



ANNUAL REPORT 2022

Fraport Slovenija, d.o.o.

March 2023

Contents

A WORD FROM THE MANAGING DIRECTOR	3
BUSSINESS REPORT	7
1. Introduction	7
1.1 Performance highlights	7
1.2 Significant events	8
1.3 Basic information about Fraport Slovenija d.o.o.	12
1.4 Corporate Governance Statement	15
1.5 Declaration in accordance with article 545 of the Companies Act (ZGD-1)	19
2. Performance in 2022 and plans for 2023	20
2.1 Situation in European aviation	20
2.2 Economic situation in Slovenia	21
2.3 Market position and marketing activities	21
2.4 Performance analysis	26
2.5 Investments	32
2.6 Employees	33
2.7 Plans for 2023	35
3. Risk Management	36
4. Sustainable development	40
FINANCIAL REPORT	46
1. Statement of management	46
2. Independent auditor's report	47
3. Financial statements	50
3.1 Balance sheet	50
3.2 Income statement and statement of other comprehensive income	51
3.3 Cash flow statement	52
3.4 Statement of changes in equity	53
4. Significant accounting policies	54
4.1 Reporting company	54
4.2 Basis for compiling financial statements	54
4.3 Significant accounting policies	55
5. Notes to the financial statements	69
5.1 Notes to the balance sheet	69
5.2 Notes to the income statement	84
5.3 Notes to the cash flow statement	88
5.4 Financial risks	88
5.5 Other explanatory notes	90

A WORD FROM THE MANAGING DIRECTOR



A year that exceeded expectations

I see 2022 as a year of new beginnings. After two extremely difficult years, the airline industry has once again experienced traffic growth, but a full recovery will have to wait a few more years, not least because of the extraordinary geopolitical situation that shook Europe at the beginning of the year.

The beginning of last year was marked by yet another COVID-19 variant, followed by the Russian invasion of Ukraine in late February, which is still having a major socio-economic impact on all aspects of the European economy, including aviation, one year after the start of the war. At Fraport Slovenija, we have been closely monitoring developments in the business environment and have had to adapt quickly to the measures that followed the military invasion. On 26 February, the Government of the Republic of Slovenia closed Slovenian airspace to Russian aircraft due to Russia's attack on Ukraine. This decision led to the suspension of Aeroflot's scheduled flights to Moscow and Rossiya Airlines' flights to St. Petersburg. The already announced Windrose flights to Kyiv were also cancelled. This measure entailed a reduction in traffic of around 8% by the end of the year compared to the original plans for 2022.

After the first few uncertain months, many carriers and airports in Europe faced tough challenges before the start of the summer season, as they were unable to provide sufficient manpower to receive and dispatch aircraft, passengers and baggage in the face of a soaring number of passengers. As one of the few bright exceptions in the European region, our airport entered the summer season with reinforced staffing and all operational services were in place to ensure that our passengers left the airport safely and with a pleasant travel experience.

Ljubljana Airport began the summer season with many revitalised connections. Lufthansa re-established its connection to Munich, British Airways to London and Israir to Tel Aviv, while Air Montenegro re-started flights to Tivat. We were also delighted to see the new Transavia France connection to Orly Airport in Paris. As a result, 15 scheduled airlines flew from our airport in the peak season, connecting passengers to 19 destinations. In addition, the broad range of charter flights gave holidaymakers a still wider choice of destinations, with destinations in Turkey, Spain, a number of Greek islands, Jordan, Madeira, Egypt, Malta, the Azores, Tunisia, Montenegro, Albania, Netherlands, Italy, Iceland, Latvia and Zanzibar among the most popular options offered by travel agents organising summer charters from Ljubljana Airport.

In 2022, Fraport Slovenija welcomed 977,316 passengers. Compared to 2021, passenger transport more than doubled (up 126.8%), and we can conclude that the year was indeed successful from this point of view. However, comparing this result with the pre-pandemic figures changes the picture, as we recorded 43% fewer passengers than in 2019. Ljubljana Airport is indeed recovering more slowly than other European airports, and there are several reasons behind this relatively slow recovery of traffic and connectivity. Ljubljana Airport is not an "island" airport, it does not cater to mass tourist destinations and it is not a major hub for low-cost carriers. The lack of national and ethnic traffic has also contributed to the slower recovery. Due to all these factors, Fraport Slovenija estimates that the 2019 passenger numbers will only be reached again in 2026, a year later than the projections for other European airports.

Freight handling was up by a good 4% last year compared to the previous year. While air freight grew at a 9% rate, truck freight declined by 5% compared to 2021. The increase in air freight is attributed to the growth in express shipments on all cargo aircraft and the increase in passenger aircraft freight resulting from increased traffic on scheduled passenger flights. With a handling figure of approximately 30,000 tonnes, we even slightly exceeded the previous record from 2021.

The company's financial performance can also be assessed positively. By responding efficiently to the changing circumstances and by carefully optimising costs, the company achieved a EUR 7.6 million EBITDA and a net profit of EUR 889 thousand in 2022. Excluding EUR 6.6 million of state aid granted to the company from the 2021 financial results, the EBITDA for 2022 is approximately seven times higher than in 2021, and the company is back in the profit zone on its own account, which allows more stable and reliable business operations and new investments in the existing infrastructure of Ljubljana Airport.

In the past year, we have already responded to the future and renewed growth of air traffic by implementing infrastructure projects required by operational needs. Major area-specific projects included the start of the expansion of the freight terminal, the start of the replacement of the navigation lights (runway approach lights and replacement of the manoeuvring area signs) and the completion of activities such as re-directing the traffic flows in front of the old terminal, which improve the passenger experience. A proactive approach and active marketing of land plots in the airport area have renewed investor interest in the development of the Airport City business and logistics centre, and significant progress has been made in the re-launch of the Aviation Academy.

Due to the significantly changed circumstances and, consequently, the significantly changed business environment, the company has embarked on a comprehensive revision of its two fundamental documents, namely the Master Plan and the Company Strategy, both of which were completed at the beginning of 2023.

One of the key efforts of the past year was to recruit more staff, a task that was far from easy due to the tight labour market. However, by the start of the busiest months, we managed to recruit all the necessary staff and carry out the necessary training, thus ensuring a smooth passenger and baggage service. The successful performance allowed the company to re-establish some personnel practices that we were forced to temporarily halt during the pandemic. In addition to hiring new colleagues, we increased employees' salaries at the beginning of the year, re-established promotions, and at the end of the year paid out a company performance bonus that helped our staff to balance inflation and the increased cost of living. An additional focus was put on measuring employee satisfaction related to employer, superiors, team and workplace. Another major focus was put on internal communication, with the main objectives being to share first-hand information with all staff at the same time and provide corporate information that allows staff to form their own opinion about company matters, besides the option to participate actively in the employer–employee dialogue. The response to these efforts was very positive.

Commitment to sustainable development remained at the heart of our strategic planning and management in 2022, and we have been mapping our sustainability path and activities in a comprehensive and detailed way in the Sustainability Report for the past seven years. Last year, the Finance business daily panel awarded our Sustainability Report with the main prize in the Best Annual Report category among large companies that are not public-interest entities under the Companies Act. We are delighted that the panel recognised our commitment and efforts in creating new and building on existing sustainability practices. Despite the pandemic, our sustainability steps towards a carbon-neutral airport need to be even more decisive. By strengthening our systematic approach to reducing CO₂ emissions, where electric mobility and efficient energy management play a key role, and by taking sustainable steps in all areas of our operations, we continue to support green business.

We are also proud to be spreading the culture of a family-friendly company for the tenth year running; to this end, our Family Friendly Company certificate was extended. We invest a great deal of attention in caring for our employees and providing a supportive working environment, and we strive for a responsible and fair partnership with our colleagues.

The bottom line is that we have achieved great results, under the circumstances, thanks to the hard work and passion for this unique workplace of our staff.

A year of new opportunities

We look to 2023 with cautious optimism but bold goals. We plan to take a bigger step on the road to recovery and get much closer to the traffic and financial results of 2019; as an infrastructure provider, we will add around EUR 13 million to the total investment of EUR 67 million in the 2014–2022 period for further investments in the development of Ljubljana Airport. As an airport, we will continue to pursue our main objective of increasing connectivity by adding more flights to existing destinations and adding new destinations. In achieving this objective, we cannot ignore the importance of all stakeholders and decision-makers, i.e. of airlines, the tourism sector and the State, and all of us will need to work even more closely together and make practical and effective decisions, as improving Slovenia's connectivity is a demand-driven decision by airlines. We will continue to work towards establishing Ljubljana Airport as a regional charter hub, in partnership and close cooperation with Slovenian tour operators.

After the weakening of the travel ecosystem in the previous two years due to the pandemic, 2022 offered us a new start. After a time of great and difficult trials, the airline industry is on the cusp of change and new opportunities. Certainly, there are risks dictated by continued geopolitical tensions, deteriorating macroeconomics and inflation-related pressures, higher air fares, rising costs, and, last but not least, sustainability requirements. But new insights and growth cannot be achieved without risks. And if you want to see the rainbow, you really have to face the rain. But Fraport Slovenia's commitment is clear:

we will ensure that Ljubljana Airport once again becomes the first choice in the region for passengers, airlines and employees alike.

To sum up, 2023 will be better than 2022 but still very different from pre-pandemic times. Our challenge will be to adjust our expectations accordingly and continue building a new future – which is not the old past.



Dr Babett Stapel

Managing Director

BUSSINESS REPORT

1. Introduction

1.1 Performance highlights

	2022	2021	Change 2022 / 2021
TRAFFIC			
Number of passengers	977,316	430,943	126.8%
Aircraft movements	21,570	17,461	23.5%
Cargo (in tonnes)	29,573	28,383	4.2%
ANALYSIS OF PERFORMANCE	in thousand euros		
Operating revenues	34,190	28,845	18.5%
Net sales revenue	33,913	21,686	56.4%
Operating expenses	32,673	27,499	18.8%
EBITDA	7,635	7,697	-0.8%
EBIT – operating profit	1,517	1,345	12.8%
Net finance income/expenses	-411	-416	1.1%
Pre-tax profit	1,106	929	19.0%
Net profit	889	931	-4.5%
Total comprehensive income of the period	1,073	1,053	1.9%
Value added (operating revenues – costs of materials and services – other operating expenses excluding revaluation operating expenses and provisions)	23,034	20,453	12.6%
BALANCE SHEET	in thousand euros		
Assets as at 31.12.	127,869	126,371	1.2%
Equity as at 31.12.	109,501	108,431	1.0%
EMPLOYEES			
Number of employees 31.12.	405	376	7.7%
Average number of employees	381.3	365.3	4.4%
INDICATORS			
EBITDA margin	0.22	0.27	-16.3%
EBIT margin	0.04	0.05	-4.8%
Net ROE – in % (net profit/average equity excluding net profit/loss from current period)	0.82%	0.87%	-5.5%
Net ROA – in % (net profit/average assets)	0.70%	0.73%	-4.8%

1.2 Significant events

1.2.1 Significant events of 2022

February

As the final phase of investment in the expansion of the new passenger terminal, the partial refurbishment of the old terminal building was completed on 3 February. This freed up space for passenger flows in arrivals, and allows departing passengers to access security control directly via a corridor in the old section after checking in.

All routes serving Ukraine were cancelled as of 20 February because of the outbreak of the war there. The Slovenian government passed a resolution on 26 February banning aircraft registered in Russia and all aircraft operators based in Russia from entering Slovenian airspace. The service to Moscow operated by Aeroflot and the service to St Petersburg operated by Rossiya Airlines are cancelled until further notice, which will be reflected in a decline in passenger traffic at Ljubljana Airport. The closure of Slovenian air traffic for Russian aircrafts and the suspension of air connections with Ukraine at the end of February 2022 reduced the planned traffic in 2022 by 8%.

March

On March 14, we presented the summer timetable, which came into effect on the last Sunday of March. During the busiest weeks of the summer season, around 140 flights per week could travel from Ljubljana Airport. 15 airlines directly connected the Ljubljana Airport with 19 destinations in the summer timetable, as well as holiday destinations with charter flights.

On March 25, ACI (Airport Council International) extended the validity of our airport's AHA (Airport Health Accreditation) certificate based on the justification that the Ljubljana Airport follows best practice and implements key measures to prevent the further spread of Covid-19. The AHA enables airports to confirm to passengers, employees, regulators and governments that they are prioritizing health and safety in their operations and management in a measurable and enforceable way. It enables airports to validate their own measures across all their facilities and processes, and reassures the traveling public using these airport facilities by ensuring excellence in maintaining safe, hygienic airport facilities.



April

On April 14, we acquired a new flight connection. Flights to Paris Orly Airport were established by the low-cost carrier Transavia France, which is part of the Air France KLM group. It flies to the French capital twice a week and expands the existing offer of flights to Paris provided by Air France to Charles de Gaulle Airport.



On April 14, a contract was signed with the contractor GIC gradnje d.o.o. for the construction work on the expansion of the cargo terminal at the Ljubljana Airport. The construction of the facility with a built-in structure, which replaced the existing prefabricated tent facility, began in the fall of 2022. The project, part of which also includes the installation of a new technological equipment for more efficient reception and dispatch of goods, will be completed in the spring of 2023.

May

On May 12, at the Conference on Digital Future Trends, Fraport Slovenija won the grand prize of the DIGGIT expert jury for the best digital ad for the Cheap Flights from Ljubljana Airport campaign.

On May 24, the British carrier British Airways, the carrier of the Oneworld airline alliance, re-established flights to London's largest airport, Heathrow. Compared to the previous season, he strengthened the connection by starting earlier and flying more often.

June

On June 21, the network of flights from Ljubljana Airport was completed by the last two of the connections announced for the summer season, the carrier Air Montenegro re-established flights to Tivat, and the Israeli carrier Israir Airlines returned flights to Tel Aviv.

July

On July 1, the passenger terminal of Ljubljana Airport celebrated its first anniversary of operation. With a modern infrastructural facility that covers an area of 10,000 m², Jože Pučnik Ljubljana Airport has become a modern and efficient regional entry point - a meeting point of opportunities for the individual, society and the wider global community. The growing number of passengers dictated the expansion of the commercial offer in the terminal. Thus, on the occasion of the anniversary, a new part of the store was opened with the All Yours Ljubljana catering offer.



October

On October 27, we presented the winter timetable. By the end of March 2023, it will be possible to travel directly to 14 destinations from Ljubljana Airport with 12 scheduled airlines. With charter flights, passengers will be able to go to popular destinations in Egypt, Turkey and Spain as well as Malta for the autumn holidays.

December

On December 2, newspaper Finance awarded the most prestigious professional award in business reporting - the best annual report among large companies that are not subjects of public interest according to the Companies Act.

On December 9, Fraport Slovenia was extended its valid Family Friendly Company certificate, because we have been spreading the culture of a family-friendly company for the tenth year.

1.2.2 Significant events after the end of 2022

January

On January 26, Združenje Manager awarded the Artemida award to the managing director of Fraport Slovenija, Dr Babett Stapel. The association recognizes successful business women who have taken the first and most responsible position in their organisation, breaking through the glass ceiling, that invisible barrier that may be holding them back from their dreams.



February

Fraport Slovenija installed a modern body scanner at the passenger security check point at Ljubljana Airport. The technological innovation enables greater security, higher flow of passengers during the security check and improves the user experience.

In February 2023, a contract was signed with DHL Express for the lease of more than 26,000 m² of land in the airport area for a period of 30 years, on which the construction of a new logistics center measuring 5,800 m² will begin in 2023. The new DHL Express logistics center will be three times larger than the existing one and will meet all ecological standards and fully automate shipment management with robotic techniques.

1.3 Basic information about Fraport Slovenija d.o.o.

Fraport Slovenija d.o.o. is the operator of Ljubljana Jože Pučnik Airport (hereinafter: Ljubljana Airport or the airport), Slovenia's main international airport, which handles at least 97% of all air passenger traffic in the country. We are a successful, environmentally and socially responsible company with a history going back almost 60 years. The company's principal line of business encompasses the operation and management of the airport, the development of airport infrastructure, the provision of ground handling services, and the provision of various commercial services.

The location of the airport is ideal for developing air connections and businesses related to the airline industry, as it is situated at the crossroads of traffic flows between the Pannonian Basin and the Po Valley, and the corridor from the Middle East to the European Union running through the Istanbul gateway. The airport's catchment area encompasses Slovenia, the southern part of Austria, the north-eastern part of Italy and part of Croatia, with approximately four million inhabitants in the aforementioned region. With a 3,300 metre runway and advanced equipment, the airport accommodates Category ICAO IIIb approaches in conditions of reduced visibility. The company also has sufficient land at its disposal for further expansion of the airport, and the development of various complementary business activities.

Company name	Fraport Slovenija, upravljanje letališč, d.o.o. Zg. Brnik 130A, 4210 Brnik - Aerodrom, Slovenija
Business address	Tel.: +386 (0)4 206 10 00 email: info@fraport-slovenija.si , http://www.fraport-slovenija.si
Activity code	52.230 – other auxiliary activities in air transport
Company size	Large company according to Companies Act
Management of the company	Babett Stapel, managing director Oliver Weiss, COO
Procurators of company	Andrej Svetina, Head of Planning & Controlling Boštjan Šijanec, procurator
Number and date of entry of conversion to limited liability company in companies register	Entry: 2015/15628 on 14.4.2015
Registration number	5142768000
VAT ID number	S112574856
Nominal capital as at 31.12.2022	EUR 15.842.626,44
Sole member	Fraport AG Frankfurt Airport Services Worldwide UniCredit Banka Slovenija d. d.: SI56 2900 0000 3291 455
Transaction accounts	Nova ljubljanska banka, d. d. Ljubljana: SI56 0292 1001 4174 945 HypoVereinsbank Member of Unicredit, München: DE35 7002 0270 0015 7308 74
Financial year	Calendar year
Number of employees as at 31.12.2022	405

1.3.1 Core business and strategic pillars

To help the company realise its mission statement and its vision, the senior management has defined three strategic pillars that are the company's main sources of revenue:

1. Aviation,
2. Ground Handling,
3. Non-aviation.

Aviation and some of ground handling services are the company's core business activity, on which the majority of the others are dependent. Airports play an increasingly active role in attracting airlines, and in the marketing to attract new traffic. They compete with one another for traffic, as the European airport network offers passengers a free choice. Almost two-thirds (63%) of people in Europe are within two hours' drive of at least two airports, and Ljubljana Airport is no exception in this. High-impact marketing and a flexible and attractive motivational programme are of key importance to the airport's competitiveness.

Cargo Handling is an important part of Ground Handling with expected positive trends due to the expansion of large logistics complexes to Brnik.

Commercial services are becoming more and more important, not merely as a revenue generator, but also through the impact that they have on the passenger experience. They also constitute an important marketing tool, which increases the airport's competitiveness. Knowing who our passengers are and what they want is a key prerequisite for successfully planning our catering and retail services in the passenger terminal. Relocating the regional road and building the bypass have allowed for the further development of the land earmarked for the airport city.

Non-aviation services also include the Aviation Academy Fraport, which offers training and consulting services in the field of firefighting, ground handling and aviation.

MISSION, VISION, VALUES AND STRATEGIC OBJECTIVES

Mission

We provide connectivity of Slovenia by creating inspiring services and customer friendly experience and sustainable airport management.

Vision

Our vision is to be:

1. efficient and prime-quality regional gateway;
2. exciting retail experience platform;
3. major air cargo airport in the region;
4. leading skills academy of aviation industry.

Values

Sustainable development

We are aware of the responsibility, as employer and economy factor, which we have for our employees, society and environment and other interested parties. We act sustainably and base our actions on economic, environmental and social criteria.

We act sustainably and base our actions on economic, environmental and social criteria.

Value enhancement

We aspire a sustainable enhancement of the company's value in all fields of service.

Aviation safety

Through continuous risk detection and management we reduce the likelihood of personal injury and material damage.

High performance

Our integrated business model ensures business excellence applying safe, efficient and high quality processes.

Strategic objectives

The company's strategic goals set before the Covid-19 pandemic are as follows:

1. increasing traffic in terms of passengers, aircraft movements and cargo,
2. growing revenue, particularly from commercial services,
3. securing key investments in infrastructure and equipment to help the further increase in traffic,
4. providing development opportunities for logistics firms and reliable ground handling services, thus paving the way for us to become the leading air cargo hub in the western Balkans,
5. exploring opportunities to invest in the airport city, and attracting a variety of other companies,
6. developing Fraport Slovenia as a reputable provider of aviation training.

The company does not solely rely on the development of one aviation segment, but it develops several types of aviation:

- scheduled passenger traffic (domestic and foreign air carriers);
- charter flights (including long-haul flights);
- low-cost flights;
- air cargo flights;
- general aviation.

A significant part of our strategy are also diminishing our dependence on a small number of business partners and on only one business activity, and modernisation of the airport infrastructure.

Given that the period of stabilization and recovery after the Covid-19 pandemic has begun, the company's strategy will be refreshed in 2023. With the absence of a domestic carrier, a changed traffic structure, significantly reduced traffic due to the consequences of the Covid-19 pandemic, higher energy prices and other consequences of the war in Ukraine, and the importance of the environmental component, new strategic priorities, strategic goals, a strategy for achieving goals and also a vision will be determined.

