board and the Supervisory Board has been prepared in accordance with Article 272 of the Companies Act and the Company's adopted Remuneration Policy and will be submitted to the General Assembly for approval.

Members of the Supervisory Board during 2025

Gordan Kolak – Chairperson

Mario Radaković – Deputy Chairperson

Dražen Buljić – Member (from 1 January 2025 to 1 December 2025)

Miki Huljić – Member

Ivan Paić – Member

Dalibor Štrlek – Member (from 1 December 2025)

In 2025, a total of 44 Supervisory Board meetings were held. A quorum for Supervisory Board meetings is constituted by at least one half of the total prescribed number of its members.

In 2025, all members participated in decision-making at all meetings. In cases of physical absence, members participated in the work of the Supervisory Board via videoconference or in writing, in accordance with the Rules of Procedure of the Supervisory Board.

The Management Board and the Supervisory Board cooperate closely for the benefit of the Company and the Dalekovod Group, through formal meetings as well as other communication channels when necessary. The Management Board regularly informed the Supervisory Board of all significant business events, business performance, revenues and expenses, and the overall position of the Company and the Dalekovod Group.

Within the legally prescribed deadlines, the Management Board submitted quarterly, semi-annual and annual written reports on operations to the Supervisory Board. The Supervisory Board had no objections to these reports and adopted them unanimously. In addition, the Management Board informed the Supervisory Board about corporate strategy, planning, business developments, risk management, compliance, any deviations from original plans and estimates, and significant business transactions involving the Company and the Dalekovod Group.

The Supervisory Board conducted a self-assessment of the profile and competencies of its members and the members of its committees. The self-assessment was carried out by the Chairperson of the Supervisory Board with the support of the relevant committees, without engaging an external advisor.

The Supervisory Board operates with an optimal number of five members, ensuring that, collectively, its members possess the knowledge, skills and professional experience necessary for the proper performance of their duties, while also taking into account the aspect of diversity. The evaluation of the Supervisory Board members and its committees confirmed that each individual makes an effective contribution, demonstrates commitment to their role and devotes sufficient time to the performance of their duties.

Administrative support in the preparation of Supervisory Board meetings is provided by the Company Secretary in an efficient and timely manner. The Supervisory Board supports diversity, while primarily ensuring the required expertise of candidates when proposing appointments to the Supervisory Board of the Company.

The report on the supervision carried out in the 2025 financial year, prepared for approval by the General Assembly, includes the following:

- the manner in which, and the extent to which, the Supervisory Board performed its oversight of the management of the Company during the 2025 financial year,
- the results of the examination of the annual financial statements as at 31 December 2025,
- the auditor's report,
- the results of the examination of the Management Board's report on the Company's operations in the 2025 financial year,
- the results of the examination of the report on relations with the controlling company and its related parties.

Supervisory Board Committees

Within the Supervisory Board, three committees operate to support its work and activities: the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee. All committee members are appointed from among the members of the Supervisory Board.

Audit Committee

The Audit Committee performs a detailed review of the financial statements, supports the Company's accounting function, and ensures the establishment of effective internal controls within the Company. It monitors the integrity of financial information, in particular the accuracy and consistency of the accounting methods used by the Company and the Dalekovod Group, including the criteria applied in the consolidation of financial statements of Group entities. The Committee is also responsible for monitoring the quality of the internal control and risk management systems, with the aim of ensuring that the key risks to which the Company is exposed are appropriately identified, disclosed and managed.

The Chairperson of the Audit Committee is Mario Radaković, and its members are Gordan Kolak and Miki Huljić. In 2025, three meetings of the Audit Committee were held. All members participated in decision-making at the meetings. During the meetings, matters were discussed and decided upon, and recommendations were provided to the Supervisory Board regarding reports on the implementation of the annual internal audit plan, the oversight of the statutory audit, the consolidated and separate annual financial statements for 2024, recommendations for their approval, and the appointment of the external auditor for 2025 and 2026. The Audit Committee operates independently, and the majority of its members possess expertise in the fields of accounting and auditing.

Nomination and Remuneration Committee

This Committee is, inter alia, responsible for discussing and proposing to the Supervisory Board decisions regarding the appointment and selection of Management Board members, as well as the structure of their remuneration. The Chairperson of the Committee is Gordan Kolak, and its members are Miki Huljić and Ivan Paić. All members of the Committee are also members of the Supervisory Board. In 2025, three meetings of the Committee were held, with all members in attendance.

Corporate Governance Committee

The role of this Committee is to support the Supervisory Board in the implementation and enhancement of the corporate governance strategy within the Company and the Dalekovod Group. The Chairperson of the Committee is Miki Huljić, and its members are Mario Radaković and Ivan Paić. All members of the Committee are also members of the Supervisory Board. No meetings of the Committee were held in 2025.

Management Board

The role of the Management Board in managing the Company's affairs is governed by the Companies Act, the Articles of Association, and the Company's internal regulations. The Management Board is obliged to perform its duties with the diligence of a prudent and conscientious manager, taking into account the interests of the Company and its shareholders.

The Management Board is the executive body responsible for the overall management of the Company, appointed and dismissed by the Supervisory Board. The scope of responsibilities of each Management Board member is defined according to business areas, activities, and processes. The Management Board is responsible for effective business risk management and, at regular meetings, reviews the economic, environmental, and social impacts of the Company and the Dalekovod Group.

The Supervisory Board evaluates and assesses the performance of the Management Board at its regular meetings based on business performance indicators and the maintenance and development of the Company's positive reputation.

Members of the Management Board coordinate, direct, supervise, and monitor the operations of the Group's subsidiaries through General Meetings and other adopted rules. Management Board members do not receive compensation for serving on the governing bodies of the Dalekovod Group subsidiaries.

The Supervisory Board has assessed that the Management Board and Supervisory Board collaborated effectively in 2025 in the interest of the Company through regular contact. The Management Board regularly informed the Supervisory Board about all significant business events, operational performance, revenues and expenses, and the overall condition of the Company. The Management Board submitted quarterly, semi-annual, and annual written reports on operations within the legally prescribed deadlines, which were unanimously approved without objections. Additionally, the Management Board informed the Supervisory Board about corporate strategy, planning, business events, risk management, compliance, all deviations from original business plans, and material transactions involving the Company and the Dalekovod Group. Between meetings, the Management Board promptly updates the Supervisory Board on significant events affecting the Company's operations.

Individual self-assessments of the Management Board's performance form an integral part of the annual performance management and evaluation process of Management Board members. Additionally, in accordance with the Companies Act, the General Meeting approves the manner in which the Management Board managed the Company through the granting of discharge for the previous financial year.

According to the Articles of Association, the Management Board may consist of one to five members. As of December 31, 2025, the Board comprised two members. The term of office for Management Board members is up to five years, with the possibility of reappointment without limitation on the number of terms. Each member independently manages their area of responsibility and makes decisions solely in the interest of the Company. When decisions concern key business policy issues or matters affecting another Board member's responsibilities, the member must submit them for decision-making by the full Management Board.

The terms of engagement for each Management Board member define their rights and obligations in the performance of their duties. The report on Management Board and Supervisory Board compensation contains information on the remuneration of Management Board members and is prepared in accordance with Article 272 of the Companies Act and the adopted Remuneration Policy of the Company, to be submitted to the General Meeting for approval.

Members of the Management Board serving during 2025 were:

- Eugen Paić-Karega, Chairman of the Management Board
- Tvrtko Zlopaša, Member of the Management Board

In 2025, the Management Board held 92 meetings. All members were present at every meeting. In cases of physical absence, members participated via video conferencing and actively contributed to the Management Board's work and decision-making.

Internal Audit

The Company has engaged the Internal Audit Department of Končar – Elektroindustrija d.d. to perform the function of independent audit and control within the Company. The internal audit function reports to the Management Board, the Supervisory Board, and the Audit Committee through comprehensive reports on

audits conducted, including findings and recommendations for improvement. The Internal Audit Charter defines the framework of operations and the main principles guiding internal audit activities within the Company and the Dalekovod Group.

The internal audit is responsible for assessing the level of risk management in business processes, auditing the effectiveness of internal control systems to improve risk management and compliance with procedures, and examining and analyzing the alignment of existing business systems with adopted policies, plans, procedures, laws, and regulations that may significantly impact financial reporting.

The internal audit is tasked with recommending preventive measures in financial reporting, compliance, business operations, and control to mitigate risks and address potential deficiencies that could lead to process inefficiencies or fraudulent actions. The internal audit reports on its activities and audit plans to the Company's Management Board, the Audit Committee, and the Supervisory Board. Its findings and recommendations assist management in improving processes, preventing potential risks, or reducing risks to an acceptable level. Reports on completed audits were approved by the Audit Committee.

Employees

A key element of the Company's strategy is building a knowledge-based organization grounded in overall intellectual capital. Due to increased demands for competitiveness, professional development of employees and effective human resource management are organizational priorities. By regulating employment relations and internal organization, the Company and the Dalekovod Group subsidiaries comply with applicable laws, collective and individual agreements, and protect the human and civil rights, dignity, and reputation of every employee.

The Company organizes its operations to ensure compliance with and application of the Constitution, laws, other regulations, subordinate regulations, and internal acts of the Company. All employees are continuously informed about relevant provisions and rules concerning their rights and obligations at work. The Company actively combats and seeks to prevent all forms of irregularities in the workplace.

The Company promotes equality among all employees, regardless of gender, age, nationality, ethnic origin, race, religion, language, social and economic status, sexual orientation, or membership in political and other organizations. During the reporting period, no cases of discrimination based on race, skin color, gender, religion, political opinion, national, or social origin were recorded. In accordance with the Collective Agreement, the employer is obliged to protect the dignity of employees during the performance of their work and ensure working conditions where employees are not subjected to harassment or sexual harassment by the employer, superiors, colleagues, or other persons with whom they regularly interact in the course of their work.

ESG

Dalekovod d.d. is subject to sustainability reporting, and the Company's data are included in the consolidated Sustainability Report of the Dalekovod Group and the Sustainability Report of the KONČAR Group. Sustainability reporting for the Dalekovod Group is conducted at the same level as the preparation of consolidated financial statements and encompasses Dalekovod d.d. and its subsidiaries.

Audit Report on the Financial Statements





This is an English translation of the Independent Auditor's Report on the separate and consolidated financial statements originally issued in Croatian. In the event of any differences, the Croatian original prevails. This report should be read in conjunction with the complete set of separate and consolidated financial statements issued in Croatian to which it relates. The accompanying English financial statements are a convenience translation and are not the audited financial statements.

Independent Auditor's Report

To the shareholders of Dalekovod d.d.

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the separate financial statements of Dalekovod d.d. ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise:

- the separate and consolidated statements of financial position of the Company and the Group respectively as at 31 December 2025;

and, for the year from 1 January 2025 to 31 December 2025:

- the separate and consolidated statements of profit or loss;
- the separate and consolidated statements of comprehensive income;
- the separate and consolidated statements of changes in equity;
- the separate and consolidated statements of cash flows;

and

- notes, comprising material accounting policies and other explanatory information

("financial statements").

In our opinion, the accompanying financial statements give a true and fair view of the unconsolidated financial position of the Company and the consolidated financial position of the Group as at 31 December 2025 and of their respective unconsolidated and consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and Regulation (EU) No. 537/2014 of the European Parliament and of the Council. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REVENUE RECOGNITION UNDER LONG-TERM (CONSTRUCTION) CONTRACTS

Revenue from construction contracts recognized in profit or loss in 2025: the Group EUR 257,203 thousand; the Company: EUR 207,078 thousand. Revenue recognized from construction contracts recognized in profit or loss in 2024: the Group EUR 173,706 thousand; the Company: EUR 134,231 thousand. Please refer to the Notes 2.18 of Significant accounting policies, Note 4 (a) of Key accounting estimates and judgements and Note 6 Segment information in the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Group's and the Company's principal activities include manufacturing of complex power-generating equipment, its installation and related construction services.</p> <p>Consequently, contracts with customers typically include one performance obligation which is satisfied over time.</p> <p>Under the applicable financial reporting standard governing the accounting for revenues, IFRS 15 Revenue from Contracts with Customers, if the requirements for recognition of revenue over time are met, entities measure 'progress towards complete satisfaction' of the performance obligation using a method that best depicts the performance.</p> <p>Given the nature of contracts with customers, revenue from contracts with customers is recognised by reference to the 'progress towards complete satisfaction' of the performance obligation which is typically calculated using the 'cost-to-cost' input method which measures the proportion of contract costs incurred for work performed up to the reporting date compared to the estimated total contract costs required to satisfy the performance obligation.</p> <p>The accounting for long-term construction contracts requires management to make reliable estimates with respect to future costs to completion of a contract and fulfilment of contractual obligations.</p> <p>This estimate directly impacts the amounts and timing of revenue recognition since it determines the stage of completion achieved under the contract. As a result, we considered this area to be a key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> assessing the Group's and the Company's policy for recognizing revenue, including whether the policy is in accordance with the relevant accounting standards; testing the design, implementation and operating effectiveness of controls related to accuracy of budgeting process including effectiveness of management review; assessing the accuracy of contract budgets by analysing historical accuracy of prior year budgets for contracts completed in the current year and selected contracts being uncompleted as at the end of both the current and the previous reporting period; for a sample of contracts with key customers: <ul style="list-style-type: none"> challenging management's identification of performance obligations, particularly with respect to the evaluation of whether the contract relates to a single performance obligation; challenging management's assessment of whether the identified performance obligation meets the criteria for recognising revenue over time vs. at a point-in-time, by reference to the provisions of the contract and our understanding of the resulting pattern of satisfying the performance obligation; challenging the appropriateness of the method used to measure 'progress towards complete satisfaction' (cost-to-cost vs. output based on surveys of work performed) by considering contractual terms and the nature of goods or services promised to customers; for a sample of contracts, evaluating the appropriateness of the estimated 'progress towards complete satisfaction' as at year-end by reference to the provisions of the contract and other supporting documents, such as budgets, progress reports and/or surveys of work performed;



	<ul style="list-style-type: none"> • for significant subsequent changes in contracts, inspecting their formal approvals by customers; • assessing the adequacy of disclosures regarding estimation uncertainty involved in the accounting for construction contracts.
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Other Information

Management is responsible for the other information. The other information comprises the Management Report (together with Sustainability Statement) and the Corporate Governance Report included in the Annual Report of the Company and the Group, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

We have performed a limited assurance engagement on the Sustainability Statement that forms part of the other information and provided a separate unmodified assurance practitioner's conclusion thereon that is included within the other information.

