ANNUAL REPORT 2021

Fraport Slovenija, d.o.o.

April 2022

Contents

A WORD FROM THE MANAGING DIRECTOR

The path to recovery

Look back to 2021

2021 was a challenge for all of us. At the beginning of last year we were looking to the future with cautious optimism, since we had hoped that travel would be easier again as vaccinations rolled out to millions of people. But 2021 taught us how volatile and unpredictable the future can be. *Despite a delayed recovery compared to earlier forecasts, the start of the easing or lifting of travel bans and restrictions, along with the undiminished desire to travel again, brings us renewed optimism for 2022, moving the aviation industry closer to its recovery.*

Looking back at Ljubljana Airport in 2021, traffic was very low in the first half of the year due to tight restrictions on border crossings and other measures intended to contain the COVID-19 pandemic. Until the end of April, we welcomed only five airlines - Aeroflot, Air France, Air Serbia, Lufthansa, and Turkish Airlines.

With the improvement of the pandemic situation in Europe, traffic increased month-by-month, leading us into a strong summer season, with additional 12 airlines offering scheduled flights to Ljubljana Airport – Air Montenegro, British Airlines, Brussels Airlines, easyJet, flydubai, Iberia, Israir, LOT Polish Airlines, Sun Express, Swiss International Airlines, Transavia and Wizz Air. Both flydubai and Iberia were new arrivals, welcomed after many years of effort. We believe new partnerships like these will have a significant impact on the competitiveness of our airport, and give additional momentum to the recovery of traffic in the months and years after the pandemic.

During the summer months charter traffic also performed strongly, accounting for 33% of public passenger traffic, while on a yearly basis it represented 20% of all such traffic. The main charter destinations were Greece, Egypt, Turkey, Croatia, and Montenegro.

Although the pandemic situation in Europe started to deteriorate again in October, airlines operating at Ljubljana Airport continued to perform relatively strongly, without major changes due to the pandemic for the rest of the year.

We ended the year having seen a total of 430,943 passengers, which represents more than 47% growth compared to 2020, but still 75% less than before the pandemic. Ljubljana Airport performed well when comparing its recovery rate with those of other airports in the region, albeit it is lacking national and ethnic traffic as well as mass tourism. We will remain a strong regional player, with last year's solid recovery allowing us to have an optimistic view regarding the future.

Developments in the cargo sector were also positive in 2021. The increase in cargo traffic by 22.6% can be mostly attributed to more cargo being handled on trucks and all-cargo aircraft. However, mail transported on passenger aircraft was very negatively affected by the pandemic (-53.9%), due to the reduced number of scheduled flights.

The traffic figures set out above are reflected in the following financials: we generated EUR 28.845 million in revenues and EUR 21.148 million in costs, while EBITDA was EUR 7.697 million. These very positive results are due to very tight cost management, strong business ties with our airlines and other partners, but also state aid. In 2021 we received a total of EUR 6.6 million of such aid, including EUR 5 million as a one-time payment of state aid for the time between 17 March and 12 May 2020 when the Government of the Republic of Slovenia banned the operation of passenger air transport in the country as part of the measures to contain the pandemic. The related decree prohibited the performance of international air transport of passengers from all countries to Slovenia, including within the European Union. An additional EUR 1.6 million were then received as fixed cost reimbursement within the framework of the sixth package of measures (#PKP6) that were adopted by the Slovenian government to mitigate and eliminate the effects and impact of COVID-19 on the economy. This state aid ensured the Fraport Slovenija's liquidity, and without it the past year would have been even more challenging.

We also managed this turbulent year with the commitment of our staff and their professionalism. After 2020, when the company was forced to cut the number of employees to ensure its liquidity and avoid further losses, 2021 brought us new challenges in the staffing area. Due to the increased volume of passenger traffic, especially in the summer season, we have unfortunately been encountering unpleasant resource challenges for some time, mostly in Operations. Here we were faced with the problem of finding adequately skilled staff that could provide quality operational services for our airline partners as well as for our passengers. The hiring process for such posts is quite demanding in today's tight labour market. In search of reinforcements, we first turned to former staff with whom we were forced to end our employment contracts the year before, and are pleased to report that we have been able to re-employ about half of them.

Regardless of the extremely difficult circumstances facing Fraport Slovenija, and with the knowledge that costs of living are continuously rising, we decided, with the understanding and support of our owner Fraport AG, to increase the basic salaries of all employees from 1 January 2022. We are aware of the value of each employee in our company, and strive to respect their needs. In extremely dynamic times, the continued existence and development of a company can only be ensured by employees who maintain a strategic vision and operational excellence. We have always believed that we have had such a workforce, and are committed to preserving it.

Last year, we remained also committed to addressing critical environmental issues and continuing with energy-efficient development. We have integrated our own solar photovoltaic power plant into our sustainable management operations in the environmental and social field, which will provide electricity from renewable sources while systematically reducing CO_2 emissions.