In addition to all this, our primary task is to restore air traffic and revenues on the level of the period prior to pandemic, which depends on competitive offer of flight destinations and airport commercial services.

1.3.2 Organisational Structure

Organisational structure of Fraport Slovenia d.o.o. as at 1. 1. 2022

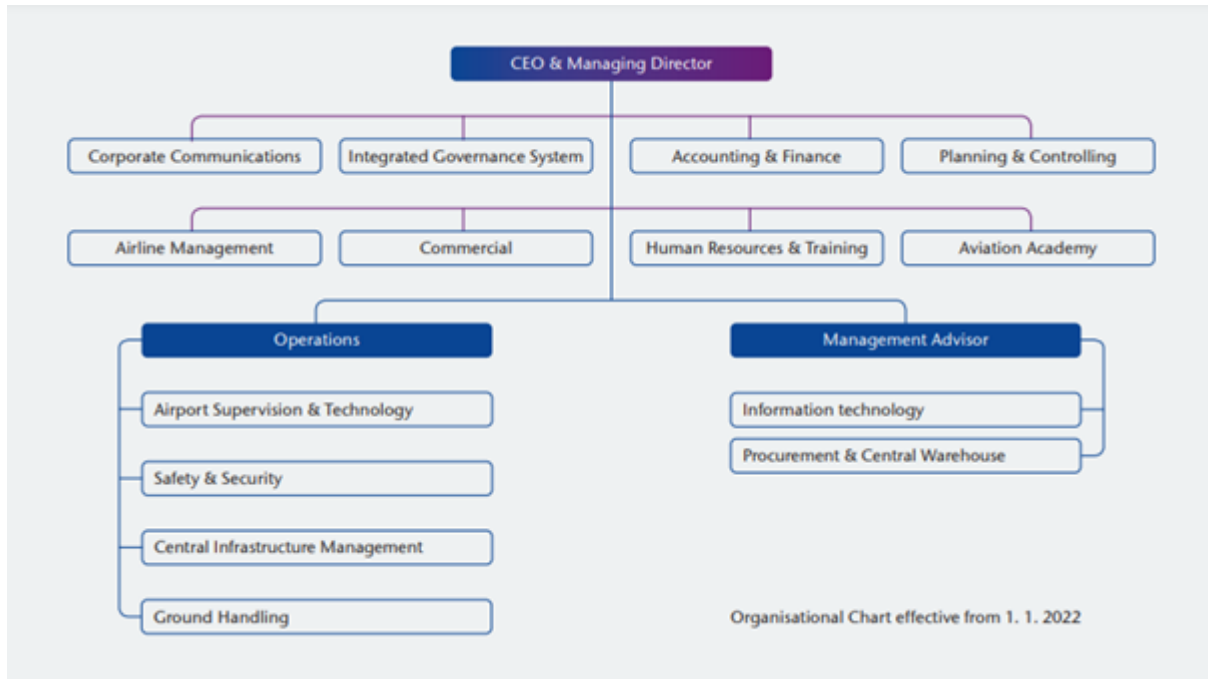


Figure 1: Organisational structure

1.3.3 International activities

Fraport Slovenia is part of Fraport AG, an international group. The group’s core business consists of the expertise and technological know-how that distinguishes the individual companies under the Fraport AG brand. Fraport AG’s overall portfolio of subsidiaries and other assets includes 31 airports worldwide.

We are a member of numerous professional associations, where we take the opportunity to network with our colleagues and to exchange best practice. Via our professional connections under the aegis of ACI Europe, we actively monitor developments affecting the airport industry, and play an active role in promoting the economic and social development of the industry in the region, and in dealing with the challenges facing civil aviation in Europe.

1.4 Corporate Governance Statement

Pursuant to the provisions of the fifth paragraph of Article 70 of the Companies Act (ZGD-1), the senior management of Fraport Slovenia d.o.o. hereby provides the following corporate governance statement for the period of 1 January to 31.12.2022.

Fraport Slovenia, d.o.o. is solely owned by Fraport AG Germany. It therefore implements the recommendations of the German Corporate Governance Code (<https://www.dcgk.de/en/home.html>).

Fraport Slovenia is incorporated as a limited liability company. It has just one owner and the organisational structure does not include a supervisory board. Bodies of the company are both

management and sole owner, exercising their functions and powers in accordance with the provisions of the Companies Act-1. The ongoing tasks of the sole owner in accordance with the Deed of establishment are performed by an authorized body, namely the Investor's Committee. These facts result in certain departures from the recommendations of the German Corporate Governance Code namely, mainly in the part governing supervision, composition of the supervisory board and procedures of the supervisory board, which will be further explained below:

- A. Management and supervision
 - Fraport Slovenija does not implement the provisions of chapter A in the part which pertains to the supervisory board, as it is not established
- B. Appointments to the Management Board
 - Fraport Slovenija does not implement the first time appointment time limitation for the members of the Management (Recommendation B.3). The implementation is not done as the nomination of the management is the full jurisdiction and responsibility of the sole owner.
 - Fraport Slovenija does not implement the age limitation for the members of the Management (Recommendation B.5). The implementation is not done as the nomination of the management is the full jurisdiction and responsibility of the sole owner.
- C. Composition of the Supervisory Board
 - Fraport Slovenija does not implement the provisions of chapter C as the Supervisory board is not established
- D. Supervisory Board Procedures
 - Fraport Slovenija does not implement the provisions of chapter D as the Supervisory board is not established

Fraport Slovenija does not uphold the national corporate governance recommendations in its operations. As a limited liability company under the 100% ownership of the sole owner, in its operations the company follows the requirements of the sole owner, which sets out the company's governance and business policies in the form of joint policies at the level of all the affiliates in the group. In particular, the company is required to apply the policy relating to internal controls and the management of conflicts of interest.

The company does not pursue a specific diversity policy.

1.4.1 Internal Control System and Risk Management

Fraport Slovenija has a diverse mechanism of internal controls and risk management in connection with the financial reporting process. The aim of the system of internal controls is to comply with applicable legislation and regulations, to meet the company's strategic objectives and to implement its strategy, to reduce risks in connection with the company's operations, and to ensure the accuracy, completeness and reliability of financial reporting. The system is tailored to the internal control system of the Fraport Group.

Each business process has its contacts with other business processes identified, and comes with reference documentation citing the person responsible for each individual activity. The comprehensive management of business processes also extends to the inherent risks and internal controls. We set out efficiency and performance indicators, and methods for controlling and measuring the effectiveness of individual processes. A systemic approach is taken to identifying the risks that can arise in individual

activities within business processes, and to putting in place the internal controls for managing these risks. Integrated business continuity plan and risk management at the strategic and operational levels gives us a comprehensive view for identifying critical areas and drawing up various measures to ensure stable operations.

As an operator of critical infrastructure (the airport), Fraport Slovenia is required under the Critical Infrastructure Act to draw up a risk assessment for the functioning of this critical infrastructure.

The risk assessment forms the basis for assessing measures to protect critical infrastructure, and relies on the identification, analysis and evaluation of various sources of risk to the functioning of critical infrastructure.

As is the practice at group level, the internal controls take account of the COSO methodology for the purpose of identifying, measuring and managing the risks inherent in business processes.

Internal audit

In organisational terms, the internal audit function is directly accountable to the senior management, and is separate from other organisational units. Internal auditing has been conducted at the company since 2000. The basic area of work consists of the internal controls in connection with the management of all the business risks and other risks to which the company is exposed. When assessing whether the internal controls are adequate and fit for purpose, the permanence and reliability of their functioning are also examined. The internal audit department carries out its work on the basis of the work plan, and in line with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics.

The aim of the planned internal auditing tasks is to help the company accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness and efficiency of corporate governance, risk management and control processes. Assessments of the possibility of errors and fraud and of compliance with rules are also components of audits, and are considered when each audit is planned and executed. The internal audit department reports on its work directly to the senior management.

In 2022, internal audit reviews were carried out in the following areas: verification of access rights to applications and programs, review of billing and price lists of cargo, commercial and general aviation services, review of the matrix of competence in the procurement process, management and control of wild animals, maintenance review of vehicles and equipment for ground handling.

Recommendations were made on the basis of the internal audits, for which deadlines were set, together with the persons responsible for implementation. There is regular follow-up of recommendations, and corresponding reporting. All recommendations with a deadline in 2022 were realised.

External auditing

On the basis of a resolution passed by Investor's Committee on 22 April 2021, the company's financial statements for 2022 were audited by PwC Slovenija d.o.o., Ljubljana.

1.4.2 Composition and functioning of management and supervisory bodies

The governance and management of Fraport Slovenija d.o.o. is based on the law, the company's articles of association and the company's governance policy.

The company is controlled by the sole owner, who has final responsibility for issues relating to the company's business.

The sole owner exercises its powers via resolutions passed by its authorised representatives or, when the sole owner so decides, by the Investor's Committee, which acts on behalf of the sole owner.

The sole owner passes resolutions whenever necessary, although in any case at least once a year it adopts an annual report, and makes a final decision on the distribution or reinvestment of the company's earnings for the financial year and a final decision in connection with the appointment of an auditor.

Investor's Committee

Via the resolution establishing an investor's committee, the sole member may authorise the Investor's Committee to exercise powers in connection with the company on its behalf.

The Investor's Committee consists of three members appointed by the sole member. In 2022 the members of the committee were as follows: Holger Schaeffers (president), Alexander Laukenman (deputy-president), Tamara Weyer. All members of the committee are from Fraport AG Frankfurt Airport Services Worldwide.

The Investor's Committee holds the authorisations set out by the sole member's resolution establishing an investor's committee, or by the company's bylaws when the bylaws are adopted by means of a resolution by the sole member.

In 2022, the Investor's Committee adopted the Rules of Procedure of the Investor's Committee.

Management of the company

The everyday business of the company is directed by its senior management.

The senior management directs the business, is authorised to act as statutory representative for the company and to act on its behalf in legal transactions with third parties, and holds other authorisations set out by the articles of association or via resolutions by the sole member.

The senior management consists of the managing director. In 2022 the position of managing director was held by Dr Babett Stapel.

Dr Stapel has 22 years of experience in airport management, with ten years in senior executive positions. In addition to the parent company in Frankfurt, she has also worked at airports in Varna, Bulgaria and Lima, Peru. She is a graduate of the University of Hamburg in Germany, and holds an MBA from the University of Nottingham in the UK.

The company's outward statutory representation is undertaken by the managing director and one procurator.

1.5 Declaration in accordance with article 545 of the Companies Act (ZGD-1)

In the circumstances known to us at the moment when each legal transaction was executed, Fraport Slovenija d.o.o. obtained appropriate consideration in all legal transactions with the controlling company Fraport AG and its affiliates, and did not suffer any deprivation. Neither was any act committed or omitted whereby Fraport Slovenija d.o.o. would incur any damage that would be the result of the influence of the controlling company Fraport AG over Fraport Slovenija d.o.o.

2. Performance in 2022 and plans for 2023

2.1 Situation in European aviation

The International Air Transport Association (IATA) reported a continued recovery of the aviation sector in 2022. Statistics show that the total number of passengers in 2022 grew by 64.4% compared to 2021. This represents 68.5% of pre-pandemic traffic in 2019, indicating that some countries still had travel restrictions in place for most of the year.

The figures show typical regional differences in passenger airline capacity and market demand. North America has come closest to pre-pandemic capacity, while the Asia-Pacific region is still the furthest behind.

In Europe, we recorded a solid recovery of air traffic, at least in terms of available capacity and passenger demand. Despite staff shortages, strikes and other disruptions during the summer season, IATA statistics showed that intra-EU capacity (-6.7%) and demand (-3.1%) are close to pre-pandemic levels. Even better was the average occupancy of the passenger cabin, which was 3.2% higher than in 2019 and reached 85.1%.



IATA hopes that 2023 will be the year in which government measures that have restricted travellers from traveling have ended. It is important that governments learn from experience and realize that border closures and movement restrictions are largely ineffective in curbing the spread of infectious diseases in our globally connected world. But they have a huge negative impact on people's lives and economic well-being, as well as on the global economy, which depends on the unimpeded movement of people and goods.

Eurocontrol states that in 2022 low-cost airlines were at the forefront of airline recovery, together reaching 85% of 2019 traffic, with Ryanair (109% compared to 2019) and Wizz Air (114%) standing out, while Europe's leading airports averaged around 83% of 2019 traffic.

It is estimated that traffic recovery will continue in 2023 and reach 92% of the pre-pandemic level. Full recovery is expected in 2025.

2.2 Economic situation in Slovenia

In 2022, GDP increased by 5.4% in real terms, and the growth came mainly from the recovery after the epidemic and was the highest in the first half of the year (9.4% year-on-year). In the second half of the year, in the conditions of increased uncertainty in the international environment due to the energy crisis, high electricity and gas prices, and the consequences of the war in Ukraine, year-on-year growth moderated significantly (1.7%). Investment activity contributed the most to GDP growth (7.9%) due to an increase in investments in buildings and facilities, where state and housing investments and private consumption (8.9%), especially for services, strengthened. The growth of state consumption slowed down significantly last year (0.9%) and after a period of enhanced growth in 2020 and 2021, it stagnated mainly due to lower expenditures for controlling the epidemic.

For 2022, it is estimated that the rate of registered unemployment will decrease significantly and will amount to just over 5 percent, which represents the lowest level in the last 30 years. Employment growth moderated somewhat in the second half of 2022 due to the cooling of economic activity and labour shortages. On the labour market, there is a large labour shortage, especially in labour-intensive activities (manufacturing, construction and catering).

Inflation reached its highest level in almost 30 years in mid-2022, then eased only slightly to 10.3% at the end of 2022 (4.9% at the end of 2021). The biggest contributors to inflation last year were the prices of food and non-alcoholic beverages (3.1 percentage points) and energy products (2 percentage points). If the state did not limit the price of energy products for households and small consumers, the consequences of the increase in electricity prices on inflation would be significantly higher.

With increasing inflation, interest rates also rose, which, by withdrawing non-standard measures and tightening borrowing conditions, reduces demand, pressure on higher prices and inflationary expectations.

Economic growth will moderate significantly in 2023 (1.8%), in addition, the uncertainty in the international environment regarding the supply of energy products and the movement of their prices will decrease. This will contribute to the gradual moderation of price growth in the second half of the year, and inflation will reach the level of 5.1% at the end of the year. On average, inflation for 2023 will be 7.1%, mainly due to the high level at the beginning of the year.

2.3 Market position and marketing activities

2.3.1 Market position

In 2022, we recorded an increase in passenger traffic compared to 2021 at all airports in our wider region. While traffic at Ljubljana Airport grew to 977,316 passengers (+127%), the number of passengers also increased at Trieste airport to 700,000 (+102%), and at Zagreb airport to 3,124,605 (+122%), in Venice to 9,319,156 (+72%), in Graz to 561,000 (+146%), and in Klagenfurt to 82,562 (+191%).



There are 15 regular air carriers in the timetable of the Ljubljana Airport, which offered a total of 19 destinations; Air France two daily flights to Paris, Air Montenegro two weekly flights to Podgorica and four weekly flights to Tivat (alternating connection), Air Serbia eleven weekly flights to Belgrade and two weekly flights to Niš, Brussels Airlines five weekly flights to Brussels, British Airways five weekly flights to London (Heathrow), easyJet three weekly flights to London (Gatwick), flydubai five weekly flights to Dubai, Israir Airlines two weekly flights to Tel Aviv, LOT Polish Airlines eight weekly flights to Warsaw, Lufthansa two daily flights to Frankfurt and one daily flight to Munich, Swiss International Airlines one daily to Zurich, Transavia two weekly to Amsterdam, Transavia France two weekly flights to Paris (Orly), Turkish Airlines ten weekly flights to Istanbul and Wizz Air two weekly to Charleroi and three weekly to London (Luton).

Another major factor in the recovery of traffic at Ljubljana Airport was the state aid to scheduled airlines operating services here. This aid went to Brussels Airlines, Turkish Airlines, Swiss International Airlines, Air Serbia, Air Montenegro, Lufthansa, easyJet, Wizz Air, flydubai and LOT Polish Airlines, and totalled EUR 1.82 million.

We are pleased that the state plans to continue subsidizing airlines in the future.

Fraport Slovenia's marketing communication efforts to promote air connections also provided marketing communication support to airlines in 2022 to promote the sale of airline tickets on their flights from Ljubljana Airport. Fraport Slovenia contributed to the exposure of airline connections to raise awareness and stimulate passenger demand in target markets. Funds for these purposes were allocated individually, with communication effects carefully considered, and mainly focused on digital media.

2.3.2 Traffic and airport services

The recovery of traffic at the Ljubljana Airport was shaped by the dynamics of the release of travel restrictions due to the pandemic in previous years and the Russian aggression against Ukraine. There were no expected direct connections with Moscow and Ukraine due to the war, we didn't even get to see the return of the line to Madrid and Helsinki. The latter is dominated by passengers from Asia, where strict anti-pandemic measures were still in force for a good part of the year, and at the same time, Finnair, like other airlines, had to avoid flying over Russian airspace, which greatly extended the flight, increased costs and drastically reduced the number of flights.



The situation on the air transport market is still tight. Carriers are facing staff and aircraft shortages and are very cautious about expanding their flight network. Airports are no exception. So, for example, at Amsterdam Airport Schiphol in 2022 limited the number of passengers allowed on individual flights. Due to staffing problems, the airport operator there has asked several airlines to cancel flights due to a lack of security personnel. With the general lack of staff, the important fact is that we managed to secure staff at the Ljubljana Airport and that we did not refuse a single flight, which was very positively received by the airlines.

The happy fact is that for the second year in a row, charter traffic is also growing substantially. Last year's growth was 52%, and the offer included many of the most popular destinations in Turkey, Spain, many Greek islands, Egypt, Malta, Tunisia, Montenegro and Albania.

Passenger numbers at Ljubljana Airport amounted to 977,316 in 2022, up 127% on 2021. The number of aircraft movements stood at 21,571, up 24% on the previous year.

Total cargo tonnage was up 4% on the previous year.

	Actuals		Change 2022 / 2021	Breakdown, %	
	2022	2021		2022	2021
PASSENGER NUMBERS	977,316	430,943	127%	100.0	100
PUBLIC TRANSPORT	970,152	421,934	130%	99.3	97.9
Domestic airlines	0	0	-	0.0	0.0
Foreign airlines	970,152	421,934	130%	99.3	97.9
GENERAL AVIATION	6,655	8,886	-25%	0.7	2.1
OTHER	509	123	314%	0.1	0.0
AIRCRAFT MOVEMENTS	21,571	17,461	24%	100.0	100
PUBLIC TRANSPORT	12,854	7,932	62%	59.6	45.4
Domestic airlines	504	547	-8%	2.3	3.1
Foreign airlines	12,350	7,385	67%	57.3	42.3
GENERAL AVIATION	7,860	8,788	-11%	36.4	50.3
OTHER	857	741	16%	4.0	4.2
MAXIMUM TAKEOFF WEIGHT (in tonnes)	792,035	483,122	64%	100.0	100
PUBLIC TRANSPORT	699,806	389,858	80%	88.4	80.7
Domestic airlines	6,552	4,693	40%	0.8	1.0
Foreign airlines	693,254	385,165	80%	87.5	79.7
GENERAL AVIATION	46,655	55,739	-16%	5.9	11.5
OTHER	45,574	37,525	21%	5.8	7.8
CARGO TONNAGE (in tonnes)	29,573	28,383	4%	100.0	100
Aircraft - goods	12,241	11,182	9%	41.4	39.4
Aircraft - mail	239	219	9%	0.8	0.8
Truck	15,326	16,098	-5%	51.8	56.7
Other	1,767	884	100%	6.0	3.1

Commercial activities

In 2022, revenues from commercial services accounted for 24.9% (EUR 8,502 thousand) of the company's total revenues. Compared to 2021, we recorded as much as 37.7% more revenues, thereby exceeding annual plans by 15.4%. The key contributors to the good results were the car park and office space rental segments.

Passengers, rent-a-car and shuttle providers, as well as some new products, contributed to the improved car park revenues. We were also pleased to see the electric charging points in car park P1.

We further strengthened the pillar of commercial real estate lettings to logistics companies and aircraft maintenance providers and gained some new tenants. The active marketing of utility plots for the construction of logistics centres continued. Negotiations were concluded with DHL, which will build a logistics centre three times larger than the existing one.

The well-received offer of catering and retail contributed to higher ratings of passenger satisfaction ratings and also increased revenues.

Advertising increased in parallel with the growth of the advertising audience, i.e. travellers and visitors and we welcomed quite a few interesting advertising campaigns by traditional partners from the banking, pharmaceutical industry and tourism.



In the coming year 2023, we want to take a decisive step in the long-term rental of unoccupied land with a total area of 9.6 ha and open direct negotiations with interested partners who are engaged in the development of logistics warehouses or directly with tenants who want to stay in the airport area for at least 50 years. The target group of partners has already been identified in 2022 and the first steps of identifying user requirements have already been carried out.