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

With regard to the Management Report and the Corporate Governance Report, we also performed procedures prescribed by applicable legal requirements and we report that:

- the information given in the Management Report and the Corporate Governance Report for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the financial statements;
- the Management Report and the Corporate Governance Report have been prepared, in all material respects, in accordance with applicable legal requirements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with EU IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that



an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

Information Required by Regulation (EU) No. 537/2014 of the European Parliament and the Council

Appointment of Auditor and Period of Engagement

We have been appointed to audit the annual financial statements of the Company and the Group by resolution of those charged with governance dated 10 June 2025. Our period of total uninterrupted engagement is nine years, covering the periods ended 31 December 2017 to 31 December 2025.

Consistency with Additional Report to Audit Committee

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

Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament of the Council and Article 44 of the Audit Act were provided and that we remained independent in conducting the audit.

Report on Compliance with the ESEF Regulation

In accordance with the requirements of Article 462 paragraph 5 of Capital Market Act, we are required to express an opinion on whether the financial statements of the Company and the Group as at and for the year ended 31 December 2025, as included in the attached electronic file *dalekovoddd-2025-12-31-1-en* have been prepared, in all material respects, in accordance with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("the RTS on ESEF").

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation of the financial statements in a digital format that complies with the RTS on ESEF. This responsibility includes:

- the preparation of the financial statements in the applicable XHTML format and their publication;
- the selection and application of appropriate iXBRL tags, using judgment where necessary;
- creating and properly anchoring extension elements where no suitable element exists;
- performing block-tagging where required;
- ensuring consistency between digitised information and the financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the RTS on ESEF.

Those charged with governance are responsible for overseeing the Company's and the Group's ESEF reporting, as a part of the financial reporting process.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared, in all material respects, in accordance with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of



Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about whether the financial statements have been prepared, in all material respects, in accordance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements of set out in the RTS on ESEF, whether due to fraud or error. Reasonable assurance is a high degree of assurance. However, it does not guarantee that the scope of procedures will identify all significant (material) non-compliance with the RTS on ESEF.

Our procedures included, among others:

- obtaining an understanding of the Company's and the Group's ESEF preparation process;
- evaluating the design and implementation, and operating effectiveness of relevant controls over the iXBRL tagging process;
- assessing the XHTML structure and the completeness of tagging;
- evaluating the appropriate application of core taxonomy elements, the creation and anchoring of extension elements, and the application of block-tagging where required; and, where relevant,
- assessing consistency between machine-readable and human-readable versions and the signed audited financial statements.

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

Opinion

In our opinion, based on the procedures performed and evidence obtained, the financial statements of the Company and the Group as at and for the year ended 31 December 2025 presented in ESEF format and contained in the aforementioned attached electronic file, have been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

15 April 2026

KPMG Croatia d.o.o. za reviziju

Croatian Certified Auditors
Eurotower, 17th floor
Ivana Lučića 2a
10000 Zagreb
Croatia

CONSOLIDATED AND SEPARATE INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

<i>(all amounts are expressed in thousands of EUR)</i>	Note	Dalekovod Group		Dalekovod d.d.	
		2025	2024	2025	2024
Sales revenue	6	278,221	194,489	208,978	135,154
Other income	7	1,783	1,358	3,637	3,147
Change in work in progress and finished goods		1,212	155	(5)	(5)
Cost of trade goods sold		(20,983)	(23,222)	(1,260)	(9,351)
Cost of materials and services	8	(159,608)	(99,173)	(134,690)	(72,598)
Employee benefits	9	(59,974)	(45,711)	(45,198)	(33,622)
Depreciation and amortisation	15-17	(4,773)	(4,027)	(4,195)	(3,575)
Other operating expenses	10	(21,488)	(15,231)	(15,614)	(15,455)
Value adjustment of financial assets	11	(163)	(155)	(163)	(127)
Net profit from sale of a subsidiary	19	(1,733)	-	621	-
Operating profit/(loss)		12,494	8,483	12,111	3,568
Finance income	12	392	754	372	1,568
Finance costs	12	(947)	(1,810)	(947)	(1,738)
		(555)	(1,056)	(575)	(170)
Profit / (loss) before tax		11,939	7,427	11,536	3,398
Income tax	13	(275)	(1,360)	275	(782)
Net profit / (loss)		11,664	6,067	11,811	2,616
Net profit / (loss) attributable to:					
Owners of the Company		11,664	6,067	11,811	2,616
Net profit / (loss)		11,664	6,067	11,811	2,616
Basic and diluted earnings per share (in EUR)	14	0.28	0.15		

Accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

<i>(all amounts are expressed in thousands of EUR)</i>	Note	Dalekovod Group		Dalekovod d.d.	
		2025	2024	2025	2024
Net profit / (loss)		11,664	6,067	11,811	2,616
Other comprehensive income / (loss):					
Gain on revaluation of property, plant and equipment		3,095	-	3,095	-
Foreign exchange differences		(114)	92	-	-
Total other comprehensive income / (loss)		2,981	92	3,095	-
Total comprehensive income / (loss)		14,645	6,159	14,906	2,616
Comprehensive income / (loss) attributable to:					
Owners of the Company		14,645	6,159	14,906	2,616
Total comprehensive income / (loss)		14,645	6,159	14,906	2,616

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

ON 31 DECEMBER 2025

<i>(all amounts are expressed in thousands of EUR)</i>	Note	Dalekovod Group		Dalekovod d.d.	
		2025	2024	2025	2024
ASSETS					
Intangible assets	15	996	939	716	721
Property, plant and equipment	16	45,522	35,794	36,318	28,020
Investment property	17	-	-	3,775	4,575
Investments in subsidiaries	19	-	-	7,638	8,017
Investments in associates	20	1	1	1	1
Deferred tax asset	13	1,900	-	1,900	-
Loans and receivables	22	4,734	5,835	4,712	5,921
Non-current assets		53,153	42,569	55,060	47,255
Inventories	23	13,764	16,189	3,397	2,358
Trade and other receivables	24	104,678	85,020	93,190	73,126
Current tax assets		610	335	264	298
Cash and cash equivalents	25	30,022	12,328	26,188	9,692
Current assets		149,074	113,872	123,039	85,474
Total assets		202,227	156,441	178,099	132,729

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION (continued)

ON 31 DECEMBER 2025

<i>(all amounts are expressed in thousands of EUR)</i>	Note	Dalekovod Group		Dalekovod d.d.	
		2025	2024	2025	2024
EQUITY AND LIABILITIES					
Share capital	26	41,247	41,247	41,247	41,247
Capital reserves	26	12,387	12,387	12,387	12,387
Legal reserves	26	22	22	-	-
Treasury shares	26	(1,124)	(1,124)	(1,124)	(1,124)
Statutory and other reserves	26	3,898	5,453	1,124	1,124
Revaluation reserves	26	9,500	6,405	9,500	6,405
Translation reserves		(761)	(647)	-	-
Retained earnings /(accumulated loss)		17,787	4,568	9,681	(2,130)
Equity		82,956	68,311	72,815	57,909
Total equity		82,956	68,311	72,815	57,909
Borrowings	27	9,937	7,812	8,001	8,027
Provisions	29	2,006	1,869	1,811	1,676
Deferred tax liabilities	13	2,085	1,406	2,085	1,406
Non-current liabilities		14,028	11,087	11,897	11,109
Borrowings	27	9,817	5,021	9,782	5,224
Provisions	29	15,020	4,745	14,813	4,486
Trade and other payables	28	77,612	65,489	66,319	52,447
Current tax liabilities		2,794	1,788	2,473	1,554
Current liabilities		105,243	77,043	93,387	63,711
Total liabilities		119,271	88,130	105,284	74,820
Total equity and liabilities		202,227	156,441	178,099	132,729

Accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

The Group										
(all amounts are expressed in thousands of EUR)	Note	Share capital	Capital reserves	Legal reserves	Treasury shares	Statutory and other reserves	Revaluation reserves	Translation Reserve	Retained earnings/ (accumulated loss)	Total
As of January 1, 2024		41,247	12,387	22	(1,124)	5,453	6,405	(739)	(1,499)	62,152
Net profit/(loss)		-	-	-	-	-	-	-	6,067	6,067
Other comprehensive income/(loss)		-	-	-	-	-	-	92	-	92
Total comprehensive income/(loss)		-	-	-	-	-	-	92	6,067	6,159
Total transactions with owners		-	-	-	-	-	-	-	-	-
As of December 31, 2024		41,247	12,387	22	(1,124)	5,453	6,405	(647)	4,568	68,311
Net profit/(loss)		-	-	-	-	-	-	-	11,664	11,664
Other comprehensive income/(loss)		-	-	-	-	(1,555)	3,095	(114)	1,555	2,981
Total comprehensive income/(loss)		-	-	-	-	(1,555)	3,095	(114)	13,219	14,645
Total transactions with owners		-	-	-	-	-	-	-	-	-
As of December 31, 2025		41,247	12,387	22	(1,124)	3,898	9,500	(761)	17,787	82,956

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

The Company								
(all amounts are expressed in thousands of EUR)	Note	Share capital	Capital reserves	Treasury shares	Statutory and other reserves	Revaluation reserves	Retained earnings/ (accumulated loss)	Total
As of January 1, 2024		41,247	12,387	(1,124)	1,124	6,405	(4,746)	55,293
Net profit/(loss)		-	-	-	-	-	2,616	2,616
Total comprehensive income/(loss)		-	-	-	-	-	2,616	2,616
Total transactions with owners		-	-	-	-	-	-	-
As of December 31, 2024		41,247	12,387	(1,124)	1,124	6,405	(2,130)	57,909
Net profit/(loss)		-	-	-	-	-	11,811	11,811
Other comprehensive income		-	-	-	-	3,095	-	3,095
Total comprehensive income		-	-	-	-	3,095	11,811	14,906
Total transactions with owners		-	-	-	-	-	-	-
As of December 31, 2025		41,247	12,387	(1,124)	1,124	9,500	9,681	72,815

Accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

<i>(all amounts are expressed in thousands of EUR)</i>	Note	Dalekovod Group		Dalekovod d.d.	
		2025	2024	2025	2024
Cash flows from operating activities					
Cash receipts from customers		282,406	188,344	204,558	127,165
Cash receipts from insurance compensation		176	48	173	47
Cash receipts from tax refunds		11,980	8,958	11,081	8,272
Cash outflows to suppliers		(206,983)	(135,062)	(147,193)	(89,328)
Cash outflows for employees		(55,369)	(42,103)	(42,175)	(30,447)
Cash outflows for insurance compensation		(1,551)	(1,303)	(1,509)	(1,237)
Cash outflows for taxes		(12,391)	(5,292)	(10,347)	(3,627)
Other cash outflows		6,421	(2,251)	7,056	(2,110)
Net cash generated from operating activities		24,689	11,339	21,644	8,735
Interest paid		(662)	(595)	(648)	(614)
Income tax paid		(1,579)	(3,349)	(822)	(2,637)
Net cash flows from operating activities		22,448	7,395	20,174	5,484

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

<i>(all amounts are expressed in thousands of EUR)</i>	Note	Dalekovod Group		Dalekovod d.d.	
		2025	2024	2025	2024
Cash flows from investing activities					
Cash receipts from sale of property, plant and equipment and intangible assets		37	79	6	75
Cash receipts from collection of receivables from sale of shares in subsidiaries		1,000	-	1,000	-
Interest received		-	1	-	1
Dividends received		-	-	-	700
Cash receipts from return of term deposits		-	4,009	263	4,294
Cash receipts from other investing activities		-	40	-	-
Net cash outflows for purchase of property, plant and equipment and intangible assets		(6,787)	(4,170)	(5,422)	(3,557)
Cash outflows related to term deposits and other investing activities		-	(4,007)	-	(4,155)
Net cash outflows used in investing activities		(5,750)	(4,048)	(4,153)	(2,642)
Cash flows from financing activities					
Cash receipts from borrowings and loans		17,534	19	17,000	-
Other cash receipts from financing activities		-	25	-	9
Cash outflows for repayment of borrowings		(13,754)	(1,828)	(13,819)	(1,891)
Other cash outflows from financing activities		(2,784)	(1,580)	(2,706)	(1,530)
Net cash flows from/(used in) financing activities		996	(3,364)	475	(3,412)
Net (decrease)/increase in cash flows		17,694	(17)	16,496	(570)
Cash and cash equivalents at the beginning of the year		12,328	12,345	9,692	10,262
Cash and cash equivalents at the end of the year		30,022	12,328	26,188	9,692

Accounting policies and notes form an integral part of these financial statements.

Notes



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 1

GENERAL INFORMATION

As of 31 December, the Dalekovod Group (the "Group") comprises the parent company Dalekovod d.d. and eleven subsidiaries owned by the parent.

Dalekovod d.d. (hereinafter the "Company") was established under the laws and regulations of the Republic of Croatia. The Company's registered office is located in Zagreb at Marijana Čavića 4. The Company's shares are listed on the Zagreb Stock Exchange.

The principal activity of the Company is the design, production, construction, and installation of power facilities, road, rail, and urban transport infrastructure, as well as telecommunications infrastructure.

Members of the Supervisory Board

Gordan Kolak	President of the Supervisory Board
Mario Radaković	Vice president of the Supervisory Board from 01/01/2025.
Miki Huljić	Member of the Supervisory Board from 01/01/2025.
Ivan Paić	Member of the Supervisory Board
Dražen Buljić	Member of the Supervisory Board from 01/01/2020. until 01/12/2025.
Dalibor Štrlek	Member of the Supervisory Board from 01/12/2025.