The Terminal

In such unusual and at the same time demanding circumstances, the historically most difficult times for aviation, we began to write the beginning of a new era in our airport and the civil aviation sector in Slovenia by building a new passenger terminal. This difficult and extensive project has been an inspiring success, which has shown how extremely strong we are as a company, one that benefits from a highly qualified team of employees. With the new terminal we have set high standards of functional efficiency and operational safety for the regional airport, created significantly better working conditions for ourselves, and enabled our passengers to travel to all parts of the world from an infrastructurally and technologically advanced airport. The new passenger terminal is a great success for Fraport Slovenia, and at the same time promises to make a significant contribution to Slovenia and the further growth of its economy. I believe that in the coming years the new terminal will meet the expectations of our passengers and that we will be able to maintain and nurture our pride in it even further in the future.

The construction was an extraordinary financial layout for our owner, who from the very beginning believed in the potential of Ljubljana Airport and remained committed to its development. In the first months of 2022 we completed the connection between the old terminal building, which is still partially in use, and the new one, and so we finished our investment in the new terminal which is valued at a total of EUR 23 million. Noteworthy is that since 2015, when Ljubljana Airport was bought by Fraport AG, in total more than EUR 60 million have been invested in the development and modernization of the airport’s infrastructure, equipment and IT.

Thanking my predecessor

The year 2021 was also marked by the termination of the mandate of my predecessor, Zmago Skobir. He was leading the company for 14 years and for another six years he was part of its Management Board. During his leadership, Ljubljana Airport was significantly transformed. I would like to thank to Mr Skobir for the remarkable footprint he has left on both, aviation in Slovenia and at Ljubljana Airport.

New stories in 2022

With a new passenger terminal having been built and extremely careful cost management during the crisis of the last two years, today our company is in good shape and, despite the devastating consequences of the pandemic, ready for the future.

Our main focus in 2022 will thus be regaining traffic and ensuring connectivity. In this matter, we cannot overlook the importance of all stakeholders working closely together: airports, airlines, the tourism industry, and the state. COVID-19 remains an existential crisis for airports, airlines, and their commercial partners, and thus the aviation industry needs support and practical policy decisions from governments. We see that Fraport Slovenija needs to take an active role in uniting all stakeholders to facilitate this discourse.

We will continue to focus on sustainable management of our business, and we want to conclude the development and improvement cycle by ensuring the highest quality of our services for passengers.

We believe that we will receive nearly 900.000 passengers this year, which is twice as many as in 2021. We expect a busy summer season, with 16 airlines and 20 destinations, along with what is even more important – a substantial increase in frequencies to provide much improved connectivity. We also expect the cargo area to do well, and project 27.845 tons of cargo for this year.

The growth of traffic may be slowed down by high energy prices, inflation and the war in Ukraine, and sanctions against Russia. The closure of Slovenian air traffic for Russian aircraft and the termination of air routes with Ukraine at the end of February 2022 would reduce the planned traffic in 2022 by approximately 8%, assuming that the current situation remains unchanged until the end of this year.

Our employees bring incredible value to our business, and we understand how vital it is for us to further invest in them and employ new staff, especially in Operations. With our business, we are providing employees with a unique and safe working environment, one that offers numerous career opportunities. We strive to be an employer of choice, that attracts a diversity of talents to the company. The needs of today's and tomorrow's businesses are high, and we need to be ready with the best-equipped employees. We are an attractive employer on the labour market, a well-managed company where colleagues are continually learning and growing personally, as well as professionally.

Our focus this year will also be on searching for opportunities for faster digitalisation, which is about developing the processes and services needed to deliver a better passenger experience by adopting and implementing new technologies and integrating them with existing ones. We believe that digital transformation will be one of the factors to a faster recovery of the industry, and offer more efficient business and safer travel.

With a continuous focus on sustainable development we are working to define our future, and for this we will continue our commitment to reducing CO_2 emissions and engaging in greener business through sustainable practices.

Look into the future

The pandemic turned the world upside down, and the effects may continue in the travel industry until at least 2026. The trend of gradual reopening brings renewed optimism, moving the aviation industry closer to its recovery, but some uncertainty still remains, and thus we must stay cautious when predicting the future.

We have to accept and embrace that our future will be marked by recovering and rebuilding. Our world has changed drastically, but this also offers an incredible opportunity to re-think past approaches and to speed-up developments that might otherwise have been ignored.

Ljubljana Airport has demonstrated resilience in the hard times of the recent crisis, and history shows that it has emerged victorious even from the most difficult turning points. *Today we know much more about the pandemic and are better prepared to tackle the challenges that are in front of us. We are already looking forward to next year, when we will celebrate our great jubilee, the 60th anniversary of our existence. There are still quite a few steps to go before then, however, and we are completely committed to the challenges of today and ensuring the stable revival of traffic at Ljubljana Airport, and demonstrating to our passengers that we can provide a safe and enjoyable travel experience.*