In the area of car parks, we are introducing in 2023 the reading of number plates at the entrances to passenger car parks and the online purchase and reservation of parking. At the same time, we will further contribute to reducing our carbon footprint by adding a fast charging station to the existing charging infrastructure for electric vehicles at the end of July 2023.

2.4 Performance analysis

2.4.1 Operating result

in thousand EUR	Realization		Change 2022/2021	Proportion	
	2022	2021		2022	2021
Operating revenues	34,190	28,845	18.5%	100.0	100.0
Net sales revenue	33,913	21,686	56.4%	99.2	75.2
Capitalized own services	131	283	-53.8%	0.4	1.0
Other operating revenues	147	6,875	-97.9%	0.4	23.8
Operating expenses	32,673	27,499	18.8%	100.0	100.0
Costs of materials and services	10,510	7,861	33.7%	32.2	28.6
Costs of materials	2,446	1,552	57.6%	7.5	5.6
Costs of services	8,064	6,309	27.8%	24.7	22.9
Labour costs	15,333	12,577	21.9%	46.9	45.7
Depreciation/amortisation	6,118	6,352	-3.7%	18.7	23.1
Other operating expenses	712	710	0.3%	2.2	2.6
Operating profit before interest, taxes and depreciation/amortization - EBITDA	7,635	7,697	-0.8%	22.3	26.7
Operating profit - EBIT	1,517	1,345	12.8%	4.4	4.7
Net finance income/expenses	-411	-416	1.1%		
Finance income	8	1	437.6%		
Finance expenses	419	417	0.5%		
Profit (or loss) before tax	1,106	929	19.0%		
Income tax expense	0	-12			
Deferred tax	-217	14	-1672.0%		
Net profit	889	931	-4.5%		

Globally, 2022 was marked by the recovery from the Covid-19 pandemic. The release of covid measures had a significant impact on the increase in the number of trips, and thus also on the recovery of air traffic.

In Fraport Slovenia, 2022 was also marked as a year of recovery, which was also reflected in the performance of operations. Despite the fact that the growth rate of the number of passengers lagged behind the world, the company exceeded the original plan. The number of passengers increased, and the financial result was also better.

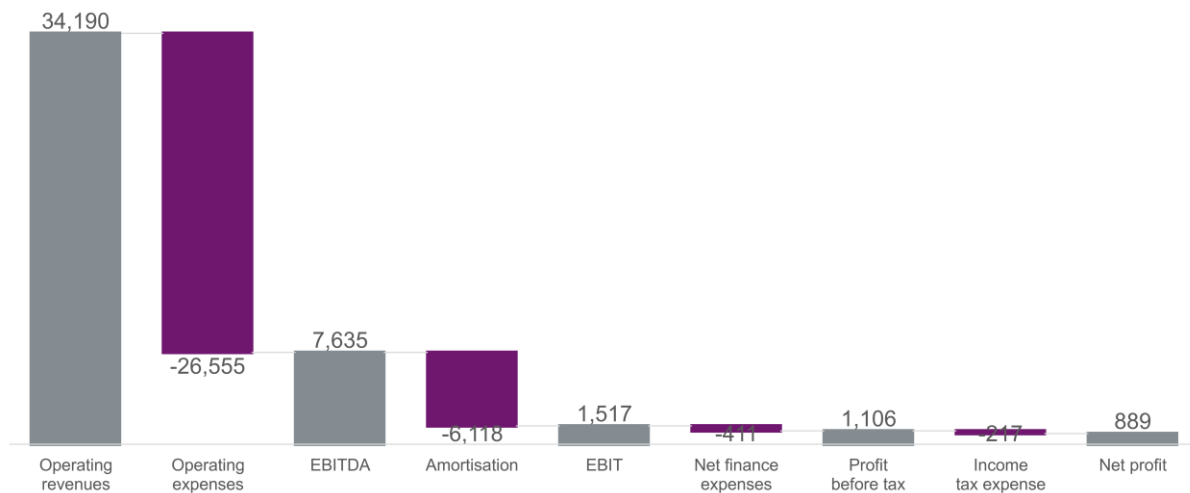
Fraport Slovenia closed the year 2022 with an operating profit before interest, taxes and depreciation (EBITDA) in the amount of EUR 7,635 thousand. Although the result is EUR 62 thousand lower than in 2021, Fraport Slovenia received aid in 2021 from measures to mitigate the consequences of the epidemic in the form of partial reimbursement of fixed costs and non-refundable state funds to cover the loss incurred during the closure of the airport for passenger turnover between March and June 2020 in the total amount of more than EUR 6,600 thousand. Operating profit (EBIT) was also positive in the amount of EUR 1,517 thousand, which is EUR 172 thousand more than in 2021. The growth in operating profit is the result of lower depreciation in 2022, which is EUR 234 thousand lower than in 2021 due to the extension of the useful lives of certain assets based on the reassessment of their remaining useful lives. The net profit in 2022 was EUR 42 thousand lower than in 2021 and amounted to EUR 889 thousand.

Operating revenues in the amount of EUR 34,190 thousand were up 18.5% on 2021, as a result of the rise in passenger numbers, growth was also influenced by higher revenues from commercial services.

If we do not take into account the above-mentioned state aid in 2021, the growth of operating revenues would be 54%.

Operating expenses were up 18.8% on 2021 at EUR 32,673 thousand. Higher energy prices, higher costs of services and higher labour costs had the greatest impact on the increase in expenses.

Net finance income in 2022 increased by EUR 4 thousand or 1.1% relative to the previous year.



Graf 1: Operating result

Operating revenues

in thousand EUR	Operating revenues		Change 2022/2021
	2022	2021	
Airport services	16,407	8,799	86.5%
Commercial services	8,502	6,173	37.7%
Ground handling services	8,982	6,671	34.6%
Other operating revenues	300	7,202	-95.8%
OPERATING REVENUES	34,190	28,845	18.5%

Operating revenues amounted to EUR 34,190 thousand in 2022, up 18.5% on 2021.

We increased our operating revenues in the Airport Services, Commercial Services and Ground Handling Services segments.

The increase in revenues from airport services was driven by the rise in traffic, which is a result of the recovery of the aviation sector after the release of pandemic measures.

In the commercial area, the increase in revenues is also linked to the recovery of air traffic. In addition, the growth of commercial revenues was also influenced by the growth of revenues from rents and revenues from the charged costs of energy products.

The increase in revenues from ground handling services is likewise attributable to the increase in traffic. The increase in cargo tonnage meant that cargo handling accounted for a significant proportion of the increase in revenues from ground handling services.

The decrease in other operating revenues relative to 2021 was attributable to the state aid received to alleviate the impact of the Covid-19 pandemic, which was paid out in 2021.

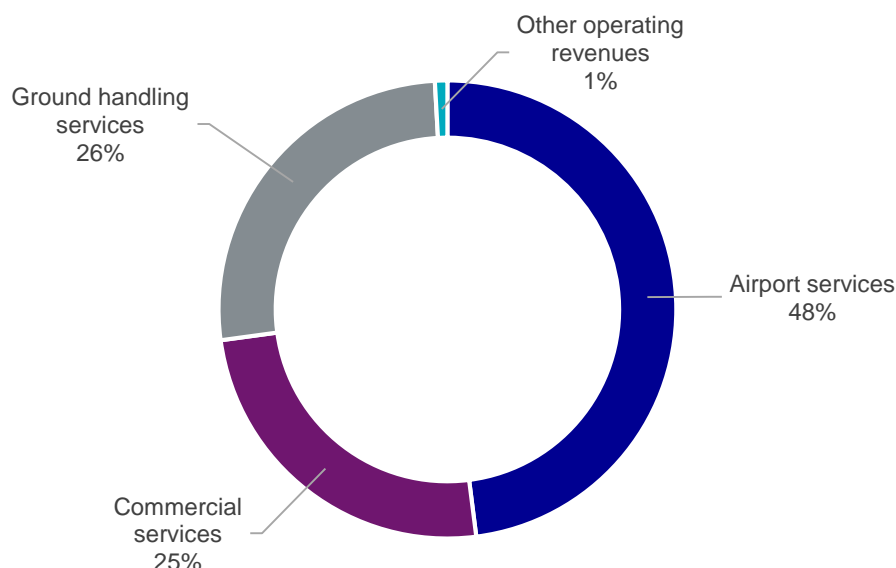


Figure 2: Breakdown of operating revenues

Revenues increased in segments of airport services, commercial services and ground handling services. The largest increase was in airport services revenues, which were up 86.5%, followed by commercial services, which were up 37.7%. Ground handling services revenues were up 34.6 Other operating revenues were down by 95.8. The reason for the high decrease is the already mentioned state aid received in 2021 to alleviate the impact of the Covid-19 pandemic.

Operating expenses

in thousand EUR	Operating expenses		Change 2022/2021
	2022	2021	
Labour costs	15,333	12,577	21.9%
Costs of services	8,064	6,309	27.8%
Depreciation/amortisation	6,118	6,352	-3.7%
Costs of materials	2,446	1,552	57.6%
Other operating expenses	712	710	0.3%
OPERATING EXPENSES	32,673	27,499	18.8%

Operating expenses amounted to EUR 32,673 thousand in 2022, up 18.8% on 2021.

Operating expenses increased in all categories, only depreciation/amortisation costs were lower than in 2021.

Higher labour costs were influenced by the growth of basic wages (8%) and additional seasonal employment in the field of passenger and aircraft handling. In 2022, there was no more state aid to mitigate the consequences of the epidemic, temporary waiting for work, the level of stimulation returned to pre-epidemic values.

The increase in the costs of services was mainly driven by security costs and services directly linked to the increase in traffic. The increase in the costs of services was also driven by an increase in maintenance and cleaning services for the offices and the terminal.

The main reason for the lower depreciation/amortisation costs is the extension of the useful life of certain assets based on the reassessment of their remaining life.

The increase in costs of materials was largely influenced by the increase in turnover and the rise in the prices of energy products, especially electricity. With the expiration of the leased electricity in August 2022, the price of electricity increased by more than five times. The increase in the price of electricity was somewhat moderated by a state subsidy in the amount of EUR 236 thousand. Consumption of runway and apron maintenance materials, aircraft maintenance vehicles, terminal maintenance materials, and cargo handling materials also increased. We managed to mitigate the rise in heating costs by temporarily switching to another heating source (fuel oil instead of natural gas).

Operating expenses are disclosed in greater detail in point 5.2.2 of the Financial Report.

The largest component of operating expenses were labour costs, followed by costs of services, amortisation/depreciation costs, costs of materials and other operating expenses. In the expenses structure, labour costs increased (by 21.9 percent), costs of materials by 57.6 percent, costs of services by 27.8 percent, and other operating expenses by 0.3 percent.

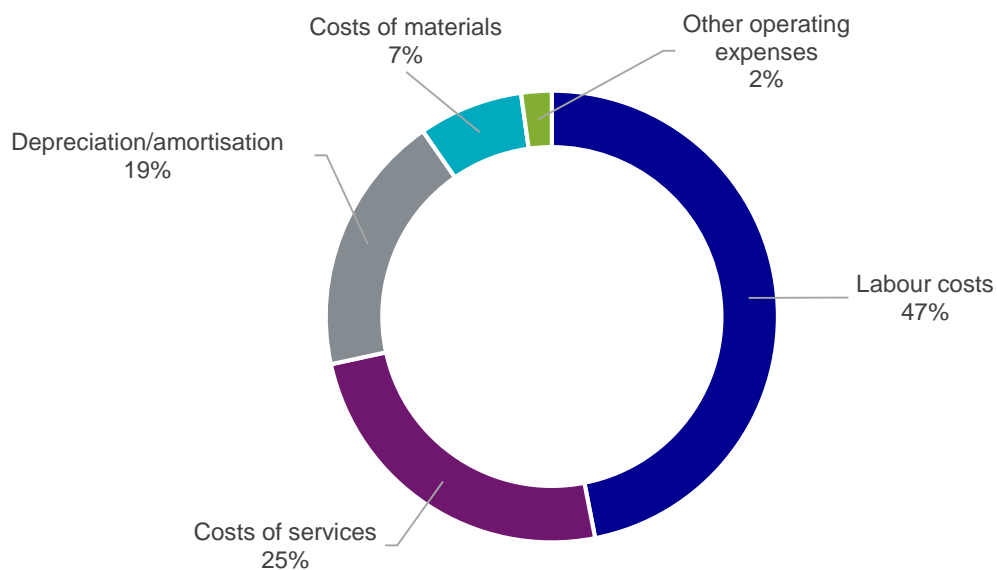


Figure 3: Breakdown of operating expenses

Energy costs (electricity, heating fuel and motor fuel) accounted for more than half of all costs of materials, while other major items included non-durables, materials for current maintenance, and cleaning materials. Security services accounted for almost a quarter of costs of services, while the other major items were maintenance services, intellectual services, Civil Aviation Agency services, and insurance premiums.

STATEMENT OF FINANCIAL POSITION

in thousand EUR	31.12.2022	31.12.2021	Change 2022/2021	Proportion 2022	2021
ASSETS	127,869	126,371	1.2%	100.0	100.0
Non-current assets (total)	113,641	116,399	-2.4%	88.9	92.1
Intangible assets	1,450	1,514	-4.2%	1.1	1.2
Tangible assets	108,826	111,244	-2.2%	85.1	88.0
Other non-current assets	3,365	3,641	-7.6%	2.6	2.9
Current assets (total)	14,228	9,972	42.7%	11.1	7.9
Cash and cash equivalents	8,865	6,032	47.0%	6.9	4.8
Current operating receivables	4,721	3,501	34.9%	3.7	2.8
Other current assets	642	439	46.2%	0.5	0.3
EQUITY AND LIABILITIES	127,869	126,371	1.2%	100.0	100.0
Equity	109,501	108,431	1.0%	85.6	85.8
Non-current liabilities (total)	10,817	11,174	-3.2%	8.5	8.8
Current liabilities (total)	7,551	6,767	11.6%	5.9	5.4

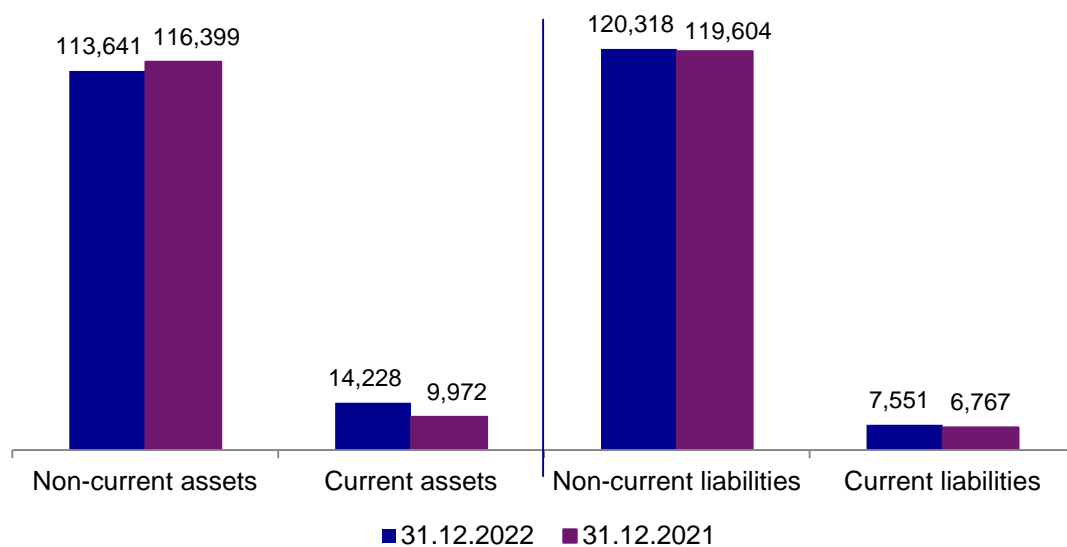


Figure 4: Assets and liabilities by maturity

The **asset** structure is dominated by non-current assets with a share of 88.9%. Compared to 2021, all non-current assets decreased, which is largely the result of lower values of property, plant and equipment (investments were lower than depreciation/amortisation in 2022), which are on 31.12.2022 shown in the value of EUR 99,786 thousand, a decrease of 2.2% or EUR 2,251 thousand compared to 31.12.2021.

Current assets, which on 31.12.2022 represent 11.1 percent of the balance sheet total, are 42.7 percent higher compared to the balance on 31.12.2021. The increase is the result of higher cash and cash equivalents and higher current operating receivables due to increase in traffic and consequently

revenues. Cash and cash equivalents amounted to EUR 8,865 thousand on 31.12.2022, which is EUR 2,833 thousand or 47 percent more compared to the balance on 31.12.2021. Current operating receivables on 31.12.2022 amount to EUR 4,721 thousand and by 34.9 percent, or EUR 1,221 thousand, they exceed those shown on 31.12.2021.

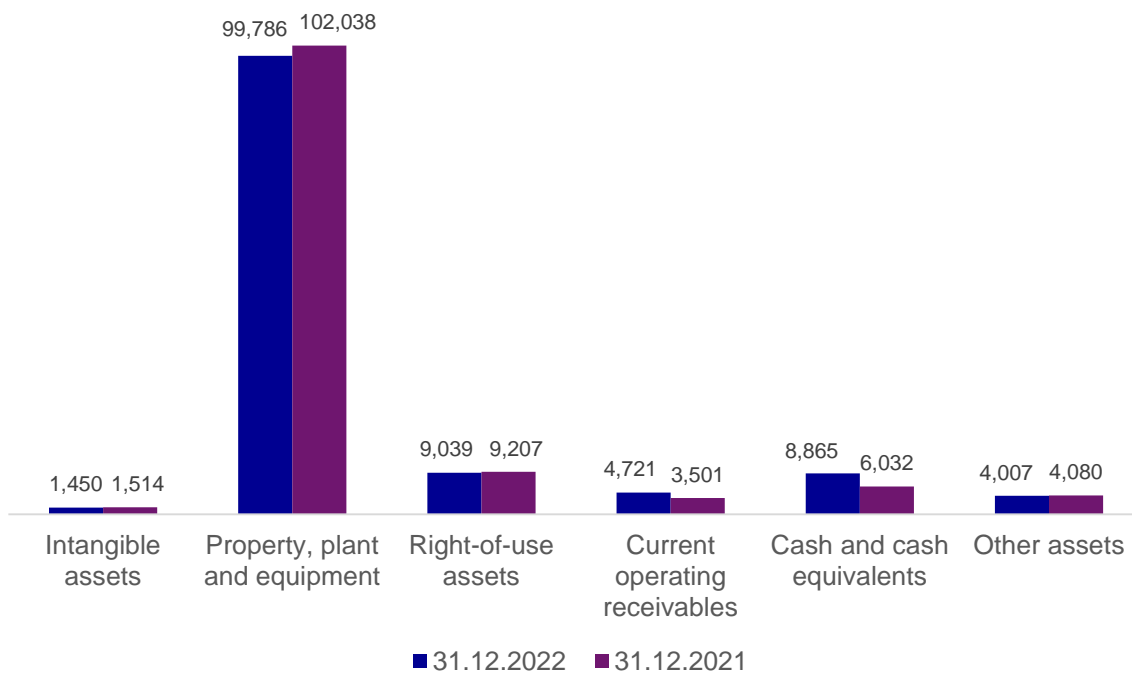


Figure 5: Assets

Non-current liabilities in the amount of EUR 120,318 thousand accounted for 94.1% of **total equity and liabilities**, and are used to finance all of the company’s non-current assets and a significant proportion of its current assets. Equity in the amount of EUR 109,501 thousand accounted for the majority of non-current liabilities, and 85.6% of total equity and liabilities, while other non-current liabilities accounted for 8.5% of total equity and liabilities. The equity increased at the expense of retained net profit and elimination of the actuarial deficit (related to the calculation of the necessary amount of provisions for termination benefits and jubilee benefits for employees on 31.12.2022).

Current liabilities accounted for 5.9% of total equity and liabilities, and primarily comprised current operating liabilities in the amount of EUR 4,860 thousand, or 3.8% of total equity and liabilities.