Members of the Management Board

Eugen Paić-Karega	President of the Management Board
Tvrtko Zlopaša	Member of the Management Board

NOTE 2

INFORMATION ON SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies are applicable to both the Group and to the Company and they have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group and the non-consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (EU IFRS), using the historical cost method, as adjusted for the revaluation of land, financial assets at fair value through profit or loss, and equity instruments at fair value through other comprehensive income.

The preparation of financial statements in accordance with IFRS requires the use of certain key accounting estimates and judgments in applying the Group's and the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Amounts in these financial statements are rounded to the nearest thousand, unless otherwise stated.

The financial statements have been prepared on the going concern basis.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control over financial and operating policies, which generally includes more than half of the voting rights. The existence and effect of potential voting rights that can be exercised or converted are considered when assessing whether the Group has control over another entity. Subsidiaries are fully consolidated from the date on which control is actually transferred to the Group (acquisition date) and are excluded from consolidation from the date of sale or loss of control.

The purchase method is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed on the acquisition date, increased by costs directly attributable to the acquisition. The acquisition date refers to the date the business combination is completed in a single transaction, and applies to each acquisition date of shares when the business combination is achieved in stages through a step-by-step acquisition of shares.

Identifiable acquired assets, liabilities, and contingent liabilities in a business combination are initially measured at fair value on the acquisition date, regardless of any non-controlling interest. Any excess of the acquisition cost over the fair value of the Group's share in the net assets of the subsidiary is recognized as goodwill. If the acquisition cost is lower than the fair value of the net assets acquired, the difference is recognized directly in profit or loss.

All intra-group transactions, balances, and unrealized gains on transactions within the Group are eliminated on consolidation. Similarly, unrealized losses are eliminated unless there is evidence of impairment of the transferred asset. Where necessary, the accounting policies of subsidiaries are adjusted to align with those applied by the Group.

(b) Disposal of subsidiaries

The Group treats transactions with minority shareholders as transactions with the Group's owners. When shares are purchased from minority shareholders, the difference between the consideration paid and the corresponding acquired share of the subsidiary's net assets is recognized in equity. Gains or losses on the sale of a minority interest are also recognized in equity.

(c) Disposal of subsidiaries

When the Group loses control or significant influence, any retained interest in the entity is remeasured at its fair value, with the resulting gain or loss recognized in profit or loss. The fair value becomes the initial carrying amount for subsequent accounting treatment of the retained interest as an associate, joint venture, or financial asset. Furthermore, any amounts previously recognized in other comprehensive income related to that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may result in amounts previously recognized in other comprehensive income being reclassified to profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only the proportional share of amounts previously recognized in other comprehensive income is reclassified to profit or loss, where appropriate.

(d) Associates

Associates are entities over which the Group or the Company has significant influence but not control, which generally includes 20% to 50% of voting rights. Investments in associates are accounted for by the Group using the equity method, while the Company measures them at cost.

The Group's share of post-acquisition profits or losses of associates is recognized in profit or loss, and the Group's share of post-acquisition changes in other comprehensive income is recognized in other comprehensive income. The carrying amount of the investment is adjusted for cumulative post-acquisition changes. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables that form part of the net investment, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Similarly, unrealized losses are eliminated unless the transaction provides evidence of impairment of the transferred asset. Where necessary, the accounting policies of associates are adjusted to align with those applied by the Group.

(e) Investments in subsidiaries in separate financial statements

In the Company's separate financial statements, investments in subsidiaries are measured at cost, adjusted for any impairment. The carrying amount of investments is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For investments in subsidiaries for which an impairment loss has been recognized, the investment is reassessed at each reporting date for possible reversal of the impairment.

2.3 Foreign currencies

(a) Foreign currency transactions and balances

Transactions in foreign currencies are translated into the functional currency by converting the amounts in foreign currencies at the exchange rate on the transaction date. Exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

(b) Foreign operations

The results of operations and financial position of all Group entities whose functional currency differs from the reporting currency are translated into the reporting currency as follows:

- (i) assets and liabilities on each balance sheet are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses on each income statement are translated at average rates; and
- (iii) all resulting exchange differences are recognized in a separate item within equity.

In consolidation, exchange differences arising from the translation of net investments in foreign subsidiaries are recorded within "Cumulative Translation Differences" in equity. Upon partial or full disposal of a foreign subsidiary or loss of control over a subsidiary, all exchange differences are recognized in profit or loss as part of the gain or loss on the sale.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Board of the Company.

2.5 Property, plant and equipment

Buildings, plant and equipment are stated at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land and assets under construction are not depreciated. Depreciation is calculated using linear method individually for each asset through estimated life expectancy of asset in use. Depreciation is calculated when tangible asset is available and ready to use. Depreciation is calculated over their estimated useful lives, as follows:

	Useful live in years
Buildings	20 – 40
Equipment	5 – 10
Plants	25

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Revaluation of land

Land is stated at revalued amount based on periodic valuations (generally every three years) carried out by independent appraisers. When the carrying amount of land increases as a result of revaluation, the increase is directly recognized in other comprehensive income and presented in equity under the heading "Revaluation Reserve." A revaluation decrease is charged directly against the revaluation reserve to the extent that the decrease does not exceed the amount previously recognized in the revaluation reserve for the same asset; any remaining decrease is recognized as an expense in profit or loss.

After initial recognition, land is carried at its revalued amount, which represents its fair value at the date of revaluation, less any subsequent accumulated impairment losses. Independent valuations of land are conducted when the carrying amount significantly differs from fair value. Any increase in land value is recognized in other comprehensive income within the revaluation reserve, except to the extent that it reverses a previous impairment loss on the same asset that was recognized in profit or loss, in which case it is recognized as income. Any decrease is first offset against any increase attributable to a prior valuation of the same asset and then recognized as an expense.

The related portion of revaluation reserves realized upon a previous valuation is released directly to retained earnings upon disposal of the asset. Upon withdrawal from use or disposal, any remaining revaluation reserve of such asset is transferred to retained earnings.

2.6 Property investments

Investments in property, principally office buildings and land that are held for long-term rental yields or increase of their value. Investments in property are treated as a long-term investment unless it is intended to be sold in the next year and a buyer has been identified, in which case they are classified within current assets.

Investments in property are carried at historical cost less accumulated depreciation and provision for impairment, if necessary. Depreciation for buildings is calculated using the straight-line method to allocate cost over estimated life cycle (20 to 40 years).

Subsequent costs are capitalised only when it is probable that future economic benefits associated with it will benefit to the Group and the cost can be measured reliably. All other repairs and maintenance costs are charged to the income statement when incurred. If the Group starts using the property intended for sale, it is reclassified to property, plant and equipment, and its book value at the date of reclassification becomes its deemed cost to be subsequently depreciated.

2.7 Intangible assets

Intangible assets consist mainly of the right of use and software and are capitalized on the basis of the costs incurred to bring to use the specific software. These costs are amortised during their useful lives (5 years).

2.8 Impairment of non-financial assets

The recoverability of assets with an indefinite useful life and those not subject to depreciation (such as land and goodwill) is tested annually. Non-financial assets (excluding inventories and deferred taxes) are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized as the difference between the carrying amount of the asset and its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which cash flows can be individually identified (cash-generating units). Non-financial assets, except goodwill, for which an impairment loss has been recognized, are reviewed at each reporting date for a possible reversal of the impairment loss.

2.9 Financial instruments

2.9.1 Financial assets

(a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- FVOCI (fair value through other comprehensive income) – debt investment;
- FVOCI – equity investment;
- or FVTPL (fair value through profit or loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Financial assets are measured at amortised cost if they meet both of the following conditions and are not designated as at FVTPL:

- they are held within a business model whose objective is to collect contractual cash flows; and
- their contractual terms on specified dates lead to cash flows that are solely payments of principal amount and interest on the principal amount outstanding.

During initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This choice is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. The Group and the Company do not have any recognized amounts of assets measured at FVTPL.

The main categories of financial assets recognized by the company are cash and cash equivalents, trade receivables and loans, all of which are measured at amortized cost, with receivables and loans held in the hold-to-collect business model.

Assessment of whether the contractual cash flows represent solely principal and interest payments

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset at initial recognition. 'Interest' is defined as a consideration for the time value of money, the credit risk associated with the time period over which the remaining principal is repaid, and other basic risks and costs of lending (e.g. liquidity risk and administrative costs), as well as a profit margin.

When assessing the baseline criteria of whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether financial assets contain a contractual condition that could change the timing or the amount of contractual cash flows in such a way that the basic criterion would not be met. In making of this assessment, the Group considers:

- contingent events that could change the amount or timing of cash flows;
- terms that may influence the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the 'solely principal and interest payments' criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Subsequent measurement and recognition of gains and losses

The table below provides an overview of key features of the accounting policy that the Group and the Company apply with respect to subsequent measurement and recognition of gains and losses of the main financial asset category recognized in their financial statements:

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. The gain or loss on de-recognition is recognised in profit or loss.

(c) De-recognition

The Group de-recognises a financial asset when the contractual rights to the cash flows from that financial asset expire or when the rights to the contractual cash flows are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains the risks and rewards of ownership but does not retain control of the financial asset.

When the Group enters into transactions whereby it transfers financial assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised.

2.9.2 Financial liabilities

(a) Recognition and initial measurement

Debt securities issued are initially recognized at the time of origination. All other financial assets are initially recognized when the Group becomes a party to the contractual provision of the financial instrument.

A financial liability is initially measured at fair value plus, if it is an instrument not carried at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the instrument.

(b) Classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as at FVTPL on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss at de-recognition is also recognised in profit or loss. Any gain or loss at de-recognition is also recognised in income statement.

(c) De-recognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the contractual terms are modified and the cash flow of the modified liability is significantly different from the initial one, with the new financial liability based on the modified terms being recognized at fair value.

When a financial liability is derecognized, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the income statement.

2.9.3 Offsetting

Financial assets and financial liabilities are offset and the net amount shown in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2.9.4 Impairment of derivative financial assets

Recognition of loss allowances

The Group recognizes loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortized cost;
- investments in debt securities measured at fair value through other comprehensive income; and
- contract assets.

The Group recognizes provisions for losses equal to lifetime ECLs, except in the following cases in which it measures them at 12 month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank accounts for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for ECLs relating to trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supporting information that are relevant and available without additional cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward looking information.

The Company assumes that the credit risk of financial assets is significantly increased when early warning indicators are activated in accordance with the Group's policy or the contractual terms of the instruments.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- financial assets are more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as significant days past due
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross book value of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off of financial assets

The gross book value of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For smaller individual customers, the Group has a policy of writing off the gross book value when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For larger corporate customers, the Group individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Group generally expects no significant recovery from the amount written off.

2.10 Leases

The Group and the Company are the Lessee

At contract inception, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company apply the definition of a lease under IFRS 16.

At the inception or modification of a contract that contains lease components, the Group and the Company allocate the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of real estate, the Company has elected not to separate non-lease components and accounts for the lease and associated non-lease components as a single lease component.

The Group and the Company recognize a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred in dismantling and removing the underlying asset or restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group and Company by the end of the lease term or the cost of the right-of-use asset reflects that the Group and Company will exercise a purchase option. In that case the right-of-use asset will be depreciated from the lease commencement date over the useful life of the underlying asset, which is determined on the same basis as those for property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and the Company's marginal borrowing rate. Generally, the Group and the Company use its marginal borrowing rate as the discount rate.

The Group and the Company determine its marginal borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the expected price under a purchase option that the Group and the Company are reasonably certain to exercise, lease payments in an optional renewal period if the Group and the Company are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there are changes in future lease payments due to changes in index or rates, if there is a change in the estimate of the expected number of payments under residual value guarantees, if the Group or the Company change its estimates of whether to exercise the purchase, extension or termination option, or if there are changes in lease payments that are fixed in substance.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the book value of the right-of-use asset, or is recorded in income statement if the book value of the right-of-use asset has been reduced to zero.

The Group and Company present right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group and Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group and the Company lease certain property, plant and equipment. Leases of property, plant and equipment in which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance expense to achieve a constant rate on the remaining financial position. The interest component of the finance expense is charged to the income statement over the lease term. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases in which the Group or the Company does not bear a significant share of the risks and rewards of ownership are classified as operating leases. Payments under operating leases are recognised in the income statement on a straight-line basis over the lease term.

The Group and the Company are the Lessor

The accounting policy applicable to the Group and the Company as a lessor in comparative information is not different from the policy in accordance with the new standard. When concluding a contract, the Group and the Company determine whether it is a financial or operating or operating lease, depending on whether the lease agreement transfers almost all risks and rewards associated with the ownership of the property.

All leases where the Group and Company are lessors are operating leases.

Assets under an operating lease where the Group and the Company are the lessor are depreciated over their expected useful lives on a basis consistent with similar owned assets. Rental income is recognised on a straight-line basis over the lease term, even if the proceeds are not balanced, unless there is an alternative basis representing the time frame in which the benefits of the lease and the depreciation of the leased property are matched.

2.11 Inventories

Inventories of raw materials and spare parts are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value represents the estimated selling price in the ordinary course of business less variable selling expenses.

The cost of work in progress and finished goods include raw materials, direct labour, other direct costs and an appropriate portion of production overheads (based on normal regular production capacity).

Small inventory and tools are fully written off when put into use.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid instruments with original maturities of three months or less.

2.13 Share capital

Share capital consists of ordinary shares. Proceeds recognised in equity upon the issuance of new shares or options are presented net of directly attributable transaction costs and income tax.

The consideration paid for the acquisition of treasury shares, including any directly attributable transaction costs (net of income tax), is deducted from equity attributable to the Company's shareholders until the shares are cancelled or reissued. When such shares are subsequently reissued, any consideration received, net of any directly attributable transaction costs and the related income tax effects, is included in equity attributable to the Company's shareholders.