Babett Stapel

Babett Stapel

Managing Director

BUSSINESS REPORT

1. Introduction

1.1 Performance highlights

	2021	2020	Change 2021 / 2020
TRAFFIC			
Number of passengers	430.943	291.910	47,6%
Aircraft movements	17.461	12.980	34,5%
Cargo (in tonnes)	28.383	23.154	22,6%
ANALYSIS OF PERFORMANCE **in thousand euros**			
Operating revenues	28.845	18.062	59,7%
Net sales revenue	21.686	16.758	29,4%
Operating expenses	27.499	25.712	7,0%
EBITDA	7.697	-2.114	464,0%
EBIT – operating profit	1.345	-7.650	117,6%
Net finance income/expenses	-416	-395	-5,2%
Pre-tax profit	929	-8.045	111,6%
Net profit	931	-6.308	114,8%
Total comprehensive income of the period	1.053	-6.304	116,7%
Value added (operating revenues – costs of materials and services – other operating expenses excluding revaluation operating expenses and provisions)	20.453	11.012	85,7%
BALANCE SHEET **in thousand euros**			
Assets as at 31. 12.	126.371	127.102	-0,6%
Equity as at 31. 12.	108.431	107.381	1,0%
EMPLOYEES			
Number of employees 31. 12.	376	395	-4,8%
Average number of employees	365,3	437,2	-16,4%
INDICATORS			
EBITDA margin	0,27	-0,12	327,9%
EBIT margin	0,05	-0,42	111,0%
Net ROE – in % (net profit/average equity excluding net profit/loss from current period)	0,87%	-5,55%	115,6%
Net ROA – in % (net profit/average assets)	0,73%	-4,86%	115,1%

1.2 Significant Events

1.2.1 Significant events of 2021

January

The operating permit for a new cold store designed for storing pharmaceutical shipments that need to be kept at temperatures of 2° to 8°C was granted on 28 January. At 150 cubic metres, the cold store doubled the capacity to store cold-chain cargo. The new facility also improved reliability in the storage of pharmaceutical products.

February

On 2 February the European Commission approved EUR 5 million of state aid for Fraport Slovenija in the form of direct grants to compensate for the damage that it suffered as the airport operator between 17 March and 30 June 2020 as a result of the outbreak of the novel coronavirus.

Following a break of almost a year as a result of the Covid-19 pandemic, Russia's Aeroflot returned to Ljubljana Airport on 12 February. It was initially to operate one flight a week to Moscow.

Fraport Slovenija signed a contract with Resalta d.o.o. on 21 February for the installation of solar panels on the roof of the parking garage and commercial annexe. The solar plant will generate 500 MWh of electricity from renewables each year for the airport's own use. Fraport Slovenija opted for this project, which was to be fully completed in 2021, in order to help meet its long-term target of reducing carbon emissions, and to make savings on energy costs.

March

After a four-month break, Air France resumed scheduled services to the French capital on 6 March.

On 11 March we earned our Airport Health Accreditation (AHA) from the Airport Council International. To do so Fraport Slovenija passed an assessment of its measures to protect against novel coronavirus. We thereby officially joined the family of airports who ensure safe conditions for passengers and staff alike.

April

An agreement was signed on 12 April between Fraport Slovenija and the infrastructure ministry on a government grant to refund the damage suffered by the company between March and June 2020 as a result of the pandemic. Fraport Slovenija earmarked the sum of EUR 5 million to cover vital operating costs and to maintain liquidity.

June

After several years of negotiations, UAE low-cost airline flydubai announced on 14 June that it would launch a direct service to Dubai on 24 September, with three flights a week.

A ceremony to officially open the new passenger terminal was held on 16 June, featuring the Slovenian prime minister as the keynote speaker.

The new terminal obtained its official operating permit on 17 June, certifying its readiness for passenger traffic and all support activities.

New-look websites for Fraport Slovenija and Ljubljana Airport were launched on 24 June. The new online image aims to focus on the competitiveness advantages of Ljubljana Airport.

July

The doors of the new terminal were opened to passengers on 1 July. The first to depart from the new terminal were charter passengers headed for Antalya, followed by a charter flight for basketball fans to Lithuania, and the first scheduled passenger flight by Lufthansa to Frankfurt.

A special programme of voluntary carbon offsetting was launched for passengers of Ljubljana Airport on 7 July, in partnership with CarbonClick. 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 their carbon emissions from air travel to have a precise view of where and how their offsets are being invested.

August

After a break caused by the pandemic travel restrictions, UK airline British Airways resumed its service between Ljubljana and Heathrow, London's biggest airport, on 20 August.

September

Fraport Slovenija obtained its socially responsible employer certification on 13 September. The certification will allow us to take additional steps to upgrade our social responsibility. In so doing we aim to achieve greater satisfaction on the part of our employees and other stakeholders, and work together with them to create a network focusing on sustainable development.

Low-cost airline flydubai launched a direct service to Dubai in the UAE on 24 September. After years of work to establish this route, we believe that this is a significant contribution to our competitiveness, and will play a great part in our recovery following the pandemic.

October

Dr Babett Stapel assumed the helm of Fraport Slovenija on 1 October, having joined the company in 2016 as director of finance, commercial and administrative affairs and company procurator.