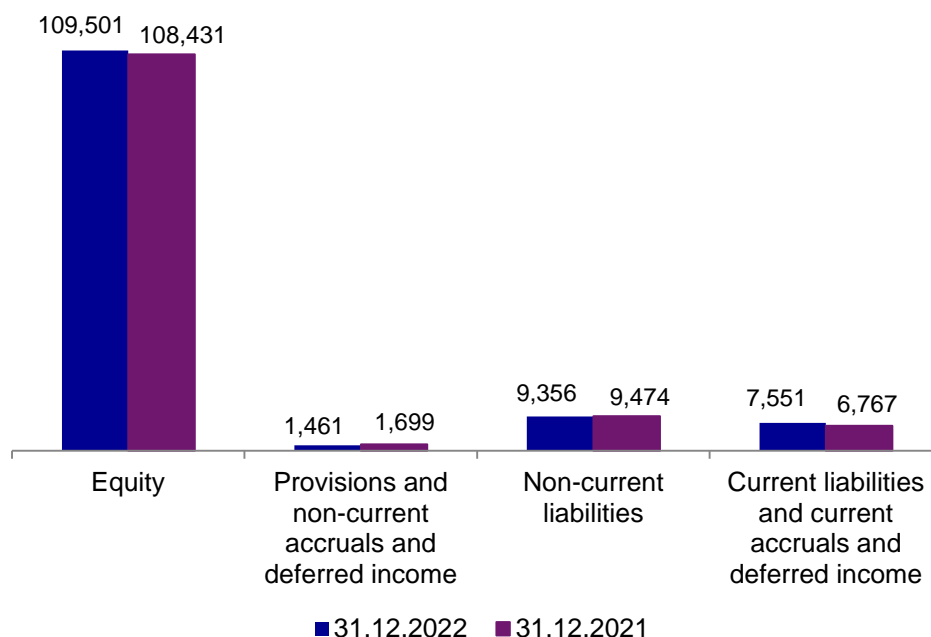


Figure 6: Equity and liabilities

2.4.2 Financial management

The company's liquidity in 2022 was good, as the cash and cash equivalents balance at the end of 2022 increased from EUR 6.7 million to EUR 8.9 million compared to 2021. Due to increased air traffic, both inflows and outflows from operations increased, but outflows for investments were significantly lower (EUR 3.7 million) compared to 2021 due to the completed investment in a new passenger terminal.

The company is primarily financed via equity. The investments made in 2022 and the previous years were financed in full by internal resources, and the company thus has no non-current financial liabilities. Non-current operating liabilities disclosed on the balance sheet as at 31.12.2022 primarily relate to liabilities for the general superficies fee.

2.5 Investments

A total of EUR 3,675 thousand was invested in infrastructure and equipment in 2022, of which EUR 2,678 thousand was earmarked for infrastructure and related equipment, while the remainder was spent on superficies (EUR 20 thousand), airport equipment (EUR 570 thousand), software (EUR 201 thousand) and computer equipment (EUR 205 thousand).

in EUR thousand	2022	2021	Change 2022 / 2021
Intangible assets	201	271	-26%
Infrastructure, related equipment and land	2,678	9,082	-71%
Building rights – IFRS 16 assets	20	428	-95%
IT equipment (hardware)	205	190	8%
Airport equipment	570	983	-42%
Total	3,675	10,953	-66%

In 2022, we started with the replacement of all approach lights and vertical signs on the runway. Both projects will be completed in the second quarter of 2023.

The replacement of the approach lights is carried out as part of the regular replacement of lights with the latest LED technology, which enables savings in electricity consumption.

The replacement and modification of the vertical signs was necessary to ensure compliance with certification requirements and European regulations and international recommendations (EASA, ICAO). Adequate vertical signs enable the pilot to guide the aircraft along the maneuvering surfaces in accordance with the instructions of the tower.

We also started with the expansion of the cargo warehouse, which is of key importance for the growth of cargo traffic supply at the airport. We replaced the existing tent with a covered steel structure. In 2023, we will complete construction work and install a new ULD lifting platform. With this, we will increase the capacity for cargo traffic by approximately 12%.

As part of the rearrangement of traffic flows in front of the terminals, we arranged the flow of traffic and traffic signals in front of the terminals and at the junction of the Drop-off zone roads, the bypass road and the exit from the garage building. Trucks with trailers, which occasionally pass by the exit for the cargo terminal, can also turn in the roundabout. As part of the project, 10 parking spaces for electric vehicles were built and 16 parking spaces for Shuttle vehicles, which use the newly built entrance and exit barrier, were fenced off.

A modern body scanner was acquired. The technological innovation enables greater security, higher flow of passengers during the security check and improves the user experience.

In the field of information technology, we have made all the preparations for the automation of the baggage check-in process. We have prepared new processes and completed procurement procedures in such a way that in 2023 we will install 2, and then 4 more kiosks for depositing luggage. The new acquisitions will increase the capacity of the terminal and shorten the time of passenger handling.

2.6 Employees

The company had a headcount of 405 as at 31.12.2022, 4 of whom were permanent employees. The workforce is predominantly male (291 employees or 71.9% of the total), 28.1 percent (114 employees) are women. The headcount as at 31.12.2022 was up 29 on 2021.

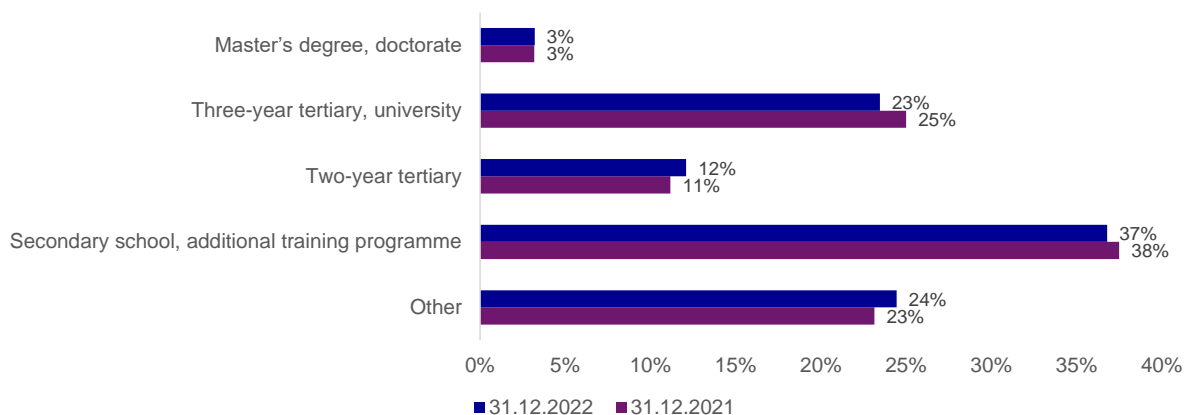
We adapt the number of employees to the growth of air traffic. During the summer season, the team of operational employees is additionally strengthened with regular employment as well as agency workers and students.

Age breakdown of workforce

The average age of the workforce was 44.9 at the end of 2022.

63.5 percent of all employees are between 41 and 60 years old (257 employees). 24.9 percent of employees are between 31 and 40 years old (101 employees), 9.4 percent of employees are between 20 and 30 years old (38 employees), and 9 employees are over 61 years old.

Qualifications breakdown



Cooperation with educational institutions and practical training

Practical training was provided in 2022 for four university students and five school students. A total of 1,098 hours of training was provided. The students received the largest proportion of their practical training in the IT department.

We cooperated well and very actively with educational institutions. The purpose of our cooperation was to present Fraport Slovenia and familiarize students with the possibilities of employment, student work and practical training in our company.

We presented ourselves at the "Career Day" organized by the Kranj School Center and the "Employer Exchange" and "Expert Consultation with Employers" within the Naklo Biotechnical Center. We got to know young talents from different educational fields and talked about the possibilities of cooperation.

In addition, we also attended an event aimed at connecting education and the economy, organized by the B&B Educational Center.

In the coming year, secondary schools from Ljubljana also invited us to participate for the first time. We will encourage young people to design their careers and identify career opportunities at the School Center for Post, Economics and Telecommunications and the Vocational Education Center. The latter also invited us to participate in the information day, where we will present students and their parents in more detail about the employment opportunities at Fraport Slovenia and thereby try to help them choose their further education program.

The results of our cooperation have already borne fruit: our team of colleagues has received reinforcements from the aforementioned schools, both in the ranks of full-time employees as well as students and on practical training.

Staff training

We pay special attention to the education and training of our employees, as well-trained employees represent our competitive advantage. At the same time, the requirements in the field of aviation training are higher and professionally more demanding every year. Acquisition of new, upgrading of existing specific knowledge and development of new professional competences of employees are carried out with the help of internal lecturers and instructors and in educational institutions in Slovenia and abroad. Most of the education and training in 2022 was carried out through professional training at the workplace. They are followed by license training, training in the field of information systems and training in the field of security.

2.7 Plans for 2023

In 2023, it is planned to continue the recovery of passenger traffic with the aim of achieving the results of 2019 and increasing connectivity with additional flights to new and existing destinations.

Ljubljana airport is forecasting passenger numbers to exceed 1.2 million in 2023, equivalent to 70% of the pre-pandemic figure. The increased traffic will also be followed by the hiring of additional personnel for the handling of aircraft and passengers.

Despite increased expenses due to inflationary pressures and high prices of energy products, the company will operate with a profit in 2023, given the expected growth of passenger traffic at the airport and rational operations.

The company's liquidity is not at risk in 2023, despite investments in the amount of EUR 13 million mainly in the renovation of the airport infrastructure, because at the end of 2022 the company had more than EUR 8 million cash and cash equivalents, or can obtain a liquidity loan through a company in the Fraport group.



3. Risk Management

The entire risk management of Fraport Slovenia is integrated into a unified risk management system. The company is otherwise involved in Fraport Group risk management system which allows risk identification and analysis at an early stage, and risk management by means of adequate measures. More on risk management at the Fraport Group can be found in the group’s most recent annual report, which is available online at <https://www.fraport.com/en/investors/publications-events.html>.

The company’s management is responsible for risk management. However, all employees, in accordance with their authorities and responsibilities, take over risk management for specific professional fields. We regularly implement measures to reduce any risks associated with the reduction of air traffic hazards caused by birds, security actions and weather conditions. We regularly implement measures to reduce any risks associated with the reduction of air traffic hazards caused by birds, security actions and weather conditions. Currently, a plan of continuous operations is in force, which involves response measures in emergency for employees or individual business-related critical functions. The plan also determines alternative procedures of how to get the operations back to normal conditions. Risk management is supported by internal controls. The objectives of the internal control system are harmonisation with the applicable legislation and regulations, achieving strategic objectives and implementing the company’s strategy. As it is the practice at group level, COSO methodology is taken into account in internal controls for the purpose of identifying, measuring and managing the risks arising in business processes. In accordance with the Critical Infrastructure Act, Fraport Slovenia as operator of critical infrastructure, is also obliged to prepare a risk assessment for the operation of critical infrastructure. Company’s risk are defined at the level of strategic goals and processes. In addition, the risks associated with the areas described hereinafter, are monitored separately.

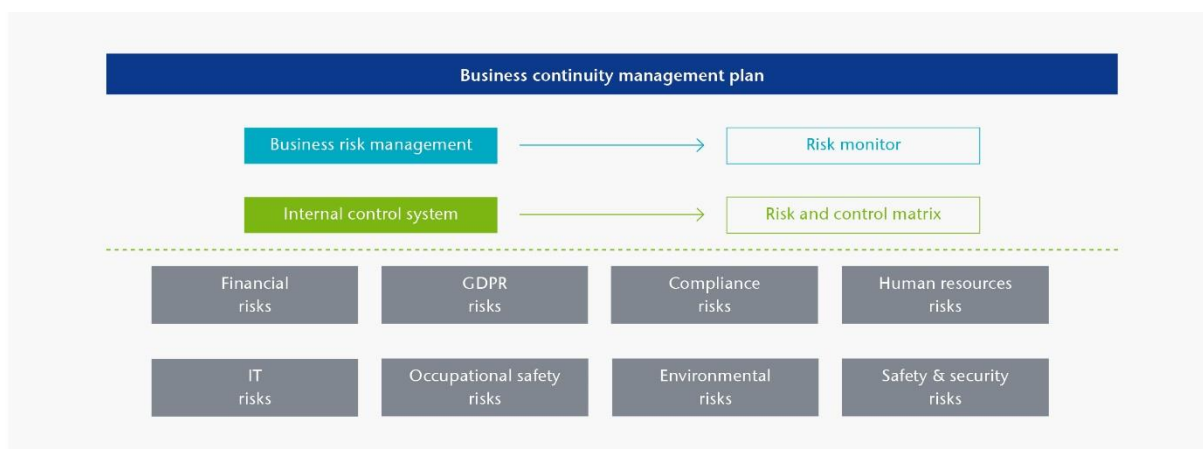
The risk management process encompasses risk identification and assessment, measures to avoid or mitigate risks, and control and reporting. Risk assessment provides the basis for classifying risks into four different categories, and involves the determination of the probability of the risk, and an assessment of the scale of damage that the risk might cause, as illustrated in the table below.



Figure 8: Risk classification

At the level of Fraport group, the company reports quarterly on any significant and high risks and measures in order to manage such risks and changes that have appeared in the last reporting period. Risk management is supported by a diverse mechanism of internal controls and internal audits.

Business continuity management plan and risk management scheme



Financial risks

For the stable operation of the company, it is necessary to manage the financial risks that we encounter on a daily basis. Fraport Slovenia manages credit risk by monitoring business partners by obtaining credit ratings, using external information, managing receivables, consistently charging late interest and reminders. In addition, the company has part of its receivables insured by its insurance company. Liquidity risk has increased due to the pandemic and reduced cash inflows, but due to the implementation of appropriate measures (available credit lines), it is still considered a low risk. Fraport Slovenia is also exposed to interest rate risk, which we assess as low, as the company has neither interest-bearing liabilities nor financial investments whose interest would be tied to the interest rate. The company is not exposed to currency risk, as its transactions in foreign currency are insignificant.

Financial risks are disclosed in quantitative terms in point 5.4 of the Financial Report.

GDPR risks

The company is well aware of data protection. For this reason, it has adopted and issued its Personal Data Protection Act, on the basis of the Regulation (ES) 2016/679 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation), and the Personal Data Protection Act. In the event of a greater risk in the field of personal data processing associated with new projects, new IT solutions or new contractors, Fraport Slovenia carries out a so-called data protection impact assessment (DPIA). Within the framework of the DPIA, a description of the scope, context and purposes of the processing is carried out; assess necessity, proportionality and compliance measures; identify and assess the risk to individuals; and identify any additional measures to mitigate these risks.

Compliance risks

Fraport Slovenia's compliance guidelines are based on the Fraport Group's compliance system, the Compliance Management System Guidelines, the Code of Ethics and employee conduct standards, and the Conflict of Interest Prevention Manual. In the event of an increased risk in the area of business compliance, a unit from Fraport AG is also involved in handling the situation.

Human resources risks

Risks in the field of human resources are all linked to an eventually insufficient number of employees, mainly for the implementation of mandatory airport services, and also to inadequate employee qualification. We ensure continuous operations by careful monitoring and compliance with legislative requirements in all the areas of our operation, and also by enabling regular employee training and development.



IT risks

The method of managing information and information systems of the company Fraport Slovenia is regulated by the Main Security Policy, which defines the fundamental starting points for the creation and processing of data, the method of use, protection and security of information resources.

Occupational health and safety risks

With its prescribed Safety Statement with Risk Assessment, the company addresses identified risks and hazards for all jobs within the company and all associated measures to reduce such risks.

The company has the authorised representative for occupational health and safety, who was appointed by the company's management board and is responsible for the system and risk management of occupational health and safety.

The effectiveness of occupational safety and health data protection system is checked annually as part of the management review by the management board.

Environmental risks

The company identifies external and internal factors that impact the environment and may pose a risk to it. The company has the authorised representative for environmental protection, who was appointed by the company's management board and is responsible for the system and risk management of environmental management. The effectiveness of the environmental management system is checked annually as part of the management review by the management board.

Safety and security risks

As a European airport we are committed to complying with the EU safety regulations, as it is essential in aviation industry. Therefore, our company obtained an international certificate in this field in 2018, the so-called EASA certificate, which proved that our airport operation met all the requirements for the safety of people in the airport and that we managed all the risks related to the airport operation. The company also has the authorised safety manager, appointed by the company's management board, who is responsible for the system and management of safety risks.

The effectiveness of the safety system is checked annually as part of the management review by the management board.

The company obtains the data on individual risks in the field of civil aviation protection from the Civil Aviation Agency (CAA) and the competent Ministry of Infrastructure. Protective measures in civil aviation are at the airport executed in accordance with the applicable legislation, and are immediately adapted to the needs of emergency situations.

Compliance

The company is now integrated into the Fraport Group compliance system. The company has a compliance officer, who is appointed by the senior management.

The code of ethics and the standards of conduct set out the fundamental principles and rules that company employees and other persons working at Fraport Slovenia are required to uphold. They include the principles and rules that the company applies to protect staff and the company itself from the risk of breaches of, non-performance of or non-compliance with contractual and other obligations in connection with employment, and to protect the reputation of the company and every single member of staff. An ethics committee has been established to oversee the implementation of the code of ethics. Its tasks encompass the collection, processing and analysis of written and oral reports of breaches of ethical conduct and other irregularities at the company. The ethics committee did not receive any reports of breaches of the code of ethics in 2022.

A compliance committee has been set up to monitor and improve the entire compliance system. Its purpose is to discuss reports of compliance breaches, to prevent conflicts of interest on the part of employees by reviewing their family member declarations, and to assess what types of conflicts of interest have arisen and their consequences. The compliance committee had no breaches to deal with in 2022.

4. Sustainable development

For Fraport Slovenia, the values and commitments of sustainable development are among the central drivers of strategic planning and management, as the present and future of airport activity are closely related to the challenges and opportunities of decarbonizing the activity and other environmental aspects. With sustainable development, we want to outline our future, so in the future we will do everything necessary to reduce CO₂ emissions and greener business with sustainable practices even more systematically in the future. We included the preparation of a strategy with concrete projects and milestones on the way to carbon neutrality in 2022 among the ten key projects.

Before the pandemic the aviation industry accounted for 12% of all CO₂ emissions in transport, between 2% and 3% of global carbon emissions, and 4% of emissions in Europe. If we want to leave a cleaner healthier planet to future generations, transitioning to clean energy is vital. The EU target of net zero carbon by 2050 is an ambitious plan. This is why the associations representing aircraft manufacturers, airlines, airports and air traffic controls in Europe have come together to set out a path to meeting the EU target, named Destination 2050. The aim of the plan is to set out measures to achieve the decarbonisation of aviation. The measures encompass four areas: aircraft and engine technology (hybrid-electric engines, fuel cell technology, etc.), air traffic management and aircraft operations, sustainable aviation fuels, and smart economic measures.








The implementation of these measures could reduce net CO₂ emissions by 45% compared to the hypothetical reference scenario as a result of continued fleet renewal, improvements in air traffic management and aircraft operations, and a substantial reliance on economic measures. Compared to the CO₂ emissions in 1990, on which European Green Deal targets are based, this however means a 36% increase of net CO₂ emissions from European aviation. This is because most substantial emission reductions measures (the next generation of aircraft and substantial uptake of sustainable aviation fuel) take more time to materialise. It is nonetheless essential that the foundations for post-2030 reductions are laid in the coming years, to realise net zero CO₂ emissions by 2050 and reduce reliance on economic measures.

While recognising that our business has an adverse impact on the environment, we are aware of all environmental aspects that might have a significant impact, and at the same time we diligently manage other risk factors in connection with the environment. Our strategic target is to become carbon neutral by the end of this decade within the framework of the Airport Carbon Accreditation scheme. With new investments in energy efficiency and renewables, in the circular economy, and in a fleet of low-carbon vehicles, each year we are making progress towards meeting this ambitious target.

In 2022, we focused on finding opportunities for faster digitization. This means that we have been developing the processes and services necessary for a better experience for our passengers, namely by integrating new technologies into existing ones. We have introduced automated border entry control, we will invest in emission-free technology for aircraft handling equipment and continue to develop a seamless travel product for our passengers by installing units for self-check-in and self-bag drop.

Legislation requires us to conduct not only periodic monitoring of environmental noise emissions, but also regular measurements of flue gases from boilers and other heating appliances, and industrial wastewater on the firefighting drilling grounds. We report regularly to the national environmental authorities and agencies on our management of waste and ozone-depleting substances. In addition, we measure all environmental aspects that are not prescribed by law but whose evaluation is nevertheless important for their economic and environmental effects. These include consumption of water, energy, motor fuels and hazardous materials.

Significant environmental aspects

<p>Noise <i>Noise caused by air traffic</i></p>			<p>Hazardous substances <i>Storage and management of hazardous substances</i> <i>Decanting of hazardous liquids</i></p>
<p>Air <i>Emissions caused by boiler rooms operation</i> <i>Emissions caused by vehicle fleet</i> <i>Emissions caused by diesel generation units</i> <i>Cooling systems maintenance</i> <i>Greenhouse gas emissions caused by firefighting trainin</i></p>			<p>Consumption of energy products <i>Electricity consumption</i> <i>Gas consumption for thermal energy</i> <i>Motor fuel consumption for vehicle fleet</i></p>
<p>Waste <i>Non-hazardous waste production</i> <i>Hazardous waste production</i> <i>Production of construction waste</i> <i>Aircraft cabin waste production</i></p>			<p>Consumption of materials <i>Consumption of spreading material</i> <i>Aircraft de-icing material consumption</i> <i>Hazardous material consumption</i> <i>Office material consumption</i></p>
<p>Water <i>Generation of urban waste water</i> <i>Generation of industrial waste water</i> <i>Production of rainwater</i> <i>Causing groundwater and soil pollution</i> <i>Quality and consumption of drinking water</i></p>			<p>Other impacts on the environment <i>Airport external lighting operation</i> <i>Airport management and its impact on the nature</i> <i>Electromagnetic radiation impact on the surroundings</i></p>

Environmental aspects

With its activities, the airport is a complex network of multi-faceted inter-stakeholder relations at both local, national and international levels. It enables career and personal development for its own employees, as well as for many other activities. It is an important generator of economic development and enrichment of local communities. The airport has a strategic importance for the protection of lives, both from the point of view of airport traffic management, as well as broader national security. It affects

several aspects of the natural environment, which is why careful management of the natural environment is extremely important.