2.14 Income tax

The tax expense for the year comprises of current and deferred income tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In that case, the tax is recognised in the statement of other comprehensive income or directly in equity, respectively.

Current tax expense is calculated based on the tax laws that are in force or partially applied at the reporting date in the countries in which the subsidiaries and the Company operate and generate taxable profit. The basis for calculating income tax is the difference between income and expenses determined in accordance with the Law. The management periodically assesses individual items in tax returns with regard to situations in which applicable tax provisions are subject to interpretation and considers the formation of provisions, where appropriate, based on the expected amount to be paid to the Tax Authorities.

2.15 Deferred Income Tax

Deferred income tax is provided using the balance sheet liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same or different taxable entities, and there is an intention to settle on a net basis.

2.16 Employee benefits

(a) Retirement obligations and other post-retirement obligations

In the ordinary course of business, the Group and the Company make regular contributions on behalf of their employees, who are members of mandatory pension funds, in accordance with applicable laws when paying salaries. Mandatory pension contributions to the funds are recognized as part of employee benefit expenses when they are incurred.

In addition, under the Collective Agreement, the Group and the Company are obligated to pay retirement benefits to employees upon their retirement. The liability recognized in the statement of financial position represents the present value of the defined benefit obligation, reduced by past service costs, together with adjustments for unrecognized actuarial gains or losses. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using interest rates of government bonds denominated in the currency in which the benefits will be paid and with maturities that approximate the terms of the related retirement benefit obligation.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary termination of employment in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing severance benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(c) Other long-term employee benefits

The Group recognises a liability for long-term employee benefits (jubilee awards) evenly over the period the benefit is earned based on actual years of service. The long-term employee benefit liability is determined using assumptions regarding the likely number of staff to whom the benefit will be payable, estimated benefit cost and the discount rate.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any item included in the same class of obligations is small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the future value of money and the risks specific to the obligation. The number of provisions increases in each period to reflect the passage of time. This increase is recognized as interest expense.

2.18 Revenue recognition

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over goods or services to a customer. The transfer of control of a good or service may take place continuously (revenue recognition on a progress towards completion basis) or on a specific date (recognition on completion). Before revenue is recognised, the Company identifies both the contract and the various performance obligations contained in the contract. The number of performance obligations depends on the type of contract and activities. Most of the Company's contracts involve only one performance obligation. Revenue recognition policies under IFRS 15 applicable to revenue streams are as follows:

(a) Revenue from construction contracts

Revenue from construction activities is determined based on the latest relevant estimate of the total transaction price in the construction contract. The Group and the Company recognise revenue from construction contracts at the end of each reporting period using the "percentage of completion" method to measure the progress towards satisfaction of the performance obligation.

Revenue from construction activities is generally recognised over time as the performance obligation is satisfied, given that the nature of such projects involves a series of integrated activities performed at the customer's site and results in a specialised asset that is typically of use only to that specific customer.

The Group and the Company assess the "stage of completion" of the performance obligation in order to determine the appropriate amount of revenue and expenses for a given period. The "stage of completion" is measured using the cost-based input method by comparing contract costs incurred to date with the total estimated contract costs for each contract. In determining the "stage of completion", all costs incurred during the year that relate to future contract activities are excluded and recognised as inventories, prepayments or other assets, depending on their nature.

For all contracts in progress where costs incurred and recognised profits (less recognised losses) exceed progress billings, the Group and the Company recognise the gross amount due from customers within assets. Progress billings not yet paid by customers and retention amounts are included within trade and other receivables.

For all contracts in progress where progress billings exceed costs incurred and recognised profits (less recognised losses), the Group recognises the gross amount due to customers within liabilities.

As soon as a loss on a construction contract is identified and can be reliably measured, the Company and the Group recognise a provision for expected losses until the completion of the contract. The full amount of the expected loss is recognised immediately, regardless of the stage of completion.

(b) Revenue from the sale of finished goods and merchandise

Revenue from the sale of finished goods and merchandise is recognized when the Group and the Company deliver goods to the customer, when the customer accepts the delivered goods and merchandise, and when the possibility to collect receivables is reasonably certain. Revenue is recognised in amounts net of value added tax, estimated returns, rebates and trade discounts.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

When a receivable is impaired, the Group and the Company reduce its carrying amount to its recoverable amount, being the estimated future cash flows discounted at the instrument's original effective interest rate. The unwinding of the discount in subsequent periods is recognised as interest income. Interest income on loans with uncertain collectability is recognised using the original effective interest rate.

(d) Revenue from dividends

Dividend income is recognized when the right to receive payment is established.

2.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the General Assembly of the Company's shareholders.

2.20 Earnings per share

Earnings per share is determined by dividing the profit or loss attributable to owners of the Company by the weighted average number of participating shares outstanding during the reporting year.

2.21 Value added tax

The Tax Authorities require the settlement of VAT on a net basis. VAT related to sales and purchases is recognised and disclosed in the balance sheet on a net basis. Where a provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

2.22 Assets held for sale

Fixed assets, classified as held for sale if their carrying value, will be largely compensated through sale rather than through its continuing use; if these assets are available for immediate sale in their existing state under conditions which are frequent and common for sale of such assets, and if the sale is probable.

Assets held for sale are stated at the lower of net book value and fair value less cost to sell. Loss on impairment from reduction to fair value less cost to sell, is charged to profit or loss.

Investments in associates and joint ventures that meet the criteria for classification as assets held for sale at a certain time ceased to be measured using the equity method and are measured at lower of carrying value based on equity method and fair value less cost to sell.

NOTE 3

FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The activities undertaken by the Group and the Company expose them to various financial risks: market risk (including currency risk and cash flow interest rate risk), price risk, credit risk, and liquidity risk. While the Group and the Company do not have a formal risk management program, overall risk management is handled by the Company's Finance Department.

(a) Market risk

(i) Currency risk

Revenue from sales abroad is predominantly generated in EUR, NOK, and SEK, while revenue from domestic sales is generated in EUR. The Company is not exposed to currency risk in respect of long-term and short-term borrowings, as these are contracted in its functional currency, EUR. As a non-financial entity, in managing financial risks, the Company primarily uses simple instruments to align foreign currency inflows and outflows from contracts with customers, without using financial derivatives. Changes in the EUR exchange rate against other currencies do not have a significant impact on the results of the Group and the Company, and therefore the Company does not use hedging instruments to manage foreign currency risk.

The Group is exposed to foreign currency risk through sales, purchases, and loans denominated in currencies other than its functional currency.

As at 31 December 2025, if the SEK had weakened/strengthened by 1.00% against the EUR (2024: 1.00%), with all other variables held constant, profit for the reporting period would have been EUR 96 thousand higher for the Group and EUR 84 thousand higher for the Company (2024: EUR 126 thousand for the Group and EUR 123 thousand for the Company) lower/(higher), mainly as a result of positive/(negative) foreign exchange differences arising from the translation of trade receivables, trade payables, borrowings, and cash balances denominated in foreign currencies. According to management's assessment, changes in exchange rates do not have a significant impact on the financial statements of the Company and the Group.

(ii) Price risk

The Group is exposed to the risk of investing in securities through fair value risks and price change risks, as the Group's investments are classified in the consolidated balance sheet as available for sale and at fair value through profit and loss. Investments in securities classified as available for sale are not traded on the stock exchange, while securities classified at fair value through profit and loss are traded on the stock exchange without significantly impacting the financial position. The management of risks arising from their fair value and price changes is monitored by the Group through market transactions and the performance of the investment entity.

(iii) Interest rate cash flow risk

As the Group does not have significant interest-bearing assets, the Group's income and cash flows from operating activities are not significantly dependent on changes in market interest rates. The Group's and the Company's interest rate risk arises from long-term borrowings and bonds. Borrowings issued at variable rates expose the Group and the Company to cash flow interest rate risk.

The Group and the Company continuously monitor changes in interest rates. Various scenarios are simulated, taking into account refinancing, renewal of existing positions, and alternative financing options. Based on these scenarios, the Group and the Company assess the impact of changes in interest rates on the income statement. With respect to the balances as at 31 December 2025, if the effective interest rate on variable-rate borrowings had increased/decreased by 0.82% on an annual basis (2024: 0.82%), profit after tax would have been EUR 75 thousand lower/higher (2024: EUR 65 thousand), as a result of higher/lower interest expenses.

(b) Liquidity risk

Prudent liquidity risk management involves maintaining sufficient cash, ensuring the availability of financial resources with an adequate amount of contracted credit lines and the ability to meet all obligations. The Group's goal is to maintain financing flexibility by ensuring that contracted credit lines are available. The table shows the maturities of contractual liabilities and receivables reported in the balance sheet at the end of the reporting period. The analysis is based on undiscounted cash outflows for financial liabilities and financial assets at the maturity date. The tables show cash flows for principal and interest.

The Group	Average weighted interest rate	Up to 1 year	Between 1-5 years	Over 5 years	Total contracted cash flow	Net book value
December 31, 2025						
Loans receivable and deposits	0.001%	9,353	4,712	-	14,065	14,065
Trade and other receivables	1%	85,343	-	-	85,343	85,343
Cash and cash equivalents		30,022	-	-	30,022	30,022
Trade and other payables		(49,839)	-	-	(49,839)	(49,839)
Borrowings	4.80%	(11,133)	(9,856)	(163)	(21,152)	(19,740)
		63,746	(5,144)	(163)	58,439	59,851
December 31, 2024						
Loans and deposits given	0.001%	3,557	6,197	-	9,754	9,392
Trade and other receivables	1%	72,803	-	-	72,803	72,803
Cash and cash equivalents		12,328	-	-	12,328	12,328
Trade and other payables		(32,590)	-	-	(32,590)	(32,590)
Borrowings	4.80%	(5,601)	(8,180)	(230)	(14,011)	(12,833)
		50,497	(1,983)	(230)	48,284	49,100

The Company	Average weighted interest rate	Up to 1 year	Between 1-5 years	Over 5 years	Total contracted cash flow	Net book value
December 31, 2025						
Loans receivable and deposits	0.001%	9,293	4,702	-	13,995	9,765
Trade and other receivables		75,102	-	-	75,102	75,102
Cash and cash equivalents		26,188	-	-	26,188	26,188
Trade and other payables		(43,989)	-	-	(43,989)	(43,989)
Borrowings	4.80%	(11,022)	(7,849)	-	(18,871)	(17,770)
		55,572	(3,147)	-	52,425	49,296
December 31, 2024						
Loans and deposits given	1%	3,763	6,221	-	9,984	9,613
Trade and other receivables		62,321	-	-	62,321	62,321
Cash and cash equivalents		9,692	-	-	9,692	9,692
Trade and other payables		(23,668)	-	-	(23,668)	(23,668)
Borrowings	4.80%	(5,650)	(8,328)	(342)	(14,320)	(13,251)
		46,458	(2,107)	(342)	44,009	44,707

(d) Credit risk

The Group's and the Company's assets which potentially subject them to concentrations of credit risk primarily include cash, trade and other receivables. The Group and the Company have policies in place to ensure that the sales of products are made to customers with an appropriate credit history, within previously defined credit limits. A favourable structure of buyers (major buyers are mainly state-owned companies) and the fact that, if necessary, collection from buyers is regulated by bank payment guarantees, bills of exchange, letters of credit and other types of security, almost completely diminishes the risk arising from the collection of trade receivables. A detailed analysis and maximum exposure to credit risk are shown in note 24. Furthermore, judgements and estimates in respect of credit risk exposure and related impairment provisions are described in more detail in note 2.9.4.

3.2 Capital risk management

The Company's and Group's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company and the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company and the Group monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net received loans are calculated as total received loans (long-term and short-term shown in the balance sheet) minus cash and cash equivalents and given short-term deposits. The total capital is calculated by adding to the capital net received loans and reserves shown in the balance sheet.

The Company's gearing ratio is as follows:

(in thousands of EUR)	31 December 2025	31 December 2024
Borrowings (Note 27)	17,783	13,251
Cash and cash equivalents (Note 25)	(26,188)	(9,692)
Net debt	(8,405)	3,559
Equity	72,815	57,909
Total equity and net debt	64,410	61,468
Company's gearing ratio	-13.0%	5.8%

The Group's gearing ratio is as follows:

(in thousands of EUR)	31 December 2025	31 December 2024
Borrowings (Note 27)	19,754	12,833
Cash and cash equivalents (Note 25)	(30,022)	(12,328)
Net debt	(10,268)	505
Equity	82,956	68,311
Total equity and net debt	72,688	68,816
Group's gearing ratio	-14.1%	0.7%

3.3 Fair value estimate

The Group publishes fair value measurements by level in accordance with the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments not traded in an active market (for example, OTC derivatives) is determined using valuation techniques. These valuation techniques maximize the use of observable market data where available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more significant inputs are not based on observable market data, the instrument is included in Level 3.

The Company measures land using the fair value model in accordance with IAS 16 Property, Plant and Equipment. Additional information is disclosed in Note 16 – Property, Plant and Equipment.

NOTE 4

KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group prepares estimates and makes assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the book value of assets and liabilities within the next financial year are outlined below.

(a) Revenue recognition

The Company and the Group recognize revenue primarily over time, but also at a point in time, depending on the specifics of the contractual arrangement with the customer, as described in the relevant accounting policy. When recognizing revenue over time, which primarily relates to the construction segment, the method of measuring progress emphasizes the importance of accurate estimation in measuring the progress toward satisfaction of performance obligations and may involve estimates of the scope of deliveries and services required to fulfill contractual obligations. These significant estimates include total estimated costs, total estimated revenues, contract risks, including technical, political, and regulatory risks, and other judgments.

The Company and the Group have determined that the input method is the most appropriate method for measuring progress in the provision of services, as there is a direct relationship between the activities of the Company and the Group (total costs incurred per project) and the transfer of services to the customer. When revenue is recognized over time, it is measured based on costs incurred to date relative to the total expected costs required to fulfill the performance obligations under the contract.