Fraport Slovenija received one of the highest accolades of the Slovenian tourist industry on 13 October. The Kristalni Triglav 2021 award was conferred on the company by Slovenian Travel Press, recognising the establishment of new air routes in the difficult circumstances of the slow recovery following the pandemic as extremely important for the country and for tourism, and highlighting the importance of the new passenger terminal, which in their opinion is the key to the long-term development of the airport and tourism in Slovenia, and to improved air connections.

November

The project to install solar panels on the roof of the airport parking garage and commercial annexe was completed on 9 November. The solar plant will generate 500 MWh of electricity from renewables each year for the needs of the airport. The investment will help the company meet its long-term target of reducing carbon emissions and saving on energy costs, and was costed at EUR 350,000.

1.2.2 Significant events after the end of 2021

February 2022

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 would reduce the planned traffic by 8% if it lasts until the end of the year.

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.

BASIC INFORMATION

Company name	**Fraport Slovenija, upravljanje letališč, d.o.o.**
Business address	Zg. Brnik 130A, 4210 Brnik - Aerodrom, Slovenija 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
Procurators of company	Zmago Skobir, advisor to the management Oliver Weiss, COO Andrej Svetina, Head of Planning & Controlling
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	SI12574856
Nominal capital as at 31.12.2020	EUR 15.842.626,44
Sole member	Fraport AG Frankfurt Airport Services Worldwide
Transaction accounts	UniCredit Banka Slovenija d. d.: SI56 2900 0000 3291 455 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 31.12.2021	376

1.3.1 Core business and startegic 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:

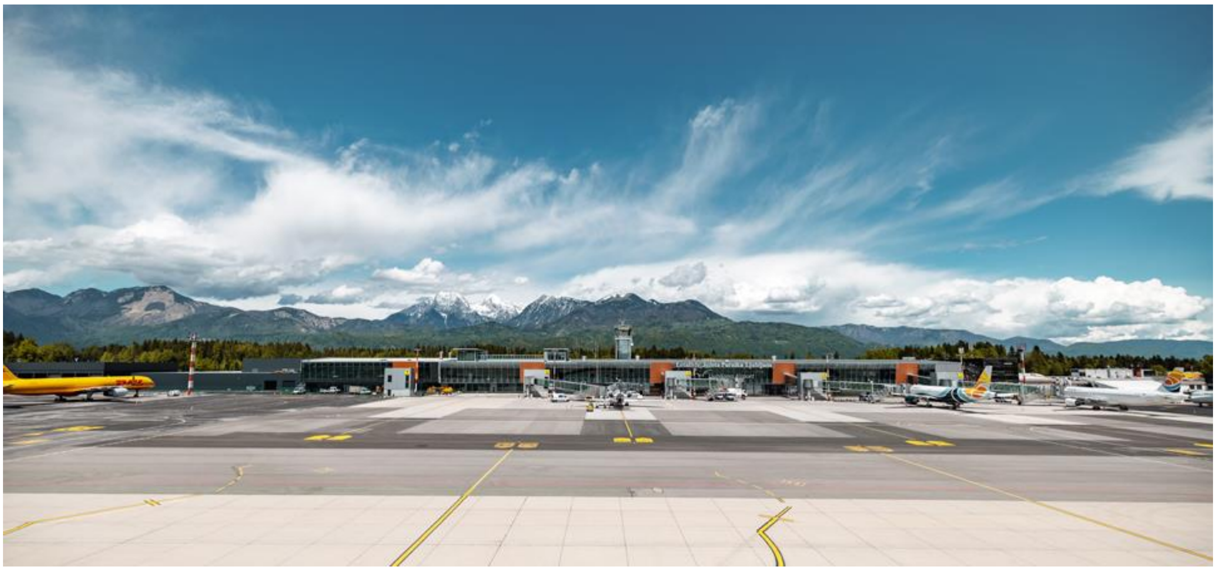
1. Aviation,
2. Ground Handling,
3. Non-aviation.

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 Fraport Aviation Academy, 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 sustainable 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 Slovenija 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.

The company expects to be able to refresh its strategy and strategic goals by stabilizing the situation due to the Covid-19 pandemic in 2022. A new vision, mission and values must be determined, since the company has lost the domestic air carrier and the traffic structure has consequently changed, and the traffic volume has decreased due to the consequences of the epidemic. Among the most important decision made in the near future will also be the decision of how to develop and carry out cargo traffic.