Sustainability impacts and stakeholder relations



Several years ago, the company undertook environmental commitments and set strategic objectives as part of its environmental policy. These remain our watchword in the company’s ongoing activities and development. We will continue to maintain a documented and structured environmental management system in line with the ISO 14001 standard. With regard to noise, we will endeavour to ensure that it does not transgress the permitted levels. We are reducing our carbon footprint through a variety of measures and activities, and are applying circular waste management and wastewater management. We will improve our energy efficiency by switching to environmentally more acceptable energy resources and renewables and by searching for low-carbon technological solutions in the field of heating and cooling. We will also continue to pursue all of our plans in the area of corporate social responsibility, and will engage the broader airport community in sustainability work.

One of the important goals is reducing emissions of greenhouse gases, which is why in 2013 Fraport Slovenia joined the Airport Carbon Accreditation scheme, which is the only institutionally recognised standard for certifying the management of airport carbon footprint.

For several years the company has been using electricity generated from 100%-renewable resources, which makes an additional contribution to reducing greenhouse gases and is proof of our commitment to sustainable energy.

We offer passengers the chance to offset their carbon footprint voluntarily. The simple-to-use programme allows passengers to quickly calculate the carbon footprint of their travel, and to offset it through payments to a variety of projects. CarbonClick uses certified carbon offsets to support ethical, transparent and fully traceable gold-standard forestation and renewables projects. This allows all passengers who opt to offset to have a precise view of where and how their offsets are being invested.

We are also devoting quite some attention to sustainable mobility, for which reason we are investing in the electrification of transport equipment, and are making it possible for our staff to use electric vehicles for work trips, and work bikes to move around the airport zone.

Reducing noise is another important objective for us to attain. As the operator of Ljubljana Airport, we have been addressing the problem of aircraft noise and its impact on the local residents for more than a decade now. An agreement was reached with the local authorities to restrict night flights over residential areas, as a result of which nocturnal noise indicators are not being transgressed. Because we are aware that lowering noise emissions as far as possible significantly increases the quality of life of local people, we recognise the creation of the airport partner group for the environment as a welcome advance in noise protection. The basic role of the partner group is finding solutions to mitigate the impact of noise on the lives of local residents.

Nature conservation and biodiversity make up another of our strategic priorities. The controlled coexistence of aircraft and birds is vital in the airport zone. An ecological study was undertaken to obtain basic knowledge of how to coexist with bird life. The study gave insight into the state of biological populations, the presence of factors of attraction, measures to reduce bird presence, and measures for monitoring. We are also continually looking for and introducing new approaches based on advanced systems for monitoring and reducing bird presence. Our interventions in the environment primarily aim to reduce the availability of food. In line with the recommendations of the study, we have also provided for the proper technical means, and good training for staff.



The company has an apiary in the airport grounds with ten beehives. They produced 150 kg of honey in 2022, which was used as gifts for our business partners. The bee products are also a good indicator

of environmental pollution, and are subject to occasional analysis to determine our impact on the environment. So far, the analysis has shown no problems.

The aviation sector also has an important role to play in meeting the UN's sustainable development goals and the EU's climate change targets, as it contributes to climate change and noise pollution, and reduces air and water quality in the local environment. We aim to hit these targets ourselves, and thus have defined priority areas for the company's sustainability activities.

Priority areas in the company's sustainability activities in relation to the UN sustainable development goals

	<p>Occupational health and safety Air quality Noise reduction</p>		<p>Air quality Noise reduction Sponsorships and donations in the local and national environment</p>
	<p>Attractive and responsible employer Value creation and cooperation in the region where we operate Fraport Aviation Academy</p>		<p>Occupational health and safety Efficient use of energy Renewable energy sources Preserving the environment and protecting the nature</p>
	<p>Ensuring a work environment characterised by diversity, equal possibilities and respect Ensuring a balance between work and private life</p>		<p>Efficient use of energy Renewable energy sources Sustainable mobility</p>
	<p>Preserving the environment and protecting the nature (also water resources)</p>		<p>Preserving the environment and protecting the nature (particularly birds)</p>
	<p>Efficient use of energy Renewable energy sources Sustainable mobility</p>		<p>Fraport Slovenia as a member of the international Fraport Group, is an active supporter and implementer of the internationally adopted standards, guidelines and principles, in particular UN Global Compact principles, the commitment to reducing air emissions from international aviation, guidelines for transition to a circular economy, General Declaration of Human Rights, United Nations Conventions and ILO fundamental labour standards, as well as OECD guidelines for multinational corporations.</p>
	<p>Economic efficiency Growth and development of Fraport Group Attractive and responsible employer Value creation and cooperation in the region where we operate</p>		
	<p>Customer satisfaction and quality of services Growth and development of Fraport Group</p>		

Our world has changed drastically, which also brings a tremendous opportunity to rethink past approaches and drive improvements that might otherwise be overlooked. The health crisis accelerated digitization and the use of artificial intelligence, revealed the extraordinary potential of collective action and cooperation, and could therefore be game-changing for the environment. In 2022, the challenges of climate change dictated more decisive responses from world governments, so the many environmental conferences and events that took place at the highest level this year give hope that international cooperation and collective action will be more actively challenged. The current task is to strike a balance between the desired economic opportunities and the potential environmental danger

we are rushing into with too much indifference to the collective good. The past two years should serve as a reminder that human health and environmental integrity are deeply intertwined.

Our achievements to date in the area of sustainability are examined in detail in our annual sustainability report. The sustainability reports can be found on the following link:

<https://www.fraport-slovenija.si/content/fraport-company-slovenija/sl/trajnost/okolje.html>

FINANCIAL REPORT

1. Statement of management

As managing director of Fraport Slovenija, d.o.o., I hereby guarantee that the company's annual report is compiled and published in accordance with the Companies Act (hereinafter: ZGD-1) and the International Accounting Standards, as adopted by the European Union. In this regard, the company conducts itself in accordance with the competences, due diligence and responsibilities set out in ZGD-1 for a limited liability company.

I declare that to the best of my knowledge:

- the financial report of Fraport Slovenija, d.o.o. for 2022 was compiled in accordance with the International Financial Reporting Standards, as adopted by the European Union and that it provides a true and fair picture of the assets, liabilities, financial position, operating results and total comprehensive income of Fraport Slovenija, d.o.o., and
- the business report includes a fair presentation of the development and performance of the company's business and its financial position, including a description of the principal types of risks to which Fraport Slovenija, d.o.o. is exposed.

I affirm my responsibility for properly administering accounting, for taking appropriate measures to secure property and other assets, and for maintaining the value of assets and preventing and detecting fraud and other irregularities. I also confirm that the financial statements of Fraport Slovenija, d.o.o. were compiled on a going-concern basis, that the relevant accounting policies were consistently applied, and that accounting estimates were made according to the principle of prudence and the diligence of a good manager.

The tax authorities may inspect the company's operations within five years after the end of the year in which the tax was due, which may lead to additional tax liabilities. Management is not aware of any circumstances that could give rise to a potentially significant liability under this title.

I declare that I have been briefed on all substantive components of the annual report, I approve them, and I confirm this with my signature.



Dr Babett Stapel
Managing director

Zg. Brnik, 3. April 2023

2. *Independent auditor's report*



Independent Auditor's Report

To the Owner of Fraport Slovenija, d.o.o.:

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fraport Slovenija, d.o.o. (the "Company") as at 31 December 2022, and the Company's financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2022;
- the statement of profit or loss for the year then ended;
- other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report.

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

Independence

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

PricewaterhouseCoopers d.o.o.,
Cesta v Kleče 15, SI-1000 Ljubljana, Slovenia
T: +386 (1)5836 000, F: +386 (1) 5836 099, www.pwc.com/si
Matriculation No.: 5717159, VAT No.: SI35496161

The company is entered into the company register at Ljubljana District Court under insert no. 12156800 per resolution Srg. 2001/10427 dated 19 July 2001 and into the register of audit companies at the Agency for Public Oversight of Auditing under no. RD-A-014/94. The registered share capital is EUR 34,802. The list of employed auditors with valid licenses is available at the company's registered office.

Translation note:

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



Reporting on other information including the Business Report

Management is responsible for the other information. The other information comprises the Business Report of the Company (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 and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 respect to the Business Report, we also performed procedures required by the Slovenian Companies Act. Those procedures include assessing whether the Business Report is consistent with the financial statements and whether the Business report was prepared in accordance with valid legal requirements.

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

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

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

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

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

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

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

Translation note:

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

Damjan Ahčin
Director, Certified auditor

Dušan Hartman
Certified auditor

3 April 2023
Ljubljana, Slovenia

Translation note:

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

3. Financial statements

3.1 Balance sheet

in euros			
Balance sheet	Notes	31.12.2022	31.12.2021
ASSETS		127,869,054	126,371,170
Non-current assets (total)		113,640,593	116,399,140
Intangible assets	5.1.1	1,450,110	1,513,780
Property, plant and equipment	5.1.2	99,786,411	102,037,512
Right-of-use assets	5.1.3	9,039,392	9,206,628
Non-current loans given	5.1.4	620,423	620,423
Non-current operating receivables		0	59,873
Deferred tax assets	5.1.5	2,744,257	2,960,924
Current assets (total)		14,228,461	9,972,030
Current assets excluding prepayments and accrued income		14,103,998	9,890,299
Inventories		517,758	357,503
Current operating receivables	5.1.6	4,721,416	3,500,695
- of which receivables to affiliates		611	17,600
Cash and cash equivalents	5.1.7	8,864,824	6,032,101
- of which cash and cash equivalents to affiliates		0	5,450,000
Current deferred costs		124,463	81,731
EQUITY AND LIABILITIES		127,869,054	126,371,170
Equity	5.1.8	109,500,782	108,430,784
Nominal capital		15,842,626	15,842,626
Capital surplus		24,287,659	24,287,659
Profit reserves		43,933,874	43,933,874
Revaluation surplus		959	-183,197
Retained earnings		25,435,664	24,549,822
Liabilities (total)		18,368,272	17,940,386
Non-current liabilities (total)		10,817,420	11,173,514
Provisions and non-current accruals and deferred income	5.1.9	1,460,958	1,699,405
Provisions for jubilee benefits and termination benefits		1,209,227	1,397,769
Non-current accruals and deferred income		251,731	301,636
Non-current liabilities		9,356,462	9,474,109
Non-current operating liabilities	5.1.10	795,775	650,884
Non-current lease liabilities	5.1.11	8,560,687	8,823,225
Current liabilities (total)		7,550,852	6,766,872
Current liabilities		5,455,413	5,216,514
Current operating liabilities	5.1.12	4,859,771	4,624,096
- of which liabilities for income tax expense		0	11,902
- of which liabilities to affiliates		76,843	145,416
Current lease liabilities	5.1.13	595,642	592,418
Current accruals and deferred income	5.1.14	2,095,439	1,550,358

The notes are integral part of the financial statements, and the financial statements should be read in conjunction with them.

3.2 Income statement and statement of other comprehensive income

in euros

Income statement	Notes	1.–12.2022	1.–12.2021
Operating revenues	5.2.1	34,190,283	28,844,546
Net sales revenue		33,912,893	21,686,146
Capitalised own services		130,823	282,920
Other operating revenues		146,567	6,875,479
Operating expenses	5.2.2	-32,673,022	-27,499,363
Costs of materials and services		-10,510,140	-7,861,068
Costs of materials		-2,446,161	-1,552,044
Costs of services		-8,063,979	-6,309,023
Labour costs		-15,332,927	-12,576,780
Depreciation/amortisation		-6,117,591	-6,351,623
Other operating expenses		-712,364	-709,893
Operating profit (EBIT)		1,517,262	1,345,183
Net finance income/expenses		-411,289	-415,708
Finance income		7,816	1,454
Finance expenses	5.2.3	-419,105	-417,162
Pre-tax profit		1,105,973	929,474
Income tax expense	5.2.4	0	-11,902
Deferred tax	5.2.4	-216,667	13,783
Net profit/loss for the period		889,306	931,355

The notes are integral part of the financial statements, and the financial statements should be read in conjunction with them.

in euros

Statement of other comprehensive income	Notes	1.–12.2022	1.–12.2021
Net profit for the period		889,306	931,355
Items that subsequently will not be reclassified to profit or loss		184,156	121,923
Unrealised actuarial loss from post-employment benefits - elimination		179,734	118,583
Unrealised actuarial profit from post-employment benefits - actuarial surplus in the year		959	0
Realised actuarial loss (after payment of post-employment benefits)		3,463	3,340
Total other comprehensive income for the period		184,156	121,923
Total comprehensive income for the period		1,073,462	1,053,278

The notes are integral part of the financial statements, and the financial statements should be read in conjunction with them.

3.3 Cash flow statement

in euros

Cash flow statement	Note 5.3	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit corrected for deferred tax		1,105,972	917,572
Adjustment for:		7,184,612	8,113,852
- income tax expense recognised in the income statement		0	11,902
- amortisation/depreciation of intangible assets and property, plant and equipment		6,117,590	6,351,623
- gain/loss on disposal/elimination of intangible assets and property, plant and equipment		8,281	43,306
- impairment of receivables		63,357	90,595
- creation/reversal of provisions		4,490	-164,318
- other non-cash transactions		607,216	1,072,510
- finance income		-202	-46
- finance expenses		394,790	390,912
- income tax expense paid		-10,910	317,368
Cash flow from operating activities, excluding working capital		8,290,584	9,031,424
Change in operating receivables		-1,499,373	-888,307
Change in current deferred costs		-43,433	5,819
Change in inventories		-160,255	-10,785
Change in operating liabilities		462,834	-1,583,391
Change in accruals and deferred income		-14,886	-592,840
Net cash flow from operating activities		7,035,471	5,961,920
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from investing activities		30,890	49,656
Proceeds from disposal of property, plant and equipment		30,890	49,656
Finance expenses for investing		-3,602,158	-11,335,565
Payments for intangible assets and property, plant and equipment		-3,602,158	-10,715,142
Payments for non-current loans given		0	-620,423
Net cash flow from investing activities		-3,571,268	-11,285,909
CASH FLOWS FROM FINANCING ACTIVITIES			
Outflows from financing activities		-631,682	-631,682
Payments for decrease of lease liabilities		-631,682	-631,682
Net cash flow from financing activities		-631,682	-631,682
Net increase in cash and cash equivalents		2,832,521	-5,955,671
Opening balance of cash and cash equivalents		6,032,101	11,987,777
Effect of foreign exchange differences on cash and cash equivalents		202	-5
Cash and cash equivalents at the end of the period		8,864,824	6,032,101

The notes are integral part of the financial statements, and the financial statements should be read in conjunction with them.

3.4 Statement of changes in equity

in euros

Statement of changes in equity	Nominal capital	Capital surplus	Legal reserves	Reserves under Articles of Association	Other profit reserves	Revaluation surplus	Retained earnings from previous years	Net profit for the financial year	Total equity
1.1.2021	15,842,626	24,287,659	4,013,029	12,039,085	27,881,760	-305,120	29,929,391	-6,307,584	107,380,846
Net profit from the previous year	0	0	0	0	0	0	-6,307,584	6,307,584	0
Net profit for the period	0	0	0	0	0	0	0	931,355	931,355
Other comprehensive income for the period	0	0	0	0	0	121,923	0	0	121,923
Draw-down of actuarial deficit	0	0	0	0	0	0	-3,340	0	-3,340
31.12.2021	15,842,626	24,287,659	4,013,029	12,039,085	27,881,760	-183,197	23,618,467	931,355	108,430,784
1.1.2022	15,842,626	24,287,659	4,013,029	12,039,085	27,881,760	-183,197	23,618,467	931,355	108,430,784
Net profit from the previous year	0	0	0	0	0	0	931,355	-931,355	0
Net profit for the period	0	0	0	0	0	0	0	889,305	889,305
Other comprehensive income for the period	0	0	0	0	0	184,156	0	0	184,156
Draw-down of actuarial deficit	0	0	0	0	0	0	-3,463	0	-3,463
31.12.2022	15,842,626	24,287,659	4,013,029	12,039,085	27,881,760	959	24,546,359	889,305	109,500,782

The notes are integral part of the financial statements, and the financial statements should be read in conjunction with them.

4. Significant accounting policies

4.1 Reporting company

Fraport Slovenija, d.o.o. (hereinafter: the company) is registered as a legal person domiciled in Slovenia; its registered address is Zgornji Brnik 130a, 4210 Brnik-aerodrom.

At its 9th general meeting of shareholders on 30 June 2005 a resolution was passed stating that from 1 January 2006, the company would compile the financial statements and reports required pursuant to the first paragraph of Article 60 of the Companies Act (ZGD-1) in accordance with the International Financial Reporting Standards, as adopted by the European Union (hereinafter: the IFRS).

The financial statements of Fraport Slovenija, d.o.o. are included in the consolidated financial statements of the Fraport Group, and are available on its website at www.fraport.com.

The financial statements were approved by the company's management on 3 April 2023.

4.2 Basis for compiling financial statements

Statement of compliance

The financial statements for 2022 and 2021 were compiled in accordance with the IFRS, as adopted by the European Union. The accounting and reporting requirements of the IFRS have been applied, as well as the requirements of the ZGD-1 and the company's internal rules.

Basis of measurement

The financial statements have been compiled on an historical cost basis.

Functional and reporting currency

The financial statements are presented in euros, the company's functional and reporting currency. All financial information is rounded to the closest whole number.

Use of estimates and judgments

In compiling financial statements, the management must make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. The actual results may differ from these estimates.

The estimates and assumptions must be reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and all future years affected by the revision.

Estimates and judgments were used in at least the following:

- Estimate of provisions (Points 4.3.11 and 5.1.9 of the Financial Report),
- Estimate of useful life of intangible assets and property, plant and equipment (Points 4.3.4, 4.3.5, 5.1.1 and 5.1.2 of the Financial Report),
- Estimate of recoverable value of receivables (Points 4.3.3 and 5.1.6 of the Financial Report),
- Judgment with regard to impairment of assets (Point 4.3.7 of the Financial Report),
- Judgment with regard to the possibility of claiming deferred tax assets (Points 4.3.16 and 5.1.5 of the Financial Report).

4.3 Significant accounting policies

The accounting policies applied, and the nature and degree of importance are defined in the company's internal acts. For all material amounts presented in the financial statements, we also disclosed comparative information from the preceding period, which is stated in the numerical and descriptive information.

The accounting policies set out below were applied consistently in all periods presented in the attached financial statements.

4.3.1 Foreign currency

Transactions expressed in foreign currencies are converted at the European Central Bank (ECB) reference exchange rate on the day the transaction took place. Cash and cash equivalents and liabilities denominated in foreign currencies on the balance sheet date are converted to euros according to then valid reference rates of the ECB. Foreign exchange differences are recognised in the income statement. The company is not disclosing any receivables in foreign currencies on the reporting date.

4.3.2 Division of assets and liabilities into financial and non-financial categories

The company divides its assets and liabilities into financial and non-financial categories in accordance with IFRS 7.

in euros			
	Type of asset/liability	2022	2021
ASSETS			
Non-current loans given	Financial asset	620,423	620,423
Non-current operating receivables	Non-financial asset	0	59,873
Current operating receivables		4,721,416	3,500,695
- Current trade receivables	Financial asset	3,166,315	2,935,098
- Other operating receivables	Financial asset	226,297	191,041
- Other operating receivables	Non-financial asset	1,328,803	374,556
Cash and cash equivalents	Financial asset	8,864,824	6,032,101
Current deferred costs		124,463	81,731
- Current deferred costs	Non-financial asset	117,792	72,880
- Current deferred costs	Financial asset	6,672	8,851
EQUITY AND LIABILITIES			
Non-current operating liabilities		-795,775	-650,884
- Non-current operating liabilities	Financial liability	-74,472	-305,280
- Non-current operating liabilities	Non-financial liability	-721,302	-345,604
Non-current lease liabilities	Financial liability	-8,560,687	-8,823,225
Current operating liabilities		-4,859,771	-4,624,096
- Current trade payables	Financial liability	-2,991,257	-2,594,783
- Other current liabilities	Financial liability	-1,781,087	-1,953,165
- Other current liabilities	Non-financial liability	-87,427	-76,149
Current lease liabilities	Financial liability	-595,642	-592,418
Current accruals and deferred income		-2,095,439	-1,550,358
- Current accruals and deferred income	Financial liability	-2,065,257	-1,512,037
- Current accruals and deferred income	Non-financial liability	-30,181	-38,322

4.3.3 Financial instruments

a) Operating receivables

Operating receivables are financial instruments classified as held to maturity, where the objective is the realisation of the contractually agreed cash flows.

Non-current operating receivables are receivables whose repayment is envisaged within a period of more than 12 months, while current operating receivables are those whose repayment is envisaged within a period of less than 12 months.