The Group also recognizes revenue at a point in time (primarily in the manufacturing segment) for the delivery of goods, whereby revenue is recognized when the customer obtains control of the goods. This is usually upon delivery, when the customer has full discretion over the goods and there are no outstanding obligations that could affect the customer's acceptance. Delivery generally occurs when the goods have been transported to the agreed location, the risk of loss has been transferred to the customer, and the customer has accepted the goods in accordance with the contractual terms, or when the acceptance provisions have lapsed, or when the Group has objective evidence that all criteria for acceptance have been satisfied.

NOTE 5

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

A number of new standards, amendments to existing standards and interpretations have been issued by the International Accounting Standards Board and the International Financial Reporting Standards Interpretations Board, but have not yet entered into force for the accounting period ending 31 December 2025 and/or have

not been adopted by the European Union and as such were not applied in the preparation of these financial statements. Most of the new standards, changes to existing standards and interpretations adopted by the European Union, which are not yet in use, will not have a significant impact on the Company's financial statements.

Except for the changes below, the Company has consistently applied the accounting policies as set out in the Notes below to all periods presented in these financial statements.

(a) Effective standards, amendments to standards and implementations - adopted in 2025

Effective from 1 January 2025 the following standards, amendments or interpretations came into force:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023);

The amendments to IAS 21 introduce requirements for assessing when a currency is exchangeable into another currency and when it is not. If a currency is determined to be non-exchangeable, entities are required to estimate the spot exchange rate. The amendments also introduce additional disclosure requirements. These changes apply to annual reporting periods beginning on or after 1 January 2025, with early application permitted.

Adoption of these standards and amendments has not determined substantial effects on the amounts recognized in balance sheet or income statement or impact on disclosure of accounting policies.

(b) Standards, amendments to standards and interpretations issued but not yet effective

The standards, amendments to standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Amendments to IFRS 9 Financial instruments and IFRS 7 Financial instruments: Disclosures: Classification and measurement of Financial Instruments (issued on 30 May 2024; effective date 1 January 2026);
- Annual Improvements to IFRS Accounting Standards – Volume 11 (issued on 18 July 2024; effective date 1 January 2026);
- Amendments to IFRS 9 Financial instruments and IFRS 7 Financial instruments: Disclosures: Nature-dependent electricity contracts (issued on 18 December 2024; effective date 1 January 2026);
- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024; effective date 1 January 2027);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024; effective date 1 January 2027);
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Disclosures: Translation to Hyperinflationary Presentation Currency (issued on 13 November 2025; effective date 1 January 2027);
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Disclosure: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014; effective date to be determined);

The Company is still in the process of assessing the impact of IFRS 18 and the related amendments, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash-flows, other disclosures of MPMs and the grouping of financial information.

Other amendments and standards are not expected to significantly affect the Company's financial statements.

NOTE 6

INFORMATION ON BUSINESS SEGMENTS

The Group separately monitors and reports the operating results of its main business segments, Manufacturing and Construction, whose activities are interrelated with the objective of generating profit for the Group.

1. Manufacturing segment includes the forging plant, foundry, quality control laboratory, as well as the production and sale of suspension and jointing equipment.
2. Construction segment provides services related to the construction and design of power generation and distribution facilities, transformer stations, installation of underground and subsea power and telecommunication cables, installation of lighting systems, erection of antenna, television, and telecommunication towers, as well as works related to motorway construction.

Management monitors the operating results of individual business segments for the purpose of making decisions about resource allocation and assessing performance. Segment performance is evaluated based on gross operating revenue and profit from operating activities, as explained in the following table. At the Group level, finance income and expenses, share of profit of joint ventures, and income tax are managed centrally and are not allocated to individual business segments.

Group's operating results per business segment

<i>(in thousands of EUR)</i>	Izgradnja	Proizvodnja	Ukupno
For the year ended December 31, 2025			
Gross revenue	262,462	30,802	293,264
Inter-segment revenue	(5,259)	(9,784)	(15,043)
Total revenue	257,203	21,018	278,221
Operating profit/(loss) before depreciation and amortisation	18,055	(789)	17,266
Depreciation and amortisation	(4,531)	(242)	(4,773)
Operating profit/(loss)	13,524	(1,031)	12,493
Total assets	186,396	15,831	202,227
Total liabilities	110,410	8,861	119,271
For the year ended December 31, 2024			
Gross revenue	180,420	28,528	208,948
Inter-segment revenue	(6,714)	(7,745)	(14,459)
Total revenue	173,706	20,783	194,489
Operating profit/(loss) before depreciation and amortisation	11,573	937	12,510
Depreciation and amortisation	(3,799)	(228)	(4,027)
Operating profit/(loss)	7,774	709	8,483
Total assets	137,817	18,624	156,441
Total liabilities	78,410	9,720	88,130

/i/ Sales income allocated to geographical area based on customer headquarters.

	Dalekovod Group			
	2025 (in thousands of EUR)	%	2024 (in thousands of EUR)	%
Croatia	94,491	33.96	62,034	32.22
Norway	56,031	20.14	26,019	13.06
Sweden	52,963	19.04	33,589	17.27
Bosnia and Herzegovina	26,131	9.39	17,481	8.99
Slovenia	16,102	5.79	21,120	10.86
Germany	12,651	4.55	7,707	3.96
Northern Macedonia	5,252	1.89	7,495	3.85
Ukraine	1,009	0.36	6,176	3.18
United Kingdom	649	0.23	996	0.51
Other	12,942	4.65	11,872	6.10
Total	278,221	100	194,489	100

In 2025, the Group generated 19% of total sales revenue with its largest customer, while the Company generated 25%. With the next largest customer, the Group achieved 17% of total sales revenue, and the Company 23%.

In 2024, the Group generated 12% of total sales revenue with its largest customer, and the Company 18%. With the next largest customer, the Group achieved 10%, and the Company 15% of total sales revenue.

/ii/ Sales revenue by sectors is as follows:

(in thousands of EUR)	Dalekovod Group	
	2025	2024
Energetics	207,779	139,869
Rail road	37,843	20,813
Sale of metal constructions	6,699	6,845
Sale of suspension and coupling equipment	14,319	13,936
Roads	389	5,964
Planning	9,691	5,856
Industrial buildings and facilities	-	17
Other	1,501	1,189
Total	278,221	194,489

Revenue from contracts with customers amounts to eur 257,203 thousand for the Group (2024: eur 173,706 thousand) and eur 207,078 thousand for the Company (2024: eur 134,231 thousand). Revenue from contracts with customers is recognized over time, whereas revenue from the production segment is recognized at a point in time.

The following table shows information on receivables and liabilities to customers based on construction contracts, for which, on the reporting date, receivables from customers under a contractual obligation or liabilities to customers under a contractual obligation were stated:

(in thousands of EUR)	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Trade receivables	56,366	41,411	49,570	33,943
Retention	13,131	8,628	13,131	8,628
Contract assets	28,356	31,022	25,532	27,587
Contract liabilities	(31,802)	(25,777)	(28,151)	(23,100)
	66,051	55,284	60,082	47,058

Contract assets primarily relate to the Group's or the Company's right to consideration for work performed but not yet invoiced at the reporting date. Contract assets are reclassified to trade receivables when the right to payment becomes unconditional, which usually occurs when the Group or the Company issues an invoice to the customer.

Contract liabilities relate to deferred revenue for construction work, for which revenue is recognized over time, as well as to advance payments received from customers.

Advances received for ongoing construction projects are reported under contract liabilities in Note 28 and amount to EUR 11,481 thousand for the Company (2024: EUR 14,260 thousand) and EUR 15,132 thousand for the Group (2024: EUR 16,937 thousand).

NOTE 7 OTHER REVENUE

(in thousands of EUR)	2025	2024	2025	2024
Insurance collections	284	105	278	104
Rental income	257	117	1,343	1,290
Other operating income	1,242	1,136	2,016	1,753
	1,783	1,358	3,637	3,147

The Company's rental income is generated from investments in real estate (Note 18), based on leases granted to its related entities, Dalekovod MK d.o.o. and Dalekovod OSO d.o.o.

The most significant portion of other income relates to the subsidiary in Norway, amounting to EUR 646 thousand, which primarily arises from collections under a bank guarantee.

NOTE 8

COSTS OF MATERIALS AND SERVICES

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Raw material and material				
Raw material and material	74,047	36,789	70,712	30,054
Energy	2,802	2,465	2,230	1,816
Spare parts	2,563	2,259	2,307	1,766
	79,412	41,513	75,249	33,636
External services				
Subcontractor manufacturing services	66,324	46,046	47,582	29,397
Rental expense	6,333	5,419	6,350	5,317
Transportation	3,385	2,627	2,158	1,649
Repairs and maintenance	2,986	2,449	2,446	1,808
Advertising and promotion	435	408	434	373
Other material costs	733	711	471	418
	80,196	57,660	59,441	38,962
Total cost of materials and services	159,608	99,173	134,690	72,598

NOTE 9

EMPLOYEE BENEFITS

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Net salaries	33,796	27,343	26,037	20,746
Taxes and contributions on and from salaries	16,663	12,238	11,935	8,151
Severance costs	214	207	166	160
Other staff costs	9,301	5,923	7,060	4,565
	59,974	45,711	45,198	33,622

Other employee expenses include gifts, service anniversary awards, field allowances, worker leasing services, performance bonuses, and other compensations.

Employee costs also include accrued bonuses for management: €2,381 thousand for the Company and EUR 2,857 thousand for the Group. Part of these bonuses may be paid in shares to management under the terms defined in the Remuneration Policy and Reward Rules. The Remuneration Policy also grants the Board the right to a long-term share-based incentive plan (DPN).

As of 31 December 2025, the Group employed 1,116 people (2024: 1,081), while the Company had 806 employees (2024: 684).

NOTE 10

OTHER OPERATING EXPENSES

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Intellectual and non-production services	7,839	3,471	4,632	2,531
Daily allowances and travel expenses	5,292	4,604	5,036	4,364
Insurance	1,642	1,419	1,509	1,292
Bank charges	2,044	1,076	1,776	852
Taxes and contributions	1,158	789	918	589
Entertainment	798	688	500	436
Impairment of inventories	724	380	-	-
Change in the provision for legal cases	(119)	(1,449)	(124)	(1,446)
Change in other provisions	-	2,469	-	2,469
Interest from suppliers	55	46	7	11
Sponsorships, donations and other aids	142	106	58	58
Fines and penalties	102	11	100	-
Inventory shortages	251	47	7	11
Cost of value adjustment of investments in subsidiaries (Note 19)	-	-	-	3,110
Other	1,560	1,574	1,195	1,178
	21,488	15,231	15,614	15,455

Costs of intellectual and non-production services at the Group level mainly include the fee paid to the Owner for brand usage, totaling EUR 1,423 thousand, as well as fees paid to the audit firm for audit services. Total auditor fees for 2025 amounted to EUR 100 thousand at the Company level (2024: EUR 109 thousand) and EUR 128 thousand at the Group level (2024: EUR 151 thousand). These fees relate to statutory audits of Group entities.

Non-production service costs also include various testing, commissioning, and inspection services on projects, legal services, design services, and security services.

Travel and daily allowance expenses for 2025 include accommodation and meal costs, which largely relate to field workers, particularly employees seconded to projects.

NOTE 11

VALUE ADJUSTMENT OF FINANCIAL ASSETS

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Impairment of trade receivables and loans – net	(163)	(155)	(163)	(127)
	(163)	(155)	(163)	(127)

Impairment of trade receivables and loans in 2025 refers to impairment of trade receivables and the uncertainty of their collection.

NOTE 12

FINANCE INCOME AND COSTS - NET

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Positive foreign exchange-rate differences	352	632	296	572
Income from interest	31	28	13	15
Income from unwinding of discount on guarantee deposits	-	70	-	70
Interest income from bank deposits	-	16	-	-
Income from shares in profit	-	-	55	905
Other finance income	9	8	8	6
Finance income	392	754	372	1,568
Negative exchange-rate differences	(162)	(1,081)	(166)	(1,014)
Interest expenses	(775)	(729)	(771)	(724)
Discount cost of long-term receivables	(10)	-	(10)	-
Finance costs	(947)	(1,810)	(947)	(1,738)

At the Company level, profit from equity investments in 2025 relates to the declared profit of Dalekovod Projekt d.o.o.. For 2024, these amounts included: Dalekovod Projekt d.o.o.: EUR 203 thousand, Dalekovod EMU d.o.o.: EUR 2 thousand, and Dalekovod d.o.o. Ljubljana: EUR 700 thousand.

NOTE 13

INCOME TAXES

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Current tax	2,175	1,360	1,625	782
Deferred tax	(1,900)	-	(1,900)	-
Income tax expense	275	1,360	(275)	782

The reconciliation of accounting profit and taxable profit is presented in the table below:

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Profit/(loss) before tax	11,939	7,426	11,536	3,398
Tax at the rate of 18%	2,149	1,337	2,076	612
Effect of non-taxable income	(639)	(298)	(605)	(282)
Effect of tax non-deductible expenses	784	1,398	227	1,248
Effect of tax losses not recognized as deferred tax assets	(369)	163	-	-
Deferred tax asset recognised for tax losses carried forward from prior periods	(1,900)	-	(1,900)	-
Utilized tax losses for which deferred tax assets were not recognized	(479)	(336)	(479)	(325)
Effect of applying different tax rates	729	(904)	406	(471)
Income tax expense	275	1,360	(275)	782
Effective tax rate	2.3%	18.3%	-2.4%	23.0%

In accordance with the regulations of the Republic of Croatia, the Tax Authority may at any time inspect books and records of the Company and Company subsidiaries operating in Croatia within 3 years following the year in which the tax liability is reported, and may impose additional tax assessments and penalties. Companies and foreign subsidiaries abroad must comply with tax regulations of the country in which they operate. During the year there were no changes in tax rates in countries where members of the Group operate. Reported income tax expense in the Company includes income tax expense recorded in separate business units abroad in accordance with the tax laws of the countries in which the units operate.