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 Slovenija d.o.o. as at 1. 1. 2022

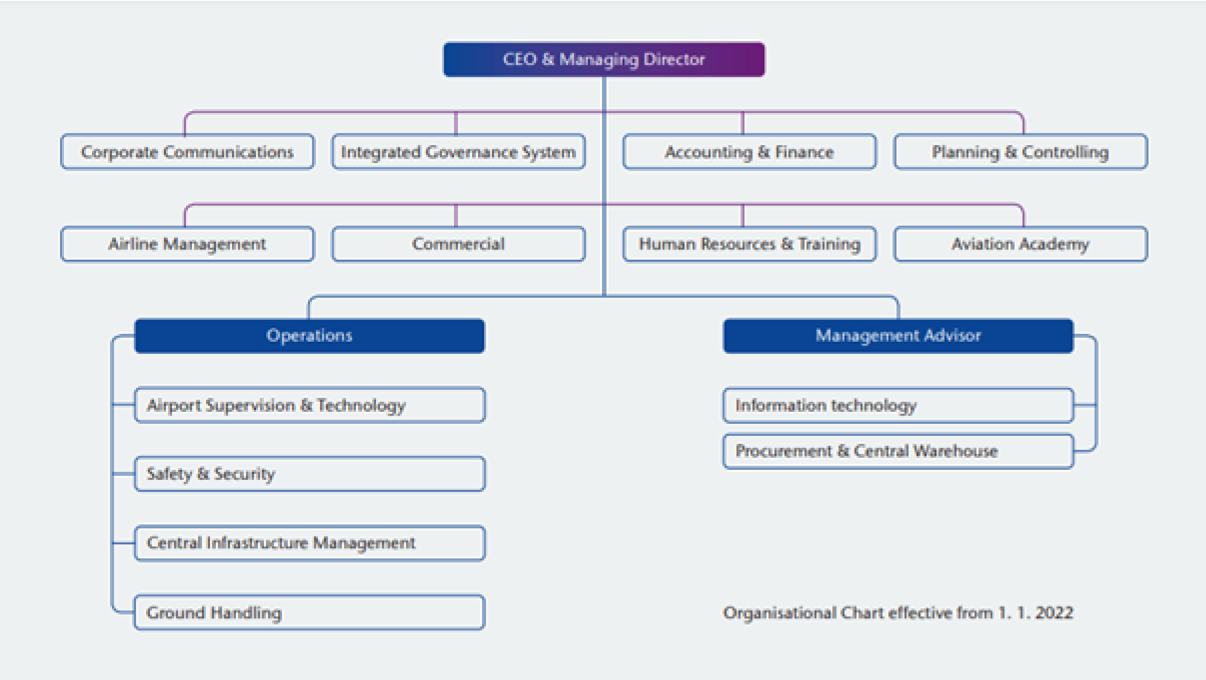


Figure 1: Organisational structure

1.3.3 International activities

Fraport Slovenija 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 Slovenija d.o.o. hereby provides the following corporate governance statement for the period of 1 January to 31 December 2021.

Fraport Slovenija, 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 Slovenija 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 bellow:

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. In 2020 we integrated our business continuity plan and risk management at the strategic and operational levels, which has given 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 Slovenija 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.

Internal audits were conducted in the following areas in 2021: the procurement process, management of the register of suppliers and customers, management of fixed assets, charges for airport services and ground handling services, and maintenance of vehicles and ground handling equipment. Given the Covid-19 situation, internal auditing in the first half of the year was reduced in scale.

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 2021 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 2020 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 has the power to decide on all issues in connection with the company, except where this power is explicitly reserved for others in accordance with the law or the articles of association.

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 2021 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.

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 2021 the position of managing director was held by Zmago Skobir until 1 October, with the role being shared with Dr Babett Stapel from 1 July. Dr Stapel has been the sole managing director since 1 October 2021.

Dr Stapel has 21 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 ZGD1

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 2021 and plans for 2022

2.1 Situation in European aviation

The continuing Covid-19 pandemic was the dominant event of 2021. The Covid-19 crisis triggered the collapse of several European airlines, such as Flybe, Level Airlines and Stobart Air.

Global passenger traffic in 2021 was down 75.5% on 2019. Capacity (as measured by available seat miles) was down 65.3%, while occupancy was down 24.0 percentage points at 58.0%.

European airlines' traffic in 2021 was down 67.6% on 2019. Capacity was down 57.4%, while occupancy was down 20.6 percentage points at 65.0%. Traffic in December was down 41.5% on December 2019, an improvement from the year-on-year decline of 43.5% in November.

According to Willie Walsh, director general of the International Air Transport Association (IATA), total passenger demand for air transport strengthened in 2021. This trend continued in December, despite the travel restrictions imposed because of the omicron variant, which is also encouraging for 2022, when the main challenge will be restoring confidence through the normalisation of travel. While international travel is still far from normal in many parts of the world, the impetus is in the right direction. France and Switzerland recently announced a significant relaxation of measures, and the UK has removed all testing requirements for vaccinated passengers. The hope is that other countries will follow their important lead, particularly in Asia, where several key markets are still in virtual isolation.

The IATA believes that numerous institutions need to work together to prevent disproportionate travel restrictions that are not in line with scientific evidence and might hinder the vital recovery, as aviation firms continue to be loss-making.

In the current situation a number of European governments have provided state aid to airlines, with the approval of the European Commission, to ensure at least minimal access to air transport.