Operating receivables are measured at amortised cost.

Impairments

The recoverable amount of operating receivables is estimated, on the reporting date at least, whereby the receivables are treated individually. For receivables regarding which a material increase in credit risk has been identified, the need to create impairments based on an assessment of the recoverable amount of the claim is assessed; the difference between this and the carrying amount represents the total expected loss, and an allowance is created in this amount.

The need to create impairments for future expected losses on receivables is additionally assessed. The company creates impairments for future expected losses using a simplified model taking account of credit risk and its increase across individual stages of operating receivables. In light of the current age breakdown of trade receivables, which despite the current economic and political situation did not worsen, and given that the impairments created between 2013 and 2022 (with the exception of receivables from the domestic airline in bankruptcy) are immaterial, the company is not creating impairments for future expected credit losses.

b) *Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand, balances in current accounts at banks, and funds deposited in the parent undertaking's bank account at demand.

4.3.4 *Property, plant and equipment*

Property on land for which the company has acquired superficies under the General Building Right Agreement concluded in 2014 with the Republic of Slovenia

The company acquired superficies for a part of the land with an area of 250.2 hectares on the territory of the Jože Pučnik Ljubljana Airport, where the company carries out its core airport activities, on the basis of the General Agreement on Mutual Relations and Establishment of the superficies concluded in 2014 with the Republic of Slovenia, Ministry of Infrastructure and Spatial Planning (Note 5.1.3). Superficies were granted for a period of 40 years.

The company owns buildings on part of the land for which it has acquired superficies. The undepreciated value of these buildings as at 31.12.2022 is EUR 70,456,687 and the company accounts for them as investments in foreign fixed assets in its books (note 5.1.2).

Recognition and measurement

Property, plant and equipment are disclosed at historical cost, reduced by the value adjustment for depreciation and any potential cumulative loss due to impairment. The historical cost includes costs directly related to purchase of the asset. Items of property, plant and equipment with different useful lives are treated as components.

In major investment projects, when calculating the historical cost of acquired real estate the company includes the direct costs of employee earnings deriving directly from the construction of the real estate that substantively relate to project management services for investment projects and supervisory services on construction sites.

In accordance with IFRS 40, we assessed whether any of the company’s property could be considered investment property. It was established that no property meets the conditions for being classed as investment property.

Subsequent costs

Costs arising subsequently in relation to property, plant and equipment are disclosed as increases in the historical cost of assets, if their value is increased by future economic benefits. Replacement of individual components is recognised as increases in the historical cost of an item of property, plant and equipment, if recognition criteria are met. The carrying amount of replaced components is derecognised. All other costs in connection with property, plant and equipment (maintenance costs, periodic inspections and similar) are recognised in the income statement as they arise.

Depreciation

Depreciation is calculated using the straight-line method of depreciation, taking into account the useful life of property, plant and equipment individually, plant and equipment or its components. Land and subbase pavement structure of roads and manoeuvring areas are not subject to depreciation.

Property, plant and equipment becomes subject to depreciation when the asset is available and fit for use.

The estimated useful life falls within the following ranges:	2022
Manoeuvring areas (runway, taxiway, aprons)	20–40 years
Other infrastructure	10–60 years
Computer equipment	3–12.5 years
Motor vehicles	5–15 years
Other plant and equipment	3–20 years

The depreciable amount of assets is determined after deducting the residual value from the historical cost. It is assessed that the residual value of property, plant and equipment after the end of the useful life does not represent a significant proportion of the asset, and residual value is therefore not recognised. The estimated remaining useful lives of property, plant and equipment are reviewed at the end of each year, and if expectations differ from previous assessments, the change is treated as a change in accounting estimate.

Effect of change in depreciation rates

The extension of the useful life of certain assets on the basis of the reassessment of their residual useful life meant that equipment amortisation/depreciation costs in 2022 were down EUR 240,590 on 2021.

4.3.5 Intangible assets

Recognition and measurement

Intangible assets are disclosed at their historical cost, reduced by the value adjustment for amortisation and any potential cumulative loss due to impairment.

Subsequent costs

Subsequent costs in connection with intangible assets are only capitalised when they increase the future economic benefits of the asset to which the costs relate. All other costs are recognised in the income statement as they arise.

Amortisation

The company holds no intangible assets of indeterminate useful life.

The amortisable amount of intangible assets is determined by deducting the residual value from the historical cost. It is estimated that the intangible assets will have no value after the end of their useful life, and a residual value is therefore not recognised. Amortisation is calculated using the straight-line method of amortisation, taking into account the useful life of intangible assets. The amortisation of intangible assets commences when the asset is available for use.

The estimated useful lives for licences and software are between 2 and 10 years.

The estimated useful lives of intangible assets are reviewed at the end of each year, and if expectations differ from previous assessments, the change is treated as a change in accounting estimates.

4.3.6 Inventories

Inventories include inventories of maintenance materials and inventories of material used for services.

Inventories are initially recognised at historical cost, which comprises the purchase price plus import duties and non-refundable purchase taxes, and the direct costs of acquisition, minus any discounts received. The method of weighted average prices is used for the valuation of inventories consumed.

4.3.7 Impairment

On the reporting date the company tests the carrying amount of assets, and assesses whether there is any indication of impairment. If such indications exist, the recoverable amount of the asset must be estimated.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Possible impairment is disclosed in the income statement. There are no grounds for impairment if the company is operating at a profit in line with its business plans and generates a positive cashflow, there are no other indications of impairment.

The senior management tested for signs of impairment as at 31.12.2022 for the company as a cash-generating unit, primarily in light of the planned earnings and cashflows. The current situation after Covid-19 epidemic and taking into account the war in Ukraine is judged to be manageable, and having regard for the planned earnings and cashflows which are updated quarterly or monthly, it concludes that there is no need for any impairments of assets in connection with the company as whole. In the coming years, we expect continued recovery and a positive cash flow, which will already be sufficient in 2024 to cover all planned investments.

Inventories are impaired if their carrying amount exceeds their market value. Market value means the recoverable amount, unless this is higher than the net realisable value (in which case the net realisable

value is deemed the market value). Operating expenses are recognised as reductions in inventory value due to impairment.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. For assets that do not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the impaired assets.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in previous years.

4.3.8 Equity

Equity comprises the nominal capital, capital surplus, profit reserves, retained earnings (which comprise net profit from previous years brought forward and net profit or loss for the period) and the revaluation surplus.

Distribution of net profit to the owner is executed on the basis of a resolution by the Investors Committee, which acts on behalf of the sole owner (see point 1.4 of the Business Report).

4.3.9 Employee benefits

a) Pension liabilities and post-employment benefits

Mandatory contributions to the pension fund are recorded as labour costs when they arise. The company does not have any other pension schemes, and consequently has no other liabilities in connection with employee pensions. In addition, the company is not required to provide any other kind of post-employment benefits.

b) Termination benefits

The company pays termination benefits when employment is terminated before the normal retirement date, or when employees take voluntary redundancy in exchange for a payment. The company recognises termination benefits when a decision has been explicitly made to terminate the employment of a current employee in accordance with a detailed official plan without the possibility of withdrawal, or to provide termination benefits on the basis of an offer which encourages employees to leave voluntarily.

c) Non-current employee benefits

In accordance with applicable legislation, the collective agreement and its internal bylaws, the company is committed to the payment of jubilee benefits to employees and termination benefits at retirement. Provisions are created for this purpose. There are no other pension liabilities.

d) Provisions for termination benefits and jubilee benefits

The provisions are created in the amount of the estimated future payments for termination benefits and jubilee benefits, discounted to the end of the reporting period. A calculation is made for each employee by taking account of the cost of termination benefits at retirement and the cost of all expected jubilee benefits until retirement. The calculation is drawn up for each financial year by a certified actuary, using the projected unit method. Any actuarial gains and losses on termination benefits are recognised in other comprehensive income, while gains and losses on jubilee benefits are recognised in profit or loss during the period that they arise.

4.3.10 Leases

a) Identification of leases

When entering into a contract, the company assesses whether it is a lease agreement or whether it contains a lease. A contract contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

b) Assets under lease

In accordance with the IFRS 16 Leases, the company recognises assets that it holds under lease for a term longer than one year as a right-of-use asset and as non-current and current operating liabilities from leases, while amortisation/depreciation charges on right-of-use assets and interest expenses on lease liabilities are recorded in the income statement.

Upon initial recognition, the historical cost of a right-of-use asset includes the lease payments made at or prior to commencement of the lease (minus any incentives), the initial direct costs related to the lease, and the present value of future lease payments payable over the remainder of the lease term at commencement (the latter corresponds to the amount of the lease liability recognised by the lessee upon initial recognition of the lease). The discount rate used to determine the present value of future lease payments not paid as at the lease commencement date is the interest rate contractually implicit in the lease when this can be readily determined; if not, the lessee uses its incremental borrowing rate, which is determined in conjunction with the parent undertaking, having regard for the lease term.

Discount rates used

Land	4.40-4.67%
Infrastructure	2.33%

After initial recognition, right-of-use assets are measured using the historical cost model (the asset is disclosed at historical cost less accumulated amortisation/depreciation and any impairment losses), where contractually determined useful life of the asset is taken to be the lease term. After initial recognition, lease liabilities are increased by interest on lease liabilities and reduced by lease payments actually made.

The estimated useful life of assets under lease falls within the following ranges:

Land	32.5-40 years
Infrastructure	13 years

The company did not apply IFRS 16 to assets of low value under lease or to leases with a lease term of less than 12 months, as the standard provides for exemptions in these cases. The company also did

not apply IFRS 16 to equipment, as its assessment is that the effect of implementation would be immaterial on the financial statements. These leases are recorded as expenses during the accounting period.

c) Leased assets (outward)

Whenever a lease agreement in which the company acts as the lessor is signed, the company assesses whether it is an operating lease or a finance lease.

Lease relationships in which the company is the lessor are mainly classified as operating leases on the basis of the circumstances of the lease. Leased assets are disclosed in the books of account under property, plant and equipment.

Lease payments from operating leases are recognised as operating revenues on a straight-line basis or, when there is a variable component to the revenues, revenues from variable lease payments are recognised according to the criteria for determining individual variable lease payments.

Costs related to obtaining revenues from operating leases, including the amortisation/depreciation of leased assets, are recognised as operating expenses.

Equipment for retail space in the new passenger terminal is made available under a finance lease to the contractual partner who provides retail services in the terminal. The company discloses long-term loans granted in the amount of the assets made available under a finance lease (see note 5.1.4).

4.3.11 Provisions

The company discloses provisions in its balance sheet, if due to a past event it has a current legal or constructive obligation and if it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, the value of the provision is determined using the estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of the money and the risk specific to the liability.

Provisions for termination benefits and jubilee benefits

In accordance with labour legislation and the collective agreement, the company is committed to the payment of jubilee benefits to employees and termination benefits at retirement. Non-current provisions are created for this purpose. The company has no other pension liabilities.

4.3.12 Non-current accrued and deferred items

Accruals and deferred income are disclosed among non-current accrued and deferred items.

Long-term deferred income will cover the projected expenses over a period of more than one year. Government grants received are recognised when there is an acceptable assurance that the company will receive the grants and will meet all the relevant conditions, and are disclosed under the aforementioned category. Government grants received for covering costs are recognised in the periods in which the relevant costs are incurred. Government grants related to assets are recognised in profit or loss as other operating revenues over the total useful life of the asset in question.

4.3.13 Operating revenues

Version I of the income statement is used, which provides a sequential report.

a) *Revenues from services provided*

The majority of revenues from airport services and ground handling services come from services provided on the basis of contracts with airlines. The major categories of revenues from airport services are landing services, centralised infrastructure services, and passenger and security fees, while ground handling services consist of services for the ordinary ground handling of aircraft, passengers and cargo.

Revenues from commercial services relate to a wide range of commercial services offered by the company, although it generates the majority through the letting of office space, retail and catering premises, hangar and warehousing/logistics capacity, through parking fees and through advertising services.

Under IFRS 15, which is effective as of 1 January 2018, the company recognises revenues from services provided in a manner that reflects the transfer of the services to the customer, and in an amount that reflects the expected consideration to which it will be entitled in exchange for the services provided. In keeping with this principle, revenues from services provided are recognised using the five-step model framework:

- identification of the contract,
- identification of the performance obligations,
- determination of the transaction price,
- allocation of the transaction price to the performance obligations,
- recognition of the revenue when the company satisfies a performance obligation.

The company recognises revenues on the basis of contracts with customers only if all of the criteria stated below are met:

- the contracting parties have approved the contract and have committed to performing their obligations,
- the company can identify the rights of each contracting party in connection with the goods and services to be transferred,
- the company can identify the payment terms for the services to be transferred,
- the contract has commercial substance, and
- it is probable that the company will receive the consideration to which it is entitled in exchange for the services to be transferred to the customer.

A service promised to a customer is distinct if both of the following criteria are met:

- the customer can benefit from the service on its own,
- the company's promise to transfer the service to the customer is separately identifiable from other promises in the contract.

The transaction price is the amount that the company expects to receive in exchange for the transfer (performance) of the services promised to the customer. The consideration may include a fixed portion, a variable portion, or both. The company assesses the variable portion of consideration by the method of expected value or the method of most probable amount, where the choice of method depends on the contractual provisions. Only one of the aforementioned methods is applied consistently to each contract. The company only includes the variable consideration in the transaction price in full or in part when it is

highly probable that there will not be a significant reduction in the total amount of recognised revenue when the uncertainty relating to the variable consideration has been resolved. Insofar as the contract includes a significant financing arrangement, the consideration is adjusted for the time value of money, whereby the company does not take account of the time value of money for contracts that envisage payment within 12 months of the services being provided. When the consideration or part of the consideration has been agreed in a non-cash form, this is measured at fair value. When the company cannot obtain a reasonable estimate of the fair value of non-cash consideration, the fair value of the consideration is measured by referring to the standalone selling price of the services promised to the customer in exchange for the non-cash consideration. The determination of the transaction price also takes account of consideration paid by the company to the customer; this is taken into account as a reduction in the transaction price.

The allocation of the transaction price to individual performance obligations takes account of the relative standalone prices.

The company recognises revenue at the moment or during the period when it meets (or is meeting) the performance obligation by transferring the service to the customer, whereby the service is deemed to have been transferred when the customer obtains all the benefits from the service. Performance obligations with regard to airport services and ground handling services are deemed to have been met at the moment that an aircraft takes off. For commercial services, the moment of performance is when the services have been provided (e.g. parking or warehousing has been completed), while for commercial services provided on a continuous basis, such as rents and advertising services, a period of one month is taken into account from the perspective of the performance of contractual obligations. For services provided according to a price list, a payment term of 15 days is generally applied, while for services charged on the basis of contracts with customers, a payment deadline of 15 to 30 days is generally applied. Advance payment is required of certain partners, with the aim of reducing credit risk.

In keeping with the pricing policy, the company offers airlines certain discounts under the applicable incentive scheme, which is an integral part of the price list for airport services and ground handling services. The purpose of the aforementioned scheme is to encourage growth in traffic in a transparent and non-discriminatory fashion, via discounts approved for airlines with regard to total traffic, for launching routes to new destinations, for increasing flight frequency on existing routes, and for retaining routes that were originally launched solely for the summer season during the winter season. Incentives tied to total traffic are set out anew for airlines each year, having regard for an airline's total traffic in the previous calendar year. They are applied directly when each invoice is issued. The other incentives cited above are tied to an airline's individual routes, and are approved after conditions have been met in a certain period, usually of one year, which differs from the calendar year. The effects of these incentives are estimated monthly (by each airline's individual routes) and are recorded in the books of account as a reduction in operating revenues and liabilities from unrealised contractual commitments.

b) Government grants

Government grants received for covering costs are recognised in the periods in which the relevant costs are incurred. Government grants in connection with assets are recognised in profit or loss as other operating revenues over the useful life of the asset in question, in an amount equal to the amortisation/depreciation charged on the assets acquired with the government grants.

4.3.14 Expenses

Expenses are recognised as expenses in the accounting period when they are incurred. They are categorised according to their nature. They are set out and disclosed by natural types.

4.3.15 Finance income and expenses

Finance income comprises interest income and foreign exchange gains, and is recognised in the income statement.

Revenues from default interest are recognised upon payment.

Finance expenses encompass interest expenses and foreign exchange losses. The costs of interest are recognised in the income statement using the effective interest method.

4.3.16 Income tax expense

Income tax expense comprises current taxes and deferred taxes. Income tax expense is disclosed in profit or loss, except for the amount of deferred tax that relates to items disclosed directly in equity, in which case it is disclosed in equity.

Levied tax is tax which is expected to be paid on taxable profit from the financial year, using the tax rates in force or substantively in force as at the balance sheet date, and any adjustments to the tax liability in relation to past financial years.

Deferred tax is disclosed using the balance sheet liability method, which takes into account temporary differences between the carrying amount of an asset or liability and its value for tax purposes. The value of deferred tax depends on the expected method for recovery or settlement of the carrying amount of an asset or liability using the tax rates in force or substantively in force as at the balance sheet date.

Deferred tax assets, which are disclosed in the amount of a realised tax loss and unutilised tax allowances, are recognised in their full amount, as according to the projections that the company draws up and updates regularly, sufficient profit will be realised over the coming years to be able to utilise the deferred tax assets on the aforementioned basis.

4.3.17 Adoption of new or revised standards and interpretations

IASB Standards or Interpretations effective for the first time for the year ending 31 December 2022

Narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41: Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity has to use IAS 2 to measure the cost of those items. Cost does not include depreciation of the asset being tested because it is not yet ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the

asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

The amendment to IAS 37 clarifies the meaning of 'costs to fulfill a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

The changes were issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022.

The changes have no effect on the company's financial statements.

Amendments to IFRS 16: Covid-19-Related Rent Concessions

In May 2020 an amendment to IFRS 16 was issued that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19, resulting in a reduction in lease payments due on or before 30 June 2021, was a lease modification. An amendment issued on 31 March 2021 extended the date of the practical expedient from 30 June 2021 to 30 June 2022.

The changes were issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021.

The changes have no effect on the company's financial statements.

IASB Standards or interpretations effective from 1 January 2023 or later

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The changes were issued on 12 February 2021, confirmed by the EU and effective for annual periods beginning on or after 1 January 2023.

In the company's view, the amendments will have no material impact on the company's financial statements.

Amendments to IAS 8: Definition of Accounting Estimates

The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

The changes were issued on 12 February 2021, confirmed by the EU and effective for annual periods beginning on or after 1 January 2023).

In the company's view, the amendments will have no material impact on the company's financial statements.

Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction

The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The changes were issued on 7 May 2021, confirmed by the EU and effective for annual periods beginning on or after 1 January 2023.

In the company's view, the amendments will have no material impact on the company's financial statements.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.

The changes were issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024. The EU has not yet approved the changes, so the date of entry into force has not yet been confirmed.

In the company's view, the amendments will have no material impact on the company's financial statements.

Amendments to IAS 1: Classification of liabilities as current or non-current

These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a

substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

The changes were originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024. The EU has not yet approved the changes, so the date of entry into force has not yet been confirmed.

In the company's view, the amendments will have no material impact on the company's financial statements.

5. Notes to the financial statements

5.1 Notes to the balance sheet

5.1.1 Intangible assets

	in euros		
	Licences, software	Property rights	Total
HISTORICAL COST			
31.12.2021	3,343,807	156,936	3,500,743
Capitalisations	303,664	2,200	305,864
Eliminations	-64,781	0	-64,781
31.12.2022	3,582,690	159,136	3,741,826
IMPAIRMENT			
31.12.2021	1,924,048	62,915	1,986,963
Amortisation	358,567	10,943	369,510
Eliminations	-64,757	0	-64,757
31. 12. 2022	2,217,858	73,858	2,291,716
CARRYING AMOUNT			
31.12.2021	1,419,759	94,021	1,513,780
31.12.2022	1,364,832	85,278	1,450,110
HISTORICAL COST			
31.12.2020	3,091,670	156,936	3,248,606
Capitalisations	532,624	0	532,624
Eliminations	-280,487	0	-280,487
31.12.2021	3,343,807	156,936	3,500,743
IMPAIRMENT			
31.12.2020	1,826,978	52,006	1,878,984
Amortisation	370,857	10,909	381,766
Eliminations	-273,787	0	-273,787
31. 12. 2021	1,924,048	62,915	1,986,963
CARRYING AMOUNT			
31.12.2020	1,264,692	104,930	1,369,622
31. 12. 2021	1,419,759	94,021	1,513,780

Intangible assets amounted to EUR 1,450,110 as at 31.12.2022 (EUR 1,513,780 as at 31.12.2021) and are free of encumbrance.

The company had commitments in the amount of EUR 34,039 as at 31.12.2022 on the basis of contracts for the procurement of intangible assets that have been signed but not yet realised.