Overview of tax losses for which deferred tax asset has not been recognised is as follows:

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Unutilised tax losses				
Tax loss 2021 - expires in 2026	6,233	6,364	6,233	6,233
Tax loss 2023 - expires in 2028	5,819	5,819	5,819	5,819
Tax loss 2024 - expires in 2029	103	1,003	-	-
Tax loss 2025 - expires in 2030	67	-	-	-
	12,222	13,186	12,052	12,052

In 2025, the Company and the Group recognized deferred tax assets of EUR 1,900 thousand, based on positive expectations of future taxable profits against which the Company could utilize its tax losses.

Movement of deferred tax liability

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
At beginning of year	-	-	-	-
Charged to revaluation reserves	1,900	-	1,900	-
Reversed	-	-	-	-
At end of year	1,900	-	1,900	-

A revaluation of assets was carried out (note 17), based on which the deferred tax liability increased by EUR 679 thousand.

Movement of deferred tax liability

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
At beginning of year	1,406	1,406	1,406	1,406
Charged to revaluation reserves	679	-	679	-
Reversed	-	-	-	-
At end of year	2,085	1,406	2,085	1,406

NOTE 14

BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated based on the Company's net profit attributable to the Company shareholders and the weighted average number of ordinary shares in issue, excluding treasury shares. There are no diluted potential ordinary shares.

<i>(in thousands of EUR)</i>	Dalekovod d.d.	
	2025	2024
Net profit attributable to shareholders (in thousands of EUR)	11,664	6,067
Weighted average number of shares	41,246,205	41,246,205
Basic earnings per share (in EUR)	0,28	0,15

NOTE 15

INTANGIBLE ASSETS

The Group

<i>(in thousands of EUR)</i>	Goodwill	Software	Assets under construction	Total
At January 1, 2024				
Cost	161	6,798	92	7,051
Accumulated amortization and impairment losses	-	(6,082)	-	(6,082)
Net book value	161	716	92	969
For the year ended December 31, 2024				
At January 1	161	716	92	969
Additions	-	16	113	129
Transfer	-	12	(12)	-
Amortization	-	(159)	-	(159)
At December 31	161	585	193	939
At December 31, 2024				
Cost	161	6,826	193	7,180
Accumulated amortization and impairment losses	-	(6,241)	-	(6,241)
Net book value	161	585	193	939
For the year ended December 31, 2025				
At January 1	161	585	193	939
Additions	-	-	321	321
Sale of MK	-	(77)	(10)	(87)
Transfer	-	323	(323)	-
Amortization	-	(177)	-	(177)
At December 31	161	654	181	996
At December 31, 2025				
Cost	161	7,072	181	7,414
Accumulated amortization and impairment losses	-	(6,418)	-	(6,418)
Net book value	161	654	181	996

Goodwill is fully allocated to construction segment..

The Company

<i>(in thousands of EUR)</i>	Software	Assets under construction	Total
At January 1, 2024			
Cost	6,363	86	6,449
Accumulated amortization	(5,693)	-	(5,693)
Net book value	670	86	756
For the year ended December 31, 2024			
At January 1	670	86	756
Additions	-	106	106
Amortization	(141)	-	(141)
At December 31	529	192	721
At December 31, 2024			
Cost	6,363	192	6,555
Accumulated amortization	(5,834)	-	(5,834)
Net book value	529	192	721
For the year ended December 31, 2025			
At January 1	529	192	721
Additions	-	152	152
Transfer	159	(159)	-
Amortization	(157)	-	(157)
At December 31	531	185	716
At December 31, 2025			
Cost	6,522	185	6,707
Accumulated amortization	(5,991)	-	(5,991)
Net book value	531	185	716

NOTE 16

PROPERTY, PLANT AND EQUIPMENT

The Group

<i>(in thousands of EUR)</i>	Land	Buildings	Plants and equipment	Assets under construction	Total
At January 1, 2024					
Cost or or deemed cost*	10,436	38,960	55,116	69	104,581
Accumulated depreciation and impairment losses	-	(32,087)	(40,899)	-	(72,986)
Net book value	10,436	6,873	14,217	69	31,595
For the year ended December 31, 2024					
At January 1	10,436	6,873	14,217	69	31,595
Correction IFRS 16	-	8	2,071	6,365	8,444
Additions	-	29	5,708	(5,737)	-
Transfer	-	-	(402)	-	(402)
Disposals and write-offs	-	-	24	-	24
Depreciation	-	(1,067)	(2,800)	-	(3,867)
At December 31	10,436	5,843	18,818	697	35,794
At December 31, 2024					
Cost or or deemed cost*	10,436	38,997	62,895	697	113,025
Accumulated depreciation and impairment losses	-	(33,154)	(44,077)	-	(77,231)
Net book value	10,436	5,843	18,818	697	35,794
For the year ended December 31 2025					
At January 1	10,436	5,843	18,818	697	35,794
Additions	-	-	-	11,455	11,455
Transfer	-	1,057	10,565	(11,622)	-
Disposals and write-offs	-	(376)	(277)	-	(653)
Revaluation	3,774	-	-	-	3,774
Sale of a subsidiary	-	(3)	(249)	-	(252)
Depreciation	-	(342)	(4,254)	-	(4,596)
At December 31	14,210	6,179	24,603	530	45,522
At December 31, 2025					
Cost or deemed cost*	14,210	39,675	72,934	530	127,349
Accumulated depreciation and impairment losses	-	(33,496)	(48,331)	-	(81,827)
Net book value	14,210	6,179	24,603	530	45,522

*For land, a revaluation based on an independent appraisal was applied.

The Company

<i>(in thousands of EUR)</i>	Land	Buildings	Plants and equipment	Assets under construction	Total
At January 1, 2024					
Cost or deemed cost*	8,815	14,482	39,865	-	63,162
Accumulated depreciation	-	(11,065)	(28,389)	-	(39,454)
Net book value	8,815	3,417	11,476	-	23,708
For the year ended December 31, 2024					
At January 1	8,815	3,417	11,476	-	23,708
Additions	-	-	1,010	6,365	7,375
Transfer	-	20	5,717	(5,737)	-
Disposals and write-offs	-	48	(340)	-	(292)
Exchange rate differences	-	(67)	91	-	24
Depreciation	-	(287)	(2,508)	-	(2,795)
At December 31	8,815	3,131	15,446	628	28,020
At December 31, 2024					
Cost or deemed cost*	8,815	14,483	46,343	628	70,269
Accumulated depreciation	-	(11,352)	(30,897)	-	(42,249)
Net book value	8,815	3,131	15,446	628	28,020
For the year ended December 31, 2025					
At January 1	8,815	3,131	15,446	628	28,020
Additions	-	-	-	8,404	8,404
Revaluation	3,774	-	-	-	3,774
Transfer	-	828	7,745	(8,573)	-
Disposals and write-offs	-	-	(266)	-	(266)
Depreciation	-	(279)	(3,335)	-	(3,614)
At December 31	12,589	3,680	19,590	459	36,318
At December 31, 2025					
Cost or deemed cost*	12,589	15,311	53,822	459	82,181
Accumulated depreciation	-	(11,631)	(34,232)	-	(45,863)
Net book value	12,589	3,680	19,590	459	36,318

*For land, a revaluation based on an independent appraisal was applied.

Land has been revalued and measured at fair value in accordance with the Company's accounting policy. The historical cost of the land amounted to EUR 2,410 thousand, while an amount of EUR 6,405 thousand had been recognised in prior years in the revaluation reserve relating to the fair value of the land. In 2025, an independent valuer reassessed the land, and based on this valuation an additional revaluation gain of EUR 3,774 thousand was recognised. The valuation of the property was performed using the market (comparative) approach, and the area calculation applied in the valuation is consistent with the measurement of comparable properties. The fair value measurement of the land is based on observable market data for comparable properties and is classified within Level 2 of the fair value hierarchy.

Other tangible assets are stated in the statement of financial position at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Plant and equipment in the amount of EUR 2,111 thousand were pledged as collateral for loan repayment as at 31 December 2024.

As at 31 December 2025, the Group was in the process of establishing a pledge over movable assets with a total net carrying amount of EUR 1,380 thousand as collateral for loan repayment, based on a Pledge Agreement. The pledge was legally perfected in 2026.

NOTE 17 INVESTMENT PROPERTY

The Company

<i>(in thousands of EUR)</i>	Land	Buildings	Plants and equipment	Total
At January 1, 2024				
Cost	790	20,687	3,199	24,676
Accumulated depreciation	-	(17,651)	(1,746)	(19,397)
Net book value	790	3,036	1,453	5,279
For the year ended December 31, 2024				
At January 1	790	3,036	1,453	5,279
Disposals and write-offs	-	(48)	(17)	(65)
Depreciation	-	(391)	(248)	(639)
At December 31	790	2,597	1,188	4,575
At December 31, 2024				
Cost	790	20,639	3,182	24,611
Accumulated depreciation	-	(18,042)	(1,994)	(20,036)
Net book value	790	2,597	1,188	4,575
For the year ended December 31, 2025				
At January 1	790	2,597	1,188	4,575
Disposals and write-offs	-	(376)	-	(376)
Depreciation	-	(61)	(363)	(424)
At December 31	790	2,160	825	3,775
At December 31, 2025				
Cost	790	20,263	3,182	24,235
Accumulated depreciation and impairment losses	-	(18,103)	(2,357)	(20,460)
Net book value	790	2,160	825	3,775

Investments in real estate at the Company level relate to a portion of real estate that is leased intra-group to subsidiaries. These assets are treated as regular real estate at the Group level and the Group does not perform or disclose fair value estimates related to these assets.

NOTE 18

LEASES

The Company leases vehicles under lease agreements.

/i/ The leases reported in the statement of financial position within the Property, plant and equipment as at 31 December are as follows:

(in thousands of EUR)	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Property with the right of use				
Vehicle	8,079	5,517	7,936	5,361
Equipment	21	25	-	-
	8,100	5,542	7,936	5,361
Lease liabilities				
Short-term	1,883	2,280	1,825	2,236
Long-term	6,901	5,172	6,771	5,022
	8,784	7,452	8,596	7,258

/ii/ Long-term lease liabilities at 31 December are as follows:

(in thousands of EUR)	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
1-2 years	4,210	2,554	4,112	2,525
2-5 years	2,691	2,618	2,659	2,497
	6,901	5,172	6,771	5,022

/iii/ The leases reported in the statement of comprehensive income are as follows:

(in thousands of EUR)	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Depreciation	222	155	162	111
Interest expenses (Note 12)	522	462	513	453
Rental cost related to short-term leases (Note 8)	6,333	5,419	6,350	5,317
	7,077	6,036	7,025	5,881

/iv/ An overview of movements in right-of-use assets is as follows:

(in thousands of EUR)	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
For the year ended December 31, 2024				
Opening net book value of leases recognized under IFRS 16	2,268	1,660	1,294	843
Accumulated depreciation	(1,747)	(1,592)	(954)	(843)
Net book value	521	68	340	-
Opening net book value	521	68	340	-
Increase	172	608	129	451
Depreciation	(222)	(155)	(162)	(111)
Closing net book value	471	521	307	340
At December 31, 2025				
Cost	2,440	2,268	1,423	1,294
Accumulated depreciation	(1,969)	(1,747)	(1,116)	(954)
Net book value	471	521	307	340

NOTE 19

INVESTMENTS IN SUBSIDIARIES

(in thousands of EUR)	Dalekovod d.d.	
	2025	2024
At January 1	8,017	11,130
Value adjustment /i/	-	(3,110)
Sale of Dalekovod MK d.o.o.	(379)	-
Closing of Cinčaonica d.o.o. in liquidation /ii/	-	(3)
At December 31	7,638	8,017

/i/ The impairment adjustment of investments in subsidiaries in 2024, amounting to EUR 3,110 thousand, relates to Dalekovod MK d.o.o. The management carried out the impairment adjustment based on an independent appraiser's assessment. During 2025, the shares in Dalekovod MK d.o.o. were sold to the related company KONČAR Metalne konstrukcije d.o.o. Since the sale of Dalekovod MK does not constitute the disposal of a separate significant business segment (the Production segment continues operating), the transaction is not classified as a discontinued operation in accordance with IFRS 5.

/ii/ In 2024, the liquidation of Cinčaonica usluge d.o.o. in liquidation was completed.

At 31 December 2025 the Company owns shares in the following subsidiaries:

Company name	Country of incorporation	Primary activity	Ownership	Investment	Impairment	Net ulaganje
<i>(in thousands of EUR)</i>						
Dalekovod d.o.o., Ljubljana	Slovenia	Construction	100.00	275	-	275
Dalekovod d.o.o., Mostar	Bosnia and Herzegovina	Construction	100.00	28	-	28
Dalekovod-projekt d.o.o., Zagreb	Croatia	Construction	100.00	612	-	612
Dalekovod TKS a.d., Doboj	Bosnia and Herzegovina	Production	97.25	2,700	(2,700)	-
Denacco Namibia (PTY) Ltd	Namibia	Construction	60.00	2	(2)	-
Dalekovod OSO d.o.o., Velika Gorica	Croatia	Production	100.00	4,904	-	4,904
Dalekovod EMU d.o.o., Zagreb	Croatia	Construction	100.00	1,003	-	1,003
EL-RA d.o.o., Zagreb	Croatia	Other	100.00	531	-	531
Dalekovod Libya for engineering, joint venture	Libya	Construction	65.00	117	(117)	-
Dalekovod Ukrajina d.o.o.	Ukraine	Construction	100.00	10	-	10
Dalekovod Norge AS	Norway	Construction	100.00	275	-	275
				10,457	(2,819)	7,638

At 31 December 2024 the Company owned shares in the following subsidiaries:

Company name	Country of incorporation	Primary activity	Ownership	Investment	Impairment	Net investment
<i>(in thousands of EUR)</i>						
Dalekovod d.o.o., Ljubljana	Slovenia	Construction	100.00	275	-	275
Dalekovod d.o.o., Mostar	Bosnia and Herzegovina	Construction	100.00	28	-	28
Dalekovod MK d.o.o., Velika Gorica	Croatia	Production	100.00	29,565	(29,186)	379
Dalekovod-projekt d.o.o., Zagreb	Croatia	Construction	100.00	612	-	612
Dalekovod TKS a.d., Doboj	Bosnia and Herzegovina	Production	97.25	2,700	(2,700)	-
Denacco Namibia (PTY) Ltd	Namibia	Construction	60.00	2	(2)	-
Dalekovod OSO d.o.o., Velika Gorica	Croatia	Production	100.00	4,904	-	4,904
Dalekovod EMU d.o.o., Zagreb	Croatia	Construction	100.00	1,003	-	1,003
EL-RA d.o.o., Zagreb	Croatia	Other	100.00	531	-	531
Dalekovod Libya for engineering, joint venture	Libiya	Construction	65.00	117	(117)	-
Dalekovod Ukrajina d.o.o.	Ukraine	Construction	100.00	10	-	10
Dalekovod Norge AS	Norway	Construction	100.00	275	-	275
				40,022	(32,005)	8,017

Recoverability of investments in subsidiaries

At the end of each reporting period, the Company assesses whether there are indicators that the value of investments in subsidiaries needs to be impaired and estimates the recoverable amount of the investment.