2.2 Economic situation in Slovenia

After an economic contraction in 2020 (of 4.2%), a recovery began in 2021, most notably in the second quarter, in the sectors integrated into international trade (manufacturing and transport), retail, accommodation and food service activities, gaming, and sport, arts, entertainment and personal services, largely as a result of the relaxation of containment measures when the PCT requirements (recovery, vaccination or testing) were introduced, and also as a result of government measures such as the furlough scheme, subsidisation of fixed costs, crisis bonus payments and monthly basic income for the self-employed, and household vouchers for tourism, hospitality, sport and arts. In 2021 GDP increased for 8.1% and exceeded the IMAD's projections (6.1%), thereby surpassing its pre-crisis level from 2019.

GDP growth in 2021 was driven by increases in private consumption (5.6%) and gross fixed capital formation (10%), particularly in machinery and equipment. Imports and exports both increased in 2021 (by 12.9% and 10.9% respectively), but the trade balance had little impact on GDP growth. Growth in government consumption in 2021 was estimated at 1.8%.

Unemployment was estimated to have fallen significantly in 2021 to reach 7.7%, down 1 percentage point on 2020. Amid growing demand for labour in the later months of 2021, certain sectors (transport and logistics, manufacturing) saw renewed shortages of skilled labour and upward pressure on wages alongside inflation.

Inflation stood at 4.9% in 2021, driven primarily by energy prices. Global markets saw significant rises in prices of commodities and semiconductors in the first half of 2021, thanks to increased demand in connection with the recovery of the global economy from the initial outbreak of the pandemic, including the announcement of major infrastructure projects in the EU and the USA, and a build-up of inventories of certain non-energy industrial goods in the largest consumer nations.

The Covid-19 pandemic is expected to come to an end in 2022, but there is additional risk from higher inflation and the war in Ukraine. High energy prices (gas, oil) and commodity prices could have an adverse impact on global economic growth. The speed and effectiveness of the utilisation of funding from the new multiannual financial framework and the recovery and resilience facility in Slovenia and its main trading partners will also be crucial, as will the targeting of these resources into addressing the main developmental challenges. According to the IMAD, economic growth in Slovenia is forecasted at 4.7% in 2022, but without effect of the war in Ukraine and the sanctions against Russia.

2.3 Impact of the Covid-19 pandemic on the performance of Fraport Slovenija

In 2021 the Covid-19 pandemic was still having a major impact on the company's performance: it was only in the second quarter that there was a relaxation of containment measures following the introduction of the PCT requirements, which allowed for an increase in traffic and a significant rise in the number of destinations and flights over the summer. The later waves of cases in the autumn had a smaller impact in reducing traffic, which was mainly limited by the higher vaccination levels and the standardised PCT requirements.

The relaxation of containment measures saw revenues from airport services and ground handling services in 2021 increase by 38% compared with 2020, but they were nevertheless just 45% of their level in 2019. A trend of increasing revenues was also evident in commercial services, which were up 23% on the previous year, but were still far off their level in 2019.

In the first quarter in particular, amid the reduced traffic, many employees (mainly in administration) were working from home, while some were temporarily furloughed because of the reduced workload.

The significant decline in revenues from passenger air transport services, the high level of fixed costs, and the essential investment in the new passenger terminal meant that there was a need for costs not to increase significantly relative to 2020 (a 4.8% increase in operating costs excluding depreciation/amortisation). Under Slovenian laws on emergency measures to contain the Covid-19 pandemic and alleviate its impact, the company also took advantage of funding of wage compensation for employees on the furlough scheme and the short-time work scheme in the amount of EUR 489 thousand, and the partial refund of fixed costs in the amount of EUR 1,630 thousand. Given the heavy losses that the company suffered in 2020, in April 2021 Fraport Slovenija received a one-off grant for the period of the closure of the airport and the shutdown of passenger traffic between 17 March and 30 June 2020 in the amount of EUR 5 million.

Planned investments and projects were pared back to the most urgent, with EUR 2 million earmarked for ensuring that operations remained safe and free of disruption. The construction of the new passenger terminal was continued and completed, and at a cost of EUR 23 million it represents a strategic investment in the long-term development of the airport.

Despite the completion of the investment in the new passenger terminal, there was no threat to the company's liquidity in 2021, thanks to the controlled rise in operating costs, the increase in traffic and the state aid received. The company also had cash position of EUR 12 million at the beginning of 2021, from profit distributions withheld by Fraport AG in previous years to finance the new passenger terminal.

There was no deterioration in credit risk management, and the company has been consistent in complying with all procedural requirements of credit insurers. For the moment there has been no significant deterioration in payment discipline, despite the struggles of the economy.

2.4 Market position and marketing activities

2.4.1 Market position

Almost all airports in our broader region saw an increase in passenger traffic in 2021 relative to the previous year. While traffic at Ljubljana Airport was up 48%, Trieste Airport saw a rise of 66% in passenger numbers, Zagreb a rise of 51%, Venice a rise of 23%, Graz a rise of 14% and Klagenfurt a decline of 43%.

The connections from Ljubljana Airport were much diminished because of the pandemic, the resulting travel restrictions and the reduced passenger demand, in terms of both the number of destinations and the frequency of flights. Scheduled services were operated to Belgrade by Air Serbia, to Paris by Air France, to Frankfurt by Lufthansa, to Istanbul by Turkish Airlines and to Moscow by Aeroflot.