5.1.2 Property, plant and equipment

in euros

Property, plant and equipment	2022	2021
Land	16,638,018	16,569,496
Infrastructure	3,215,916	3,305,492
Investments in foreign non-current assets	61,417,295	62,536,346
Plant and equipment	16,032,095	17,497,424
Property, plant and equipment in acquisition	2,483,087	2,128,754
Total	99,786,411	102,037,512

in euros

	Land	Infrastructure and investments in foreign non-current assets	Plant and equipment	Property, plant and equipment in acquisition	Total
HISTORICAL COST					
31.12.2021	16,569,496	140,618,033	58,140,725	2,215,548	217,543,802
Transfer between categories	0	1,737,096	-1,739,200	0	-2,104
Acquisitions	0	0	0	3,674,754	3,674,754
Capitalisations	68,522	1,826,199	868,976	-3,299,477	-535,780
Eliminations	0	-1,046,742	-1,759,913	-20,944	-2,827,599
31.12.2022	16,638,018	143,134,586	55,510,588	2,569,881	217,853,073
IMPAIRMENT					
31.12.2021	0	74,776,194	40,643,302	86,794	115,506,290
Depreciation	0	3,164,914	2,186,013	0	5,350,927
Transfer between categories	0	1,595,385	-1,595,385	0	0
Eliminations	0	-1,035,118	-1,755,437	0	-2,790,555
31.12.2022	0	78,501,375	39,478,493	86,794	118,066,662
CARRYING AMOUNT					
31.12.2021	16,569,496	65,841,839	17,497,423	2,128,754	102,037,512
31.12.2022	16,638,018	64,633,211	16,032,095	2,483,087	99,786,411
HISTORICAL COST					
31.12.2020	16,128,358	123,233,760	53,992,797	16,902,596	215,841,634
Transfer between categories	0	84,781	-84,781	0	0
Acquisitions	0	0	0	10,953,167	10,953,167
Capitalisations	441,138	17,923,895	6,359,318	-24,724,351	0
Capitalisations of intangible assets	0	0	0	-532,624	-532,624
Capitalisations of right-of-use-assets	0	0	0	-220,607	-220,607
Eliminations	0	-624,403	-2,126,609	-162,633	-2,913,645
31.12.2021	16,569,496	140,618,033	58,140,725	2,215,548	217,543,802
IMPAIRMENT					
31.12.2020	0	71,995,182	40,587,119	83,136	112,665,437
Depreciation	0	3,348,596	2,232,154	0	5,580,750
Transfer between categories	0	56,819	-56,819	0	0
Impairments	0	0	0	3,658	3,658
Eliminations	0	-624,403	-2,119,152	0	-2,743,555
31.12.2021	0	74,776,194	40,643,302	86,794	115,506,290
CARRYING AMOUNT					
31.12.2020	16,128,358	51,238,578	13,405,678	16,819,460	97,592,074
31.12.2021	16,569,496	65,841,839	17,497,423	2,128,754	102,037,512

The property, plant and equipment disclosed as at 31.12.2022 was free of encumbrance, from the company's business plans follows that there are no indications of impairment.

The company disclosed commitments in the amount of EUR 2,964,548 as at 31.12.2022 on the basis of contracts to procure property, plant and equipment that were signed but as yet unrealised.

Land

As at 31.12.2022 the company owned 35,46 hectares of brownfield and greenfield land in the cadastral municipalities of Grad, Šenčur, Cerklje na Gorenjskem, Velesovo and Zgornji Brnik.

Land of 510 hectares in the area of Ljubljana's Jože Pučnik Airport, where the company pursues its core business activities, became the property of the Republic of Slovenia (the state) and is not disclosed in the company's books of account. For some of this land (250.2 hectares), an agreement on mutual relations and the establishment of general superficies was signed with the Ministry of Infrastructure and Spatial Planning, under which the company obtained superficies (point 5.1.3). A minority of the remaining area is the airport's functional land, which will partly be assigned to use by other users of airport or operators of other infrastructure, while the majority of the land will remain under the management of the Ministry of Infrastructure and Spatial Planning as functional land and a secure zone.

Infrastructure and investments in foreign non-current assets

As at 31.12.2022, the company discloses in its business books infrastructure in the amount of EUR 3,215,916 and investments in foreign non-current assets in the amount of EUR 70,456,687. Investments in foreign non-current assets refer to infrastructure standing on land owned by the Republic of Slovenia, for which the company was granted superficies until 31.12.2053 with the possibility of concluding a new contract (Note 5.1.3).

Activations increased the value of infrastructure and investments in foreign non-current assets by EUR 1,826,199 in 2022.

	in euros
	2022
Additional works related to the investment in the new passenger terminal	478,425
Renovation of part of the old passenger terminal with regulation of traffic flows in front of the terminal	739,242
External arrangement of the facility for the garage of ground service	185,767
Other	422,765
Total	1,826,199

The majority of the eliminations of buildings in the purchase value of EUR 1,015,705 and with an impairment in the same amount relate to the renovation of part of the old passenger terminal; because of the renovation works, we eliminated those components that were replaced as part of the renovation.

Plant and equipment

Plant and equipment in the total amount of EUR 893,872 was activated in 2022, more important items are shown in the following table:

	in euros
	2022
Firewall	62,105
2 electric forklifts for cargo handling	49,901
A tractor for the needs of winter service	60,000
Additional roller tracks for the Baggage Handling System (BHS)	54,960
Monitors for checking the radioactive radiation of luggage and passengers	23,700
Flight information board in departure hall	28,485
A heat pump in the facility for the storage of of ground service equipment (GSE)	28,949
Other equipment	560,876
Total	868,976

Disposals of equipment primarily relate to the replacement of obsolete or used equipment, where certain assets with residual market value were sold. The disposed assets of larger value are cited in the following table:

	in euros		
	Historical cost	Impairment	Carrying amount
5 X-ray machines	450,291	450,291	0
Airport bus	253,613	253,613	0
Electric generator	200,835	200,835	0
Sweeping machine	82,560	82,560	0
Heat pump in the facility for the storage of ground service equipment	68,500	68,500	0

Impact of changes in amortisation/depreciation rates

The extension of the useful life of certain assets on the basis of the reassessment of their residual useful life meant that equipment amortisation/depreciation costs in 2022 were down EUR 240,590 on 2021.

Direct costs of employee earnings included in historical cost of infrastructure

The company included EUR 130,823 of direct costs of employee earnings in the historical cost of acquired infrastructure in 2022; in substantive terms, these services consisted of the management of major investment projects and the supervision of construction sites, and were provided by employees at the company.

A significant part of this amount (EUR 76,596) relates to services provided in the new passenger terminal project.

Leased assets (inward)

			in euros
Type of lease	Subject of lease	Period to expiry of lease	Revenues in 2022
Operating	Land together with facility, for which the company holds right of use*	1 year 9 months	323,666
Operating	Warehousing and logistics facility owned by the company	8 years 4 months	370,303
Operating	Aircraft maintenance hangar (32)	11 months	423,954
Operating	Aircraft hangar (45.B)	6 months	71,877
Operating	Aircraft maintenance hangar (47.B)	6 months	268,341
Operating	Land	22 years **	42,959
Total			1,501,099

* The shown amount of rent is common for the land and the facility for which the company has the right to use (Note 5.1.3).

** The contract has been concluded for a term of 25 years as of the first day of operation of the warehousing and logistics facility which was built on the land in question. The tenant has the option of unilaterally terminating the contract in 2034 under the terms agreed in the contract.

Value of future rents (maturity breakdown):

				in euros
Subject of lease	Up to one year	One to five years	Over five years	Total
Land together with facility, for which the company holds right of use*	323,666	261,441	0	585,107
Warehousing and logistics facility owned by the company	406,678	1,626,711	203,339	2,236,728
Aircraft maintenance hangar (32)	430,321	0	0	430,321
Aircraft hangar (45.B)	39,472	0	0	39,472
Aircraft maintenance hangar (47.B)	141,530	0	0	141,530
Land	47,383	189,533	805,516	1,042,432
Total	1,389,050	2,077,686	1,008,855	4,475,591

* The shown amount of rent is common for the land and the facility for which the company has the right to use (Note 5.1.3).

Value of non-current assets let under lease

	in euros		
	Historical cost	Impairment	Carrying amount
Land on which stands facility, for which the company holds right of use	1,252,574	286,781	965,793
Warehousing and logistics facility owned by the company	1,901,924	473,033	1,428,891
Aircraft maintenance hangar	4,190,718	1,711,290	2,479,428
Aircraft hangar	981,989	648,315	333,674
Land on which stands facility, for which the company holds right of use	400,684	0	400,684

5.1.3 Right-of-use assets

	in euros
Right-of-use assets	Total
HISTORICAL COST	
31.12.2021	10,364,840
Capitalisations	229,916
31.12.2022	10,594,756
IMPAIRMENT	
31.12.2021	1,158,212
Depreciation	397,152
31.12.2022	1,555,364
CARRYING AMOUNT	
31.12.2021	9,206,628
31.12.2022	9,039,392
HISTORICAL COST	
31.12.2020	10,144,233
Capitalisations	220,607
31.12.2021	10,364,840
IMPAIRMENT	
31.12.2020	769,107
Depreciation	389,105
31.12.2021	1,158,212
CARRYING AMOUNT	
31.12.2020	9,375,126
31.12.2021	9,206,628

Carrying amount of right-of-use assets

	in euros	
	31. 12. 2022	31. 12. 2021
Warehousing and logistics facility	1,558,316	1,715,457
Land (superficies granted by Republic of Slovenia)	7,481,076	7,491,171
Total	9,039,392	9,206,628

Interest expenses disclosed in the income statement for 2022, and total cash outflow in 2022

	in euros		
	Warehousing and logistics facility	Land (superficies granted by Republic of Slovenia)	Total
Interest expenses disclosed in 2022 income statement	39,393	332,977	372,369
Cash outflows in 2022	183,292	466,195	649,487

Land on which the company holds superficies granted by the Republic of Slovenia

Under the General agreement on mutual relations and the establishment of superficies with regard to the use of specific land on Ljubljana Airport (concluded with state, Ministry of Infrastructure and Planning in March 2014), and annexes to this contract, Fraport Slovenia d.o.o. held superficies as at 31.12.2021 on a total of 250.2 hectares of land owned by the state. The superficies is granted until 1 January 2054, and the company uses the land in question to pursue its core business of airport services and accompanying commercial services, while part is also functional land. The contract has been signed and is being performed in accordance with its provisions and the restrictions set out by the Aviation Act and other relevant legislation governing this area.

Superficies is amortised on a straight-line basis, where the useful life is determined by taking account of the date of acquisition and the period for which the agreement has been concluded, i.e. to 1 January 2054.

The fee for superficies acquired until 1 January 2020 is paid in annual instalments, of a fixed amount. The company accordingly disclosed EUR 7,077,115 of non-current operating liabilities and EUR 448,390 of current operating liabilities as at 31.12.2022 (see notes 5.1.11 and 5.1.13).

Fees for superficies acquired on the basis of annexes concluded in 2021, totalling 5.8 hectares, were paid in one-off amounts upon the conclusion of individual annexes. Part of these superficies worth EUR 212 thousand were activated at the beginning of 2022.

In connection with the construction of an extension to the cargo warehouse, an annex to the general agreement on superficies was concluded in 2022, according to which the purpose of the granted superficies was changed for the land with a total size of 685 m², for which the superficies were acquired under the general agreement. which was necessary due to the construction of an extension to the cargo warehouse. From this title, the fee was increased by a total of EUR 18,000 and paid in a lump sum upon the conclusion of the annex.

The general agreement on superficies expires at the end of period for which it was concluded, but may be terminated earlier by the agreement of the contracting parties. In accordance with the general

agreement and the Real Property Code, the company after the termination of the general agreement on superficies is entitled to compensation in the amount of one half of the increase in the market value of the real estate subject to the superficies; at the same time, it must hand over the buildings standing on this land to the Republic of Slovenia, as together with the land they become component of the real estate.

Warehousing and logistics facility

The right-of-use assets whose right of use was obtained by the company under IFRS 16 include the warehousing and logistics facility leased by the company under a lease agreement signed in 2007 (the facility is situated on land owned by the company, and its owner was granted superficies for a period of 25 years). The subject of the lease is a warehousing and logistics facility with a total floorspace of 2,703 m² and corresponding parking space. The lease agreement for the facility is concluded for a period of 25 years.

The facility is depreciated on a straight-line basis over the duration of the agreement, i.e. until 2032. Its value was determined by taking account of the planned future cash outflows for rent, discounted at a rate of 2.33%.

The rent is charged monthly, and the instalment is fixed. The company accordingly disclosed EUR 1,483,573 of non-current operating liabilities and EUR 147,253 of current operating liabilities as at 31.12.2022 (see notes 5.1.11 and 5.1.13).

The warehousing and logistics facility was sub-let. The annual rent amounts to EUR 323,666, with this rent referring to both the facility and the land on which the facility stands. The sublease period will end at the end of the third quarter of next year. We estimate that there is interest in the market for renting this facility.

5.1.4 Non-current loans given

The receivables disclosed in the amount of EUR 620,423 relate to the financing of equipment for the duty-free shop in the new passenger terminal.

The equipment is made available under a finance lease to the contractual partner who manages the shop. The contract sets out the total value of the repayments, where the repayment dynamics are set as a share of the operating profit that the contractual partner realises through its retail activities at the terminal. The contract sets a final repayment deadline of six years, with the possibility of extension for an additional two years.

Based on the preliminary business results of the contractual partner, we estimate that this claim will be repaid in the amount of EUR 69,475 in 2023.

5.1.5 Deferred tax assets

in euros

Deferred tax assets, from:	2022	2021
Realised tax losses	1,541,265	1,351,138
Unexploited investment allowance	672,828	557,796
Amortisation and depreciation charged in excess of the tax-deductible amount recognised under the ZDDPO	290,102	266,729
Provisions for jubilee benefits and termination benefits	126,952	150,502
Impairment of current operating receivables	66,393	588,995
Impairment of financial assets	44,816	45,288
Unutilised grant allowances	1,900	475
Total	2,744,257	2,960,924

in euros

Changes in deferred tax assets in 2022, from:	Balance as at 1.1.2022	Formation	Utilisation	Withdrawal	Balance as at 31.12.2022
Realised tax losses	1,351,138	190,127	0	0	1,541,265
Unexploited investment allowance	557,797	115,444	0	-413	672,828
Amortisation and depreciation charged in excess of the tax-deductible amount recognised under the ZDDPO	266,729	26,014	-1,503	-1,138	290,102
Provisions for jubilee benefits and termination benefits	150,502	0	-5,006	-18,543	126,953
Impairment of current operating receivables	588,995	12,037	0	-534,639	66,393
Impairment of financial assets	45,288	0	-472	0	44,816
Unutilised grant allowances	475	1,425	0	0	1,900
Total	2,960,924	345,047	-6,981	-554,733	2,744,257

in euros

Changes in deferred tax assets in 2021, from:	Balance as at 1.1.2021	Formation	Utilisation	Withdrawal	Balance as at 31.12.2021
Realised tax losses	1,351,138	0	0	0	1,351,138
Unexploited investment allowance	301,167	256,705	0	-76	557,796
Amortisation and depreciation charged in excess of the tax-deductible amount recognised under the ZDDPO	257,633	21,343	-12,246	0	266,730
Provisions for jubilee benefits and termination benefits	160,355	5,372	-3,750	-11,475	150,502
Impairment of current operating receivables	831,559	17,214	-256,500	-3,278	588,995
Impairment of financial assets	45,288	0	0	0	45,288
Unutilised grant allowances	0	475	0	0	475
Total	2,947,140	301,109	-272,496	-14,829	2,960,924

5.1.6 Current operating receivables

in euros

Current operating receivables	2022	2021
Current trade receivables	3,166,315	2,935,098
Current receivables for advances given	1,328,803	374,556
Current receivables to government	224,187	190,410
Other current receivables	2,111	631
Total	4,721,416	3,500,695

in euros

Current operating receivables 2022	Gross value	Impairment	Net value
Current trade receivables	6,380,891	-3,214,576	3,166,315
Current receivables for advances given	1,328,803	0	1,328,803
Current receivables to government	224,187	0	224,187
Other current receivables	2,111	0	2,111
Total	7,935,993	-3,214,576	4,721,416

in euros

Trade receivables	2022	2021
Trade receivables from domestic customers	1,313,333	1,073,367
Trade receivables from customers in the rest of the world	1,852,982	1,861,731
Total	3,166,315	2,935,098

Among trade receivables in the total amount of EUR 3,166,315, which are disclosed as at 31.12.2022, EUR 2,179,681 of receivables are insured.

in euros

Current trade receivables 2022	Gross value	Impairment	Net value
Trade receivables from domestic customers	4,124,570	-2,811,237	1,313,333
Trade receivables from customers in the rest of the world	2,256,321	-403,339	1,852,982
Total	6,380,891	-3,214,576	3,166,315

in euros

Age structure of current trade receivables 2022	Not due	Up to 30 days overdue	30 days to 180 days overdue	Over 180 days overdue	Total
- Gross value	2,987,009	70,560	101,178	7,568	3,166,315
- Net value	3,080,402	14,447	108,098	3,177,944	6,380,891

in euros

Changes in impairment of receivables	2022	2021
Balance as at 1 January	3,154,799	4,431,456
Increase: newly created allowances	63,357	90,595
Decrease: write-off of receivables	-1,054	-1,350,000
Decrease: payments received	-2,526	-17,252
Balance as at 31 December	3,214,576	3,154,799

86.6% of all impairments created for receivables (EUR 2,782,282) are related to the domestic airline in bankruptcy as at 31.12.2022.

	in euros	
Current receivables to government, from:	2022	2021
-aid to the economy as a result of high increases in electricity and gas prices	125,922	0
- VAT	46,026	168,115
- corporate income tax prepayments	10,910	0
- reimbursement of wages	41,329	22,295
Total	224,187	190,410

5.1.7 Cash and cash equivalents

	in euros	
Cash and cash equivalents	2022	2021
Cash in bank balances	8,841,038	564,056
Cash on hand	23,786	18,045
Short-term deposit at parent undertaking	0	5,450,000
Total	8,864,824	6,032,101

5.1.8 Equity

Equity amounted to EUR 109,500,782 as at 31.12.2022, up 1.0% or EUR 1,069,998 on 31.12.2021. It accounted for 85.6% of total equity and liabilities (compared with 85.8% as at 31.12.2021). The company did not hold any share in treasury or any authorised capital as at 31.12.2022, and the owner did not pass any resolution to increase the nominal capital. The changes in equity in 2022 and 2021 are disclosed in the statement of changes in equity (point 3.4 of the Financial Report).

The nominal capital was unchanged from 31.12.2021 at EUR 15,842,626.

Capital surplus

Capital surplus in the amount of EUR 24,287,659 was formed on the basis of the elimination of the general revaluation adjustment of the nominal capital.

Profit reserves

	in euros	
Profit reserves	2022	2021
Legal reserves	4,013,029	4,013,029
Reserves under the Articles of Association	12,039,085	12,039,085
Other profit reserves	27,881,760	27,881,760
Total	43,933,874	43,933,874

Revaluation surplus

in euros

Revaluation surplus	2022	2021
Unrealised actuarial loss from post-employment benefits	959	-183,197
Total	959	-183,197

Retained earnings

Retained earnings in the amount of EUR 25,435,664 comprise the residual distributable profit for 2021 in the amount of EUR 24,546,359 and net profit from 2022 in the amount of EUR 889,305.

Distributable profit

The company generated its distributable profit in accordance with the Companies Act.

The sole owner decides on the use of the distributable profit.

in euros

Formation of distributable profit	2022	2021
Net profit for the period	889,305	931,355
+ retained earnings	24,546,359	23,618,467
= distributable profit	25,435,664	24,549,822
= remaining distributable profit		24,549,822

5.1.9 Provisions and non-current accruals and deferred income

in euros

Provisions and non-current accruals and deferred income	2022	2021
Non-current provisions	1,209,227	1,397,769
Non-current accruals and deferred income	251,731	301,636
Total	1,460,958	1,699,405

Non-current provisions

in euros

Changes in 2022	Balance as at 1.1.2022	Formation	Utilisation	Withdrawal	Balance as at 31.12.2022
Provisions for jubilee benefits	357,651	23,947	-17,493	-49,468	314,637
Provisions for termination benefits	1,040,118	54,828	-19,663	-180,693	894,590
Total	1,397,769	78,775	-37,156	-230,161	1,209,227

in euros

Changes in 2021	Balance as at 1.1.2021	Formation	Utilisation	Withdrawal	Balance as at 31.12.2021
Provisions for jubilee benefits	401,366	0	-19,069	-24,646	357,651
Provisions for termination benefits	1,114,345	56,545	-12,189	-118,583	1,040,118
Total	1,515,711	56,545	-31,258	-143,229	1,397,769

Provisions for termination benefits and jubilee benefits were created in the amount of estimated future commitments for termination benefits and jubilee benefits, discounted to the balance sheet date. The calculation was made for each employee, taking into account the costs of termination benefits and the cost of all expected jubilee benefits until retirement. The calculation allows for growth in the amounts of retirement benefits and jubilee benefits set out in the decree on the treatment of the reimbursement of costs and other employment earnings for tax purposes in the amount of 2.5% (average long-term annual nominal growth; The assumption is that the bases will change in line with the assumed growth in the average wage in Slovenia, as the actual intentions of legislators with regard to the amounts set out in the aforementioned decree are unknown.).