The Discounted Cash Flow (DCF) method is applied to prepare the investment valuation, based on the assumption that the value of the company represents the present value of future net cash flows. When applying the DCF method, the objectivity of the calculation largely depends on the realism of the preparation of medium-term business plans, the discount rate applied to future cash flows, and the calculation of the residual value of the companies. Determining the discount rate depends on the interest rate applied to risk-free investments (government bonds) and a risk premium reflecting the company's specifics, market position, and technical-technological equipment.

In 2025, the Company did not perform impairment tests on investments in subsidiaries, as no indicators of impairment were identified. During 2024, an independent external appraiser conducted valuations of the subsidiaries. Based on these valuations, the value of Dalekovod MK d.o.o. was reduced in 2024 to 379 thousand EUR, representing an impairment of 3,110 thousand EUR. In 2025, Dalekovod MK d.o.o. was sold to the related company KONČAR – Metalne konstrukcije d.o.o. The result of this transaction for the Company was positive at 621 thousand EUR, while for the Group it was negative at 1,733 thousand EUR.

	Dalekovod Group
<i>(in thousands of EUR)</i>	2025
Long-term assets	341
Short-term assets	7,136
Total assets	7,477
Long-term liabilities	(62)
Short-term liabilities	(4,682)
Total liabilities	(4,744)
Neto assets Dalekovod MK	2,733
Sale price of Dalekovod MK	(1,000)
Net profit / (loss)	(1,733)

NOTE 20

INVESTMENTS IN ASSOCIATES

	Dalekovod Group		Dalekovod d.d.	
<i>(in thousands of EUR)</i>	2025	2024	2025	2024
At beginning of year	1	1	1	1
At end of year	1	1	1	1

Associates are as follows:

	Dalekovod Group		Udio %	
<i>(in thousands of EUR)</i>	2025	2024	2025	2024
Members of TLM Group	1	1	22-25	22-25
Total	1			

NOTE 21

FINANCIAL INSTRUMENTS PER CATEGORIES

The Group

<i>(in thousands of EUR)</i>	Note	2025	2024
Financial assets			
Trade receivables	24	56,366	41,411
Receivables under construction agreements	24	28,356	31,022
Loans receivable and deposits	24	13,925	9,429
Other receivables	24	614	333
Cash and cash equivalents	25	30,022	12,328
Total		129,283	94,523
Financial liabilities			
Loans	27	9,827	4,035
Bonds	27	1,143	1,346
Lease liabilities	27	8,784	7,452
Trade payables	28	35,639	31,850
Other payables	28	13,130	740
Total		68,523	45,423

The Company

<i>(in thousands of EUR)</i>	Note	2025	2024
Financial assets at amortised cost			
Trade receivables	24	49,570	33,943
Receivables under construction agreements	24	25,532	27,587
Loans receivable and deposits	24	13,843	9,613
Interest receivables	24	7	13
Receivables from subsidiaries for share in profit	24	591	536
Other receivables	24	551	242
Cash and cash equivalents	25	26,188	9,692
Total		116,282	81,626
Financial liabilities at amortised cost			
Loans	27	7,679	4,217
Bonds	27	1,508	1,776
Lease liabilities	27	8,596	7,258
Trade payables	28	30,484	23,271
Other payables	28	12,435	397
Total		60,702	36,919

NOTE 22

LOANS AND RECEIVABLES

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Long-term deposits	910	910	900	900
Long-term guarantee deposits - retentions	4,174	5,264	4,174	5,264
Other long-term receivables	12	12	-	-
Long-term loans receivable				
- housing and other loans to employees	10	11	10	11
- loans to subsidiaries	-	-	-	108
Impairment of long-term deposits and loans receivable	(372)	(362)	(372)	(362)
Total long-term deposits and loans receivable	4,734	5,835	4,712	5,921
	4,734	5,835	4,712	5,921

Deposits

Long-term deposits are primarily denominated in EUR and are intended as collateral for issued bank placements. Some of the deposits are non-interest-bearing, while the effective interest rates for deposits with a contracted interest rate were up to 0.001%.

Long-term guarantee deposits relate to retentions withheld for each issued invoice or situation, with amounts defined in accordance with the contract terms. Retention amounts per individual project range from 5% to 10% and accumulate up to a certain contract value.

For the Norwegian market, retention typically accumulates at 10% per issued invoice, but this amount is simultaneously capped at a maximum of 5% of the total contract value. For the Swedish market, retention accumulates at 5% per issued invoice, and is similarly capped at 5% of the total contract value.

For other retentions, accumulation is defined as a percentage in the contract for the entire contract execution period. In all cases, the retention is released upon handover of the asset by the Investor after the construction period, at the end of the warranty period, or upon delivery of a guarantee for retention return, depending on contract terms. If contracts permit, retentions may also be released after partial handover of parts of the asset, with the Customer's consent, and in proportion to the value of the taken-over portion of the contract.

Changes in provisions for impairment of long-term deposits and loans are as follows:

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
At January 1	362	432	362	432
Discount of guarantee deposits	10	(70)	10	(70)
At December 31	372	362	372	362

NOTE 23

INVENTORIES

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Raw materials	6,132	6,520	1,830	1,263
Finished and semi-finished products and work in progress	2,961	3,879	-	-
Spare parts	1,574	1,388	1,461	1,022
Commercial goods	3,097	4,402	106	73
	13,764	16,189	3,397	2,358

Cost of raw materials and supplies recognised in the income statement is disclosed in Note 8.

The cost of inventory adjustment recognized in the income statement is shown in note 10.

The value of the inventory position in the Statement of financial position is reduced by the cost of value adjustments.

NOTE 24

TRADE AND OTHER RECEIVABLES

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Domestic trade receivables	36,948	16,448	36,925	17,538
Foreign trade receivables	19,890	25,304	12,942	16,539
Impairment of trade receivables	(472)	(341)	(297)	(134)
	56,366	41,411	49,570	33,943
Receivables from customers for contract work	28,356	31,022	25,532	27,587
Guarantee deposits (retentions) - short-term part	8,957	3,364	8,957	3,364
Short-term deposits /iii/	227	193	174	129
Loans to subsidiaries	-	-	-	199
Other short-term loans /i/	169	199	162	162
Receivables for interest	-	-	7	13
Receivables from subsidiaries for profit share	-	-	591	536
Other receivables	7,251	6,970	7,188	6,879
Impairment of other financial assets	(6,799)	(6,799)	(6,799)	(6,799)
Total financial assets	94,527	76,360	85,382	66,013
Advances /ii/	5,874	5,457	4,111	4,791
Receivables from employees	17	17	16	16
VAT receivables	3,481	2,238	2,962	1,428
Outstanding VAT receivables	91	83	39	34
Prepaid expenses	688	865	680	844
Total non-financial assets	10,151	8,660	7,808	7,113
	104,678	85,020	93,190	73,126

/i/ Other short-term loans and loans granted to subsidiaries are calculated at interest rates ranging from 0% to 4.38% per annum.

Interest on domestic loans is aligned with the Decision on interest rates for loans between related parties, while part of the loans is non-interest-bearing (0%).

As of 31 December 2025, the Company has no receivables from loans granted to related parties or third parties.

/ii/ Advances have been granted to suppliers for the procurement of materials and equipment, as well as for the provision of design services.

/iii/ Short-term deposits are mostly purpose-specific term deposits intended as collateral for issued bank placements and guarantees. All deposits mature within one year from the reporting date. Short-term deposits are entirely non-interest-bearing.

Ageing structure of trade receivables is as follows:

(in thousands of EUR)	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Not due	38,170	26,008	34,382	22,463
Up to 90 days	12,730	10,015	8,804	5,739
From 91 to 180 days	1,509	1,737	1,840	1,723
Over 180 days	3,957	3,651	4,544	4,018
	56,366	41,411	49,570	33,943

Changes in provisions for impairment of trade receivables and other financial assets are as follows:

(in thousands of EUR)	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
At January 1	7,140	7,026	6,933	6,847
Additional impairment	163	155	163	127
Written off	(32)	(41)	-	(41)
At December 31	7,271	7,140	7,096	6,933

The carrying amounts of the Group's and the Company's financial assets are denominated in the following currencies:

(in thousands of EUR)	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
EUR	67,260	48,689	61,927	39,026
NOK	6,111	8,010	6,111	7,768
SEK	9,457	11,337	8,315	10,897
UAH	2,700	2,581	2,700	2,581
Other	8,999	5,743	6,329	5,741
Total	94,527	76,360	85,382	66,013

Fair value of customer receivables approximates their carrying amount.

NOTE 25

CASH AND CASH EQUIVALENTS

(in thousands of EUR)	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Cash at bank and in cash in local currency	21,222	6,807	19,053	4,506
Cash at bank and in cash in foreign currency	8,800	5,521	7,135	5,186
	30,022	12,328	26,188	9,692

Cash and cash equivalents in foreign currency is as follows:

(in thousands of EUR)	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
NOK	1,345	2,287	1,345	2,287
SEK	5,380	2,618	5,230	2,529
UAH	10	12	8	7
Other foreign currencies	2,065	604	552	363
Total	8,800	5,521	7,135	5,186

NOTE 26

SHAREHOLDERS' EQUITY

Share capital

As of 31 December 2025, the share capital amounts to 41,247 thousand EUR (31 December 2024: 41,247 thousand EUR) and is divided into 41,247,193 shares (2024: 41,247,193 shares). The nominal value of each share is 1.00 EUR (31 December 2024: 1.00 EUR).

The structure of shareholders as of 31 December is as follows:

	Number of shares		Share	
	2025	2024	2025	2024
KONČAR – Elektroindustrija d.d.	31,000,271	-	75.16%	-
Napredna energetska rješenja d.o.o.	-	31,000,000	-	75.16%
Financial institutions	7,705,231	8,543,017	18.68%	20.71%
Foreign individuals or entities	3,574	3,776	0.01%	0.01%
Individuals	2,343,096	1,630,438	5.68%	3.95%
Own shares	988	988	0.00%	0.00%
Other	194,033	68,974	0.47%	0.17%
	41,247,193	41,247,193	100%	100%

As of 31 December 2025, the company KONČAR – Elektroindustrija d.d. holds a 75.16% stake in the Company. The previous holder of the same stake, Napredna energetska rješenja d.o.o., was merged into KONČAR – Elektroindustrija d.d. in 2024.

Capital reserves

During 2025 there were no changes to capital reserves.

Legal reserves

The legal reserve is required under Croatian law whereby a minimum of 5% of the profit for the year is required to be allocated to legal reserves until they reach 5% of the Company's share capital. Legal reserves are not distributable.

Treasury shares

As of 31 December 2025, the Company, as well as the Group, holds 988 treasury shares (2024: 988 treasury shares).

Statutory and other reserves

The Company's statutory and other reserves consist of treasury share reserves amounting to EUR 1,124 thousand (2024: EUR 1,124 thousand). For the Group, a change occurred in 2025, whereby EUR 1,555 thousand

of retained earnings of the subsidiary Dalekovod MK d.o.o. was reclassified from statutory and other reserves to retained earnings due to the sale of the subsidiary. The Group's statutory and other reserves as of 31 December 2025 amount to EUR 3,898 thousand.

Revaluation reserves

Revaluation reserves for the Company and the Group arise from the determination of the fair value of land. In 2025, a revaluation was conducted, resulting in additional revaluation reserves of EUR 3,095 thousand (Note 16), bringing the total revaluation reserves as of 31 December 2025 to EUR 9,500 thousand.

NOTE 27

BORROWINGS

(in thousands of EUR)	Average interest rate	Dalekovod Group		Dalekovod d.d.	
		2025	2024	2025	2024
Long-term					
Loans from banks and subsidiaries	3.97%	2,104	1,497	-	1,497
Bonds	4.00%	932	1,143	1,230	1,508
Lease liabilities	4.78%	6,901	5,172	6,771	5,022
		9,937	7,812	8,001	8,027
Short-term					
Loans from banks and subsidiaries	3.97%	7,723	2,538	7,679	2,720
Bonds	4.00%	211	203	278	268
Lease liabilities	4.78%	1,883	2,280	1,825	2,236
		9,817	5,021	9,782	5,224
Total loans		19,754	12,833	17,783	13,251

Gross liabilities for lease - minimum lease payments:

(in thousands of EUR)	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Up to 1 year	2,258	2,540	2,193	2,496
Between 1 to 5 years	7,334	5,586	7,196	5,436
	9,592	8,126	9,389	7,932
Future finance costs for finance lease	(808)	(674)	(793)	(674)
Present value of liabilities for finance lease	8,784	7,452	8,596	7,258

Of the total bank and related-party loans reported by the Company and the Group as of 31 December 2025, part of the debt amounting to EUR 2,330 thousand relates to financing the acquisition of property, plant, and equipment through a bank loan for Dalekovod OSO.