There was a major improvement in the number of destinations and flights in the summer timetable. The aforementioned airlines increased their flights, and were joined by Transavia with a service to Amsterdam, SunExpress to Antalya, Brussels Airlines to Brussels, Wizz Air to Brussels Charleroi, easyJet to London Gatwick, British Airways to London Heathrow, Air Montenegro to Podgorica and Tivat, LOT Polish Airlines to Warsaw and Swiss International Airlines to Zurich.

Two brand new scheduled services were also welcomed for the first time in the airport's history: Iberia to Madrid, and flydubai to Dubai.

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, Air France, Wizz Air and LOT Polish Airlines, and totalled EUR 3.78 million.

We were delighted to receive confirmation from the economic development and technology ministry that state aid of this type would again be granted in 2022.

2.4.2 Traffic and airport services

The pandemic was the dominant event of 2021 at Ljubljana Airport, as it was worldwide. The rise in passenger numbers is encouraging, but growth in traffic in 2022 will depend on the further evolution of the pandemic and travel restrictions. The key is avoiding any closure of the borders, as this would significantly hinder the recovery.

Despite state aid, airlines are now focusing more than ever on profitability. There are more and more seasonal changes, in contrast to the past, when the majority of airlines announced their timetables for their whole year. If in the past an introductory period was allowed to try and reach profitability on individual routes, now there is greater willingness to cancel individual flights with low occupancy prospects.

It is heartening that, despite the difficult circumstances, the number of destinations from Ljubljana Airport is rising, and there is great promise in charter services, where traffic increased by 65%. Our efforts focus on increasing the flight frequency by existing airlines, and on adding new destinations.

	Actuals		Change	Breakdown, %	
	2021	2020		2021	2020
PASSENGER NUMBERS	**430.943**	**291.910**	**48%**	**100**	**100**
PUBLIC TRANSPORT	421.934	288.235	46%	97,9	98,7
Domestic airlines	0	0	-	0,0	0,0
Foreign airlines	421.934	288.235	46%	97,9	98,7
GENERAL AVIATION	8.886	3.644	144%	2,1	1,2
OTHER	123	31	297%	0,0	0,0
AIRCRAFT MOVEMENTS	**17.461**	**12.980**	**35%**	**100**	**100**
PUBLIC TRANSPORT	7.932	6.634	20%	45,4	51,1
Domestic airlines	547	535	2%	3,1	4,1
Foreign airlines	7.385	6.099	21%	42,3	47,0
GENERAL AVIATION	8.788	5.750	53%	50,3	44,3
OTHER	741	596	24%	4,2	4,6
MTOW	**483.122**	**371.499**	**30%**	**100**	**100**
PUBLIC TRANSPORT	389.858	302.438	29%	80,7	81,4
Domestic airlines	4.693	3.745	25%	1,0	1,0
Foreign airlines	385.165	298.693	29%	79,7	80,4
GENERAL AVIATION	55.739	32.920	69%	11,5	8,9
OTHER	37.525	36.141	4%	7,8	9,7
CARGO TONNAGE	**28.383**	**23.154**	**23%**	**100**	**100**
Aircraft - goods	11.182	10.084	11%	39,4	43,6
Aicraft - mail	219	475	-54%	0,8	2,1
Truck	16.098	11.812	36%	56,7	51,0
Other	884	783	13%	3,1	3,4

Passenger numbers at Ljubljana Airport amounted to 430,943 in the pandemic year of 2021, up 47.6% on 2020. The number of aircraft movements stood at 17,461, up 34.5% on the previous year.

Total cargo tonnage was up 23% on the previous year, thanks to the high economic growth.

Commercial activities

Revenues from commercial services were up 11% on 2020, driven primarily by Covid testing and parking services.

Alongside the reliable pillar of letting commercial real estate to logistics firms and aircraft maintenance providers, we expanded the letting of hangars and office space, and improved our prices for new and refurbished premises in the passenger terminal.

The opening of the new terminal in July 2021 and our new business partners have refreshed our range of services, and improved quality. A fresh approach to the airport shopping and catering experience has been brought to the airside by the All Yours Ljubljana hybrid concept, which blurs the lines between traditional duty-free and hospitality. Meanwhile, Lolita Sweet & Salty has opened on the landside, with an open-air terrace and great food that is a huge hit with passengers and the airport community.

Temporary discounts on long-term parking alleviated the impact of the Covid-19 crisis on shuttle and rent-a-car services at the airport.

A number of high-profile long-term campaigns and certain positive shifts in digital media allowed advertising revenues to continue flowing.

The active marketing of utilities-equipped sites for building logistics centres continued in 2021, where the hope is that they will generate higher revenues for the airport in the future.