The forecast staff turnover at the company and projected wage growth have been taken into account. The annual discount rate used is 3.1%, in accordance with the owner's guidelines. The calculation was drawn up by a certified actuary using the projected unit method.

in euros

Changes in provisions for termination benefits and jubilee benefits	Termination benefits	Jubilee benefits	Total
Balance of provisions as at 31 December 2021	1,040,118	357,651	1,397,769
Current service cost	45,348	20,608	65,956
Interest cost	9,480	3,338	12,818
Benefits payments	-19,663	-17,493	-37,156
Employees that left the company	0	-19	-19
Change in financial assumptions (actuarial gain)	-236,169	-60,881	-297,050
Experience (actuarial loss)	55,476	11,433	66,909
Balance of provisions as at 31 December 2022	894,590	314,637	1,209,227

in euros

Sensitivity analysis to important actuarial assumptions	Termination benefits	Jubilee benefits	Total
Baseline scenario	894,590	314,637	1,209,227
Discount rate: -0.5 percentage points	944,571	327,334	1,271,905
Discount rate: +0.5 percentage points	848,651	303,290	1,151,941
Salary growth: -0.5 percentage points	848,048	303,169	1,151,217
Salary growth: +0.5 percentage points	944,768	327,347	1,272,115

Non-current accruals and deferred income

in euros

Changes in 2022	Balance as at 1.1.2022	Utilisation	Formation	Balance as at 31.12.2022
Deferred income from co-financing of intangible assets and property, plant and equipment*	251,636	-49,905	0	201,731
Other non-current accruals and deferred income	50,000	0	0	50,000
Total	301,636	-49,905	0	251,731

*the utilisation in 2022 is equal to the depreciation charge for these assets (other operating revenues are disclosed in the same amount)

in euros

Changes in 2021	Balance as at 1.1.2021	Utilisation	Transfer from current	Transfer to current	Balance as at 31.12.2021
Deferred income from co-financing of intangible assets and property, plant and equipment	342,765	-91,129	0	0	251,636
Accruals for fee for use of building land and other non-current accruals and deferred income	365,753	0	50,000	-365,753	50,000
Total	708,518	-91,129	50,000	-365,753	301,636

*the utilisation in 2021 is equal to the depreciation charge for these assets (other operating revenues are disclosed in the same amount)

5.1.10 Non-current operating liabilities

in euros

Non-current operating liabilities	2022	2021
Liabilities to the municipality of Cerklje from municipal contributions	721,303	345,604
Liabilities for superficies for aircraft maintenance hangar	74,472	70,019
Trade payables for non-current security deposits	0	217,615
Liabilities for wages and salaries (social security contributions and personal income tax)*	0	17,647
Total	795,775	650,884

* Payment by instalments approved under the Act on Emergency Measures to Mitigate the Consequences of the Second Wave of the Covid-19 Epidemic.

5.1.11 Non-current lease liabilities

in euros

Non-current lease liabilities (Note 5.1.3)	2022	2021
Liabilities to Republic of Slovenia for superficies	7,077,115	7,192,400
Liabilities under lease agreement for warehousing and logistics facility	1,483,572	1,630,825
Total	8,560,687	8,823,225

5.1.12 Current operating liabilities

in euros

Current operating liabilities	2022	2021
Current trade payables	2,991,257	2,594,783
Current liabilities to employees	1,374,903	1,787,233
Current liabilities for retained funds	196,741	0
Current liabilities for security deposits	179,859	134,789
Current liabilities for received advances and overpayments	87,427	76,149
Current liabilities for income tax expense	0	11,902
Other current liabilities	29,584	19,240
Total	4,859,771	4,624,096

5.1.13 Current lease liabilities

	in euros	
Current lease liabilities (Note 5.1.3)	2022	2021
Liabilities to Republic of Slovenia for superficies	448,390	448,518
Liabilities under lease agreement for warehousing and logistics facility	147,252	143,900
Total	595,642	592,418

5.1.14 Current accruals and deferred income

	in euros	
Current accruals and deferred income	2022	2021
Current accruals	1,629,594	935,833
Liabilities from unrealised contractual obligation under the incentives scheme (Note 4.3.13 a)	376,126	563,931
Current deferred income	62,228	38,322
Other	27,491	12,272
Total	2,095,439	1,550,358

Current accruals relate in the amount of EUR 1,345,954 to accrued costs of the fee for the use of building land for 2020 and 2022; the company has not yet received the final decisions on the fee for the use of building land for the aforementioned years.

5.1.15 Off-balance sheet assets and liabilities

	in euros	
Off-balance-sheet assets and liabilities	2022	2021
Receivables from default interest	139,162	138,704
Received quarantees	4,522,031	5,024,074
Total off-balance-sheet assets	4,661,193	5,162,778
Collateral granted	5,163,861	5,166,377
Total off-balance-sheet liabilities	5,163,861	5,166,377

The company estimates the liquidation value of collateral granted to be very low, and therefore discloses them as contingent liabilities in the off-balance-sheet records. The amount of contingent liabilities is estimated as the maximum possible compensation that the company would pay in case of an adverse event that would justify the liquidation of the collateral. The collateral is provided for a definite period (to 2026 at the latest), and there is no uncertainty with regard to this period.

5.2 Notes to the income statement

5.2.1 Operating revenues

	in euros	
Operating revenues	2022	2021
Net sales revenue, from:	33,912,893	21,686,146
- Revenues from domestic sales of services	11,384,110	9,206,939
- Revenues from sales of services to the rest of the world	22,506,481	12,435,740
- Revenues from sales of materials	22,302	43,467
Revenues from capitalised own services	130,823	282,920
Other operating revenues	146,567	6,875,480
- Revenues from state aid in connection with Covid-19 pandemic	9,198	6,631,543
- Revenues from state aid in connection with the Act on Measures to Mitigate the Consequences of Energy Prices Rising	40,150	0
- Revenues from compensation	3,022	83,023
- Other operating revenues	94,197	160,914
Total	34,190,283	28,844,546

Revenues from the sale of services to the rest of the world were generated from services provided to foreign customers.

The increase in revenues in 2022 compared with 2021 was attributable to the recovery in traffic after the decline caused by the Covid-19 pandemic. Revenues from airport services and ground handling as well as revenues from commercial services grew.

Net sales revenues

Airport services and ground handling services accounted for 74.9% of sales revenue, rental revenue for 13.9%, and commercial services for 11.1% (the largest components of which were parking fees, which accounted for 5.9% of sales revenues).

	in euros		
Net sales revenue under contracts with customers	Airport services and ground handling services	Commercial services	Total
Receivables as at 1 Jan 2022	2,116,639	818,459	36,561
Liabilities from unrealised contractual obligations as at 1 Jan 2022	565,692	0	21,686,146
Revenues from contractual obligations charged in 2021 and realised in 2022	0	36,561	25,179
Revenues from contractual obligations charged and realised in 2022	25,388,743	8,524,150	33,912,893
Revenues from contractual obligations charged in 2022 and to be realised in 2023	0	30,181	30,181
Liabilities from unrealised contractual obligations as at 31 Dec 2022	377,762	0	377,762
Receivables as at 31 Dec 2022	1,858,937	1,307,378	3,166,315

Revenues from capitalised own services

The revenue disclosed from capitalised own services relates to capitalised direct costs of employee labour; in substantive terms it relates to in 2022 provided project management services for major investment projects and supervisory services on construction sites (see notes 4.3.4 and 5.1.2).

5.2.2 Operating expenses

	in euros	
Operating expenses	2022	2021
Costs of materials	2,446,161	1,552,044
Cost of services	8,063,979	6,309,023
Labour costs	15,332,927	12,576,780
Depreciation and amortisation	6,117,591	6,351,623
Other operating expenses	712,364	709,893
Total	32,673,022	27,499,363

Operating expenses in 2022 are 18.8 percent higher than in 2021. The increase is primarily the result of increased traffic volume, which resulted in an increase in cost of services, especially those directly related to traffic volume. Additional seasonal employment to cover the need for employees during times of increased turnover, as well as the anticipated increase in wages in accordance with the collective agreement, was reflected in higher labour costs. The significant increase in the category of costs of materials is to a certain extent linked to the increased consumption of materials due to the greater volume of traffic, but the increase in costs of materials was mainly influenced by the increase in the prices of energy products, especially electricity.

On the basis of the Act on Aid to the Economy Due to High Increases in Electricity and Natural Gas Prices, the company was approved for EUR 236,317 in state aid due to the increase in electricity prices, so the costs of electricity consumed in 2022 are shown taking into account the stated amount of state aid.

	in euros	
Costs of materials	2022	2021
Electricity	1,197,548	529,084
Cleaning materials and non-durables	774,023	595,361
Heating oil	222,945	244,957
Motor fuel	166,255	114,061
Materials for current maintenance	59,198	48,931
Other costs of materials	26,192	19,650
Total	2,446,161	1,552,044

	in euros	
Cost of services	2022	2021
Security costs	2,120,837	1,738,140
Consultancy Services	988,640	702,218
Maintenance costs (excluding software)	973,922	787,862
Services related to the performance of the company's basic activity	918,672	864,208
Advertising costs	563,431	352,443
Maintenance costs of software	515,195	532,842
Agency work and work through students service	339,110	19,572
Insurance premiums	331,963	292,886
Services of the Civil Aviation Agency	295,570	184,273
Healthcare services	233,686	213,660
Utilities, water rates	196,120	174,836
Rents	126,960	130,602
Intellectual services	82,240	79,116
Other services	377,633	236,365
Total	8,063,979	6,309,023

	in euros	
Labour costs	2022	2021
Wages	10,882,975	8,945,415
Annual leave payment, reimbursement of transport expenses, reimbursement of meal expenses and collective accident insurance	1,985,651	1,436,004
Pension insurance costs	1,477,060	1,275,132
Other social insurance costs	792,871	674,621
Other labour costs	194,370	245,608
Total	15,332,927	12,576,780

Labour costs in 2022 have been disclosed after taking account of the state aid received in the amount of EUR 117,144 on the basis of measures to alleviate the impact of the Covid-19 pandemic (the company received EUR 488,182 of aid in 2021).

	in euros	
Depreciation and amortisation	2022	2021
Amortisation of intangible assets	369,510	381,767
Depreciation of property, plant and equipment	5,350,929	5,580,751
Amortisation/depreciation of right-of-use assets	397,152	389,105
Total	6,117,591	6,351,623

Due to the extension of the useful lives of certain assets based on a reassessment of their remaining useful life, the cost of depreciation of equipment in 2022 was EUR 240,590 lower compared to 2021.

	in euros	
Other operating expenses	2022	2021
Compensation for the use of building right	583,173	398,624
Impairments of receivables	63,357	90,594
Loss of elimination of fixed assets	2,930	85,125
Penalties and damage compensation	5,159	94,517
Other expenses	57,745	41,033
Total	712,364	709,893

The increase in compensation for the use of building right is the result of both an increase in the area (the new passenger terminal and the inclusion of unbuilt building land in taxation), from which the compensation is paid, as well as changes in the municipal decree on the basis of which the compensation is calculated (an increase in the number of points and an increase in the value of the point).

5.2.3 Finance expenses

	in euros	
Finance expenses	2022	2021
Interest expenses in connection with right-of-use assets (note 5.1.3)	372,369	382,638
Fee for undrawn portion of long-term loans*	22,813	22,813
Other finance expenses	23,924	11,711
Total	419,106	417,162

* See note 5.4 (liquidity risk)

5.2.4 Income tax expense and deferred tax

	in euros	
Income tax expense and deferred tax	2022	2021
Income tax expense levied	0	11,902
Deferred tax	216,667	-13,783
Total	216,667	-1,881

	in euros	
Effective income tax expense rate	2022	2021
Pre-tax profit	1,105,971	929,474
Anticipated income tax expense (19%)	210,135	176,600
Increase in revaluation expense on receivables that were not tax-recognised at formation	-2,795,603	-1,350,000
Increase/decrease in other expenses	663,116	561,336
Tax relief	0	-106,662
Transition to IFRS	55,255	37,867
Other adjustments	-29,409	-9,372
Income tax expense	0	11,902
Effective tax rate	0.00%	1.28%

	in euros	
Effect of deferred tax on performance	2022	2021
Change in deferred tax assets from realised tax loss	190,127	0
Change in deferred tax assets from unrealised investment allowance	115,032	256,629
Change in deferred tax assets from amortisation and depreciation charged in excess of the tax-deductible amount recognised under the ZDDPO	23,372	9,097
Change in deferred tax assets from unutilised grant allowances	1,425	475
Change in deferred tax assets from impairment of financial assets	-472	0
Change in deferred tax assets from provisions for jubilee benefits and employee termination benefits	-23,549	-9,853
Change in deferred tax assets from impairment of operating receivables	-522,602	-242,565
Total	-216,667	13,783

5.3 Notes to the cash flow statement

The cash flow statement has been compiled using the indirect method.

	in euros	
Material adjustments taken into account in the preparation of the cash flow statement	2022	2021
Correction of revision to operating receivables and operating liabilities for reason of offset of receivables and liabilities	352,128	238,632
Correction of non-current accruals and deferred income and operating expenses for accruals for fee for superficies	581,861	398,339
Correction of current deferred income and operating revenues for pre-charged liabilities from unrealized contractual obligations (note 4.3.13a)	186,169	602,253

5.4 Financial risks

Credit risk

	in euros	
Company's maximum exposure to credit risk	2022	2021
Non-current loans given	620,423	620,423
Non-current operating receivables	0	59,873
Current operating receivables	4,721,416	3,500,695
Cash and cash equivalents	8,864,824	6,032,101
Total	14,206,663	10,213,092

	in euros			
Structure of financial assets by maturity as at 31.12.2022	Up to three months	Three months to one year	One to five years	Total
Non-current loans given (Note 5.1.4)	0	69,475	550,948	620,423
Current operating receivables (Note 5.1.6)	4,695,940	25,476	0	4,721,416

in euros

Structure of financial assets by maturity as at 31.12.2021	Up to three months	Three months to one year	One to five years	Total
Non-current loans given (Note 5.1.4)	0	0	620,423	620,423
Non-current operating receivables	0	0	59,873	59,873
Current operating receivables (Note 5.1.6)	3,127,044	372,444	1,207	3,500,695

The company has been doing business with the majority of customers for a long time, has contractual business relationships with them, and regularly monitors their credit ratings. For the small number of occasional or one-off customers, and for partners who come from less reliable business environments, the company makes detailed checks on credit ratings, and requires advances, other eligible collateral, or payment immediately after the services have been provided before departure from the airport. Receivables from major customers are insured with an insurer.

The age profile of receivables is regularly monitored. To maintain payment discipline we regularly carry out recovery procedures such as reminders and default interest charges. In extremis we turn the receivables over to judicial recovery, and we also have the option of aircraft detention under the Aviation Act.

Liquidity risk

The company held EUR 8,864,824 of free cash (see note 5.1.6) as at 31.12.2022.

In the years from 2020 to 2022, in order to ensure liquidity, the company otherwise had two long-term loan agreements concluded in the total amount of EUR 15,000,000, with an annual interest rate of the Euribor plus 0.75% and an annual fee of 0.15% for the undrawn portion of the loan, however, it did not draw loans during the stated period. In view of the planned operations and the planned volume of investments in 2023, there is no longer a need for long-term loans, so both loan agreements were terminated from 1 January 2023.

We estimate that the liquidity risk, taking into account the recovery of traffic after the covid-19 pandemic, is small, since the company is not in debt and generates a stable cash flow. Careful management of current liquidity also contributes to stability, whereby cash at the bank represents a high-quality liquidity reserve.

in euros

Structure of liabilities by maturity as at 31.12.2022	Up to three months	Three months to one year	One to five years	Over five years	Total
Current operating liabilities (Note 5.1.12)	4,483,899	175,112	186,191	14,569	4,859,771
Current lease liabilities (Note 5.1.13)	448,390	147,252	0	0	595,642
Non-current operating liabilities (Note 5.1.10)	0	0	733,819	61,956	795,775
Non-current lease liabilities (Note 5.1.11)	0	0	1,483,573	7,077,114	8,560,687
Provisions and non-current accruals and deferred income (Note 5.1.9)	0	137,813	495,628	827,517	1,460,958

in euros

Structure of liabilities by maturity as at 31.12.2021	Up to three months	Three months to one year	One to five years	Over five years	Total
Current operating liabilities (Note 5.1.12)	3,818,969	1,150,731	-345,604	0	4,624,096
Current lease liabilities (Note 5.1.13)	484,320	108,098	0	0	592,418
Non-current operating liabilities (Note 5.1.10)	0	8,952	575,178	66,754	650,884
Non-current lease liabilities (Note 5.1.11)	0	0	1,104,114	7,719,111	8,823,225
Provisions and non-current accruals and deferred income (Note 5.1.9)	0	117,500	493,362	1,088,543	1,699,405

Interest rate risk

The company is not directly exposed to changes in market interest rates, as it has no financial investments tied to variable interest rates, and the share of business liabilities that bear interest is also negligible. As already mentioned, the company terminated two long-term loan agreements from 1 January 2023, thereby reducing the risk compared to the previous year. We estimate that exposure to changes in interest rates as of 31.12.2022 is not important for the company.

Currency risk

The company is not exposed to currency risk, as its transactions in foreign currency are immaterial.

Fair value

With the exception of cash and cash equivalents (classed as Level 1 in the fair value hierarchy), the financial assets and liabilities are measured at historical cost or amortised cost, which is assumed to be the same as the fair value of the assets or liabilities (classed as Level 2 in the fair value hierarchy).

in euros

Classification of financial instruments at fair value as at 31 December 2022	Level 1	Level 2	Total
Non-current loans given	0	620,423	620,423
Cash and cash equivalents	8,864,824	0	8,864,824
Non-current operating liabilities	0	795,775	795,775

in euros

Classification of financial instruments at fair value as at 31 December 2021	Level 1	Level 2	Total
Non-current loans given	0	620,423	620,423
Non-current operating receivables	0	59,873	59,873
Cash and cash equivalents	6,032,101	0	6,032,101
Non-current operating liabilities	0	650,884	650,884

5.5 Other explanatory notes

5.5.1 Significant events after the end of 2022

January

On January 26, Združenje Manager awarded the Artemida award to the managing director of Fraport Slovenia, Dr Babett Stapel. The association recognizes successful business women who have taken the first and most responsible position in their organisation, breaking through the glass ceiling, that invisible barrier that may be holding them back from their dreams.

February

Fraport Slovenia installed a modern body scanner at the passenger security check point at Ljubljana Airport. The technological innovation enables greater security, higher flow of passengers during the security check and improves the user experience.

In February 2023, a contract was signed with DHL Express for the lease of more than 26,000 m² of land in the airport area for a period of 30 years, on which the construction of a new logistics center measuring 5,800 m² will begin in 2023. The new DHL Express logistics center will be three times larger than the existing one and will meet all ecological standards and fully automate shipment management with robotic techniques.

5.5.2 Relations with affiliates

The company's affiliates are all the companies in the Fraport Group. In 2022 certain transactions, shown in table below, were executed with controlling company Fraport AG, Germany and companies in Fraport AG group (Fraport Saudi Arabia Ltd., AirIT Services GmbH, Germany and Fraport Malta Business Services, Ltd., Malta).

in euros

	Fraport AG, Germany	Fraport Saudi Arabia Ltd.	AirIT Services GmbH, Germany	Fraport Malta Business Services, Ltd., Malta
Operating revenues in 2022	0	24,200	0	0
Operating expenses in 2022	874,384	0	5,529	0
Finance income in 2022	723	0	0	0
Finance expenses in 2022	0	0	0	22,813
Receivables as at 31.12.2022	611	0	0	0
Liabilities as at 31.12.2022	76,843	0	0	0

5.5.3 Remuneration of management in 2022

Both the Managing director and the Chief operating officer are not employed by the company, but are seconded by the parent company Fraport AG in accordance with their contracts.

The company does not have any employee employed on the basis of a contract to whom the tariff part of the collective agreement does not apply.

The company did not approve any loans or advances or provide any guarantees in 2022 for Managing director, Chief operating officer or the company's other employees to whom the tariff schedule of the collective agreement does not apply, nor did it disclose any receivables or liabilities vis-à-vis them as at 31.12.2022, other than salaries.

5.5.4 Disclosure in accordance with points 12 and 13 of Article 69 of the ZGD-1

The company did not have, nor does it have, any business operations that have not been disclosed in the balance sheet and that would, in light of the risks and benefits arising there from, be material for assessing the financial position of the company.

The company also did not have, nor does it have, any transactions with affiliates that could be regarded as material and that have not been performed under market conditions.

5.5.5 Total payments to auditors

Operating expenses for services provided by audit firm PwC, podjetje za revizijo in druge finančno računovodske storitve, d.o.o. for 2022 in the amount of EUR 21,720 relate to auditing services (EUR 20,620, of which EUR 4,910 was paid in 2023, while the remaining was paid in 2022), and assurance services (EUR 1,100 paid in 2022).