As collateral for the repayment of the loan, the Group, as of 31 December 2025, was in the process of enforcing a pledge on movable assets with a total net carrying amount of EUR 1,380 thousand, based on a Pledge Agreement. The pledge was legally perfected in 2026.

During 2025, the Company repaid loans in Norway totaling EUR 918 thousand, **which resulted in the release of the pledge on the movable assets of the Company's subsidiary.**

The interest rate on bonds is fixed at 4%. For long-term bank loans, the interest rate is 3.40%, while the currently applicable interest rates for short-term bank loans range between 2.77% and 3.05%. Variable interest rates for finance leases range between 4.30% and 6.48%, while fixed interest rates for finance leases range between 4.75% and 6.55%.

Borrowings for the Group:

<i>(in thousands of EUR)</i>	Loans and bonds	Liabilities for loans	Total
At January 1, 2024	7,258	4,696	11,954
Cash receipts	-	-	-
Loan repayments	(1,633)	-	(1,633)
Bond redemption	(195)	-	(195)
New leases	-	4,276	4,276
Lease repayment	-	(1,580)	(1,580)
Other non-cash transactions	-	152	152
Exchange rate differences	(49)	(92)	(141)
At December 31, 2024	5,381	7,452	12,833
At January 1, 2025	5,381	7,452	12,833
Cash receipts	17,525	-	17,525
Loan repayments	(13,538)	-	(13,538)
Bond redemption	(203)	-	(203)
New leases	-	3,899	3,899
Lease repayment	-	(2,579)	(2,579)
Other non-cash transactions	1,805	-	1,805
Exchange rate differences	-	12	12
At December 31, 2025	10,970	8,784	19,754

Borrowings for the Company:

<i>(in thousands of EUR)</i>	Loans and bonds	Liabilities for loans	Total
At January 1, 2024	7,942	4,604	12,546
Cash receipts	-	-	-
Loan repayments	(1,633)	-	(1,633)
Bond redemption	(257)	-	(257)
New leases	-	4,276	4,276
Lease repayment	-	(1,530)	(1,530)
Exchange rate differences	(59)	(92)	(151)
At December 31, 2024	5,993	7,258	13,251
At January 1, 2025	5,993	7,258	13,251
Cash receipts	17,000	-	17,000
Loan repayments	(13,538)	-	(13,538)
Bond redemption	(268)	-	(268)
New leases	-	3,878	3,878
Lease repayment	-	(2,553)	(2,553)
Exchange rate differences	-	13	13
At December 31, 2025	9,187	8,596	17,783

Loans are denominated in currencies as follows:

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
EUR	18,930	10,196	16,777	10,432
NOK	824	2,615	1,006	2,797
Other currencies	-	22	-	22
Total	19,754	12,833	17,783	13,251

The repayment plan for long-term loans is as follows:

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Between 1 to 5 years	1,552	1,497	-	1,497
Over 5 years	552	-	-	-
Total	2,104	1,497	-	1,497

NOTE 28

TRADE AND OTHER PAYABLES

Short-term liabilities

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
Domestic trade payables	22,412	15,682	20,429	14,462
Foreign trade payables	13,227	16,168	10,055	8,809
	35,639	31,850	30,484	23,271
Interest liabilities	127	100	213	182
Accrued and other liabilities	1,229	640	448	215
Financial liabilities	36,995	32,590	31,145	23,668
Advances	15,132	16,937	11,481	14,260
Deferred income	16,670	8,840	16,670	8,840
Accrued expenses	797	602	797	602
Liabilities towards employees	3,928	3,073	2,811	2,331
VAT payables	1,457	964	1,437	962
Taxes and contributions	1,214	1,120	835	692
Unused vacation days	1,385	1,282	1,109	1,014
Other short-term liabilities	34	81	34	78
Non-financial liabilities	40,617	32,899	35,174	28,779
	77,612	65,489	66,319	52,447

There are no long-term obligations to suppliers in 2025.

The Group's and the Company's short-term financial liabilities are denominated as follows:

<i>(in thousands of EUR)</i>	Dalekovod Group		Dalekovod d.d.	
	2025	2024	2025	2024
EURO	40,800	23,704	35,466	18,193
NOK	1,704	1,102	1,665	1,102
SEK	1,133	1,369	656	1,127
UAH	2,103	2,367	2,103	2,367
Other foreign currencies	3,029	4,243	3,029	1,074
Total	48,769	32,785	42,919	23,863

NOTE 29

PROVISIONS

The Group

<i>(in thousands of EUR)</i>	Jubilee awards	Severance payments	Provisions for legal disputes	Total
At January 1, 2025	230	2,517	3,867	6,614
Increase	39	1,153	11,824	13,016
Sale of MK	(33)	(85)	(18)	(136)
Decrease	-	-	(2,468)	(2,468)
At December 31, 2025	236	3,585	13,205	17,026

Analysis	2025	2024
Non-current portion	2,006	1,869
Current portion	15,020	4,745
Total	17,026	6,614

The Company

<i>(in thousands of EUR)</i>	Jubilee awards	Severance payments	Provisions for legal disputes	Total
At January 1, 2025	121	2,184	3,857	6,162
Increase	28	1,083	11,819	12,930
Decrease	-	-	(2,468)	(2,468)
At December 31, 2025	149	3,267	13,208	16,624

Analysis	2025	2024
Non-current portion	1,811	1,676
Current portion	14,813	4,486
Total	16,624	6,162

Provisions for jubilee awards and retirement benefits and bonuses

These provisions relate to estimated long-term employee benefits connected to jubilee awards and retirement severance payments, as defined in the Collective Agreement. The obligation is calculated by independent actuaries. Significant assumptions used by the actuary are as follows: the annual employee turnover rate is 7.88% for the Group and 11.00% for the Company (2024: Group 9.00%, Company 11.8%). The retirement age is determined individually for each employee, taking into account their current age and total years of service. The average retirement age used in the calculation for men is 61 years for both the Company and the Group, and for women 61 years for both the Company and the Group (in 2024, the average retirement age used for men was 62 years for both the Company and the Group, and for women 61 years for the Company and 62 years for the Group). Within the category of severance and bonuses

The Company recognized an expense for management bonuses amounting to 2,381 thousand EUR, while the Group recognized an amount of 2,857 thousand EUR. The Board and management may receive part of their bonuses in shares under the terms and conditions set out in the Remuneration Policy and the Rules on Awards. The Remuneration Policy grants the Board the right to a long-term share-based incentive plan (LTIP), as already disclosed in Note 9.

Provisions for Legal Disputes

Provisions for legal disputes amount to EUR 1,432 thousand, of which new provisions recognised in 2025 amount to EUR 44 thousand for the Company and EUR 48 thousand for the Group. As at 31 December 2024, total provisions for legal disputes amounted to EUR 1,389 thousand for the Company and EUR 1,399 thousand for the Group, and the change in provisions related to a case initiated by HANFA in the amount of EUR 2,468 thousand for both the Company and the Group.

Provisions for legal disputes relate to ongoing court proceedings and associated costs in cases brought against the Company and the Group. In 2024, in a dispute in Poland, a portion of the claims was upheld by a first-instance judgment, resulting in the release of provisions in the amount of EUR 1,418 thousand.

Provisions for legal disputes in 2024 also relate to liabilities arising from a misdemeanour proceeding initiated by HANFA against Dalekovod d.d. Under the first-instance judgment, Dalekovod d.d. was found liable and fined EUR 3,703 thousand, or EUR 2,468 thousand if paid within 30 days of the judgment becoming final. Based on this judgment, a provision of EUR 2,468 thousand was recognised in 2024, and this amount was paid in 2025.

On 23 December 2025, Dalekovod d.d. received a judgment of the Supreme Court of the Republic of Croatia in case No. Rev 913/2023 of 16 November 2023, ruling on the Company's revision as claimant against the judgment of the High Commercial Court in Zagreb (case No. Pž-4194/2021 of 14 February 2022). The Supreme Court upheld the Company's revision and amended the judgment of the High Commercial Court by dismissing the appeal of PODRAVSKA BANKA d.d. as unfounded and ordering payment of damages in the amount of EUR 7,166 thousand, together with statutory default interest and litigation costs. During 2025, the Company received a total amount of EUR 11,774 thousand (EUR 11,620 thousand relating to principal and statutory default interest, and EUR 154 thousand relating to litigation costs).

Given that the Company is aware that PODRAVSKA BANKA d.d. has filed a constitutional complaint, it considers the final outcome to remain uncertain and has therefore recognised the received amount as a provision for legal disputes. There was no impact on the statement of profit or loss in the reporting period.

NOTE 30

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party, is under common control, or has significant influence over the other party's operations. In the ordinary course of business, the Company enters into transactions with related parties, including the purchase and sale of goods and services as well as financing arrangements. The nature of transactions with related parties is based on customary commercial terms. In addition to subsidiaries disclosed in Note 19 and associates disclosed in Note 20, the Company's related parties include the Management Board and executive directors of the Company, as well as their related parties.

Transactions with related parties also include the shareholder KONČAR – Elektroindustrija d.d. and its subsidiaries.

The items in the income statement for the year and balances in the statement of financial position at year-end arising from transactions with subsidiaries are as follows:

Income and expenditure <i>(in thousands of EUR)</i>	2025	2024
Sales revenue	4,257	5,646
Rental income	1,094	1,177
Interest income	2	9
Income from profit sharing	55	905
Other operating income	1,504	1,697
	6,912	9,434
Costs of raw material and material	8,658	6,909
Subcontractor services	845	911
Other staff costs	-	33
Other operating expenses	37	3,175
Interest expense and foreign exchange losses	20	23
	9,560	11,051

Receivables, liabilities and loan <i>(in thousands of EUR)</i>	2025	2024
Trade receivables	2,088	4,945
Receivables from subsidiaries for profit share	591	536
Short-term deposits	46	41
Interest receivables	7	13
Advances	-	832
Loans receivable	1	307
	2,733	6,674
Trade payables	1,328	1,576
Interest payables	86	83
Accrued and other liabilities	366	430
Bonds	196	-
Loans	182	182
	2,158	2,271

Company transactions with KONČAR Group companies:

Income and expenditure <i>(in thousands of EUR)</i>	2025	2024
Sales revenue	4,571	231
	4,571	231
Costs of raw material and material	3,269	598
Subcontractor services	1,617	2,167
Other operating expenses	2,084	248
Other employee expenses	-	20
	6,970	3,033

Receivables, liabilities and loan <i>(in thousands of EUR)</i>	2025	2024
Trade receivables	1,183	98
Advances	125	191
	1,308	289
Trade payables	3,694	1,408
	3,694	1,408

Dalekovod Group transactions with KONČAR Group companies:

Income and expenditure <i>(in thousands of EUR)</i>	2025	2024
Sales revenue	6,286	834
	6,286	834
Cost of goods sold	3,932	
Costs of raw material and material	3,269	5,295
Subcontractor services	1,933	2,272
Other operating expenses	2,091	265
Other employee expenses	3	27
	11,228	7,859

Receivables, liabilities and loan <i>(in thousands of EUR)</i>	2025	2024
Trade receivables	2,489	332
Advances	1,274	1,128
	3,763	1,460
Trade payables	4,903	1,561
	4,903	1,561

Transactions with Key Management

Key management consists of the members of the Management Board, executive directors, and department heads, totaling 42 individuals (2024: 47 individuals). Remuneration to key management at the Group level amounted to 6,378 thousand EUR (2024: 5,110 thousand EUR), while at the Company level it amounted to 4,814 thousand EUR (2024: 4,018 thousand EUR).

Remuneration to members of the Supervisory Board for 2025 amounted to 7 thousand EUR (2024: 7 thousand EUR).

NOTE 31

CONTINGENCIES AND COMMITMENTS

As at 31 December 2025, the Group has contracts for which performance has commenced but is not yet complete. The Group's commitments under these contracts, which are yet to be incurred, are estimated at EUR 260,936 thousand (2024: EUR 239,095 thousand).

As at 31 December 2025, the Group and the Company are exposed to potential obligations arising from issued bank guarantees (as security for payment collection, performance guarantees for completed works) totaling EUR 89,063 thousand and EUR 78,020 thousand, respectively (2024: EUR 92,503 thousand and EUR 78,408 thousand for the Company). The Company is additionally exposed as a co-debtor of its subsidiaries in the amount of EUR 12,636 thousand (2024: EUR 12,552 thousand). The Group and the Company assess that it is not probable that these potential obligations under bank guarantees will be called, given that both the Group and the Company, as in prior periods, fulfil all contractual obligations arising from projects.

During normal business operations, the Group has been involved in several legal proceedings, either as plaintiff or defendant. In the opinion of the Management and legal counsel, provisions have been recognised for those disputes that may potentially result in a loss (Note 30). In addition to the disputes for which provisions have been recognised, there are legal proceedings which, in the opinion of the Management and legal counsel, are not expected to result in losses.

Provisions for warranty obligations are established based on the best estimate of the Management. Dalekovod d.d. provides long-term guarantees for services, typically with a duration of up to two years, based on historical data relating to repair costs within the warranty period. Given the above, the Management has assessed that, as at 31 December 2025, no conditions existed that would require the recognition of provisions, as historically no costs have been identified in respect of warranty obligations. Therefore, no provision for warranty obligations has been recognised in the financial statements.

NOTE 32

EVENTS AFTER THE REPORTING DATE

Legal proceedings against the Ministry of Finance / Republic of Croatia

On 4 March 2026, the High Commercial Court of the Republic of Croatia, in case No. Pž 423/2026, ruling on the Company's appeal against the judgment of the Commercial Court in Zagreb (No. P 536/2024 of 26 November 2025), upheld the Company's claim. The Court ordered the Ministry of Finance of the Republic of Croatia to pay the claimed amount and awarded the Company reimbursement of litigation costs in the amount of EUR 6,636 thousand, together with statutory default interest and procedural costs.

Given that extraordinary legal remedies remain available to the Ministry of Finance of the Republic of Croatia against this judgment, the Company considers that the final outcome of the dispute with the Ministry of Finance remains highly uncertain.

Except for the above, no other significant events have occurred after the reporting date.