2.5 Performance analysis

2.5.1 Operating result

	Realization (in TEUR)		Change	Proportion	
	2021	2020	2021/2020	2021	2020
Operating revenues	**28.845**	**18.062**	**59,7%**	**100,0**	**100,0**
Net sales revenue	21.686	16.758	29,4%	75,2	92,8
Capitalized own services	283	250	13,3%	1,0	1,4
Other operating revenues	6.875	1.054	552,5%	23,8	5,8
Operating expenses	**27.499**	**25.712**	**7,0%**	**100,0**	**100,0**
Costs of materials and services	7.861	6.636	18,5%	28,6	25,8
Costs of materials	1.552	1.135	36,8%	5,6	4,4
Costs of services	6.309	5.501	14,7%	22,9	21,4
Labour costs	12.577	12.802	-1,8%	45,7	49,8
Depreciation/amortisation	6.352	5.536	14,7%	23,1	21,5
Other operating expenses	710	739	-3,9%	2,6	2,9
Operating profit before interest, taxes and depreciation/amortization - EBITDA	**7.697**	**-2.114**	**464,0%**	**26,7**	**-11,7**
Operating profit - EBIT	**1.345**	**-7.650**	**117,6%**	**4,7**	**-42,4**
Net finance income/expenses	**-416**	**-395**	**-5,2%**		
Finance income	1	3	-42,2%		
Finance expenses	417	398	4,9%		
Profit (or loss) before tax	**929**	**-8.045**	**111,6%**		
Income tax expense	-12	0			
Deferred tax	14	1.738	-99,2%		
Net profit	**931**	**-6.308**	**114,8%**		

The Covid-19 pandemic and the related measures had a major impact on performance again in 2021. Passenger numbers were down sharply on initial forecasts in the first quarter in particular, which was profoundly reflected in performance. In addition to support from the from measures to alleviate the impact of the pandemic (furlough scheme and the partial refund of fixed costs), Fraport Slovenija was also awarded a government grant of EUR 5 million. This refunded the company for the damage suffered between March and June 2020, when the airport was closed to passenger traffic. Although the situation began to ease slightly in the second half of the year, the year-end results under-performed forecasts.

The aforementioned state aid helped the company end 2021 with an EBITDA of EUR 7,697 thousand, up EUR 9,811 thousand on the previous year. EBIT was also positive in 2021 in the amount of EUR 1,345 thousand, up EUR 8,995 thousand on the previous year. Net profit amounted to EUR 931 thousand in 2021, up EUR 7,239 thousand on the previous year.

Operating revenues in the amount of EUR 28,845 thousand were up 59.7% on 2020, primarily as a result of the rise in passenger numbers and the aforementioned state aid.

Operating expenses were up 7% on 2020 at EUR 27,499 thousand.

Net finance income in 2021 declined by EUR 21 thousand or 5.2% relative to the previous year.

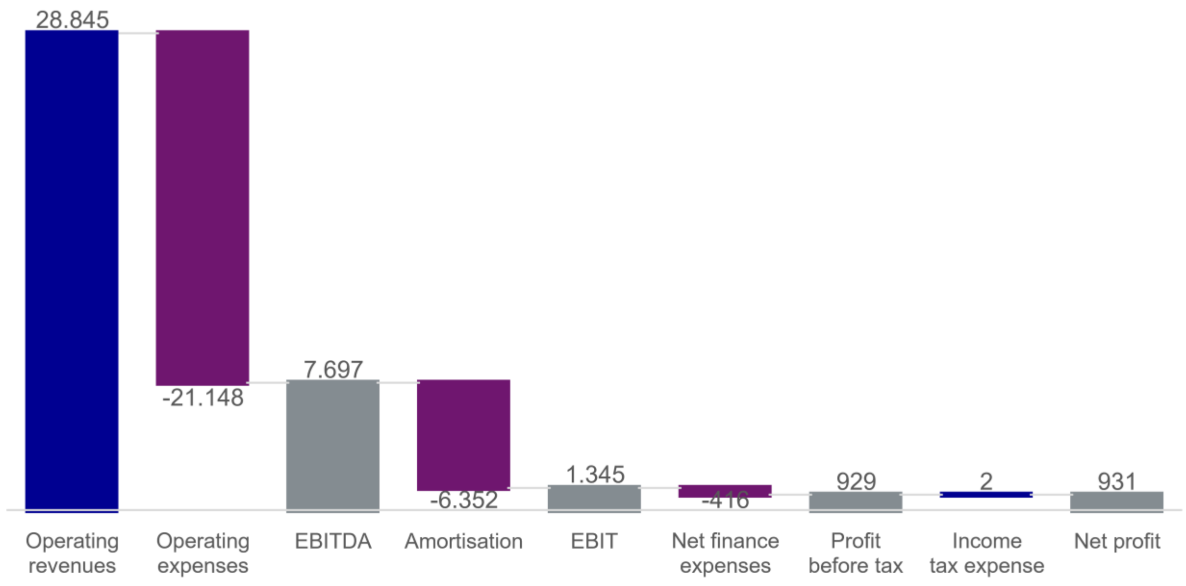


Figure 1: Operating result

Operating revenues

	Operating revenues (in TEUR) 2021	2020	Change 2021/2020
Airport services	8.799	6.153	43,0%
Commercial services	6.173	5.563	11,0%
Ground handling services	6.671	5.041	32,3%
Other operating revenues	7.202	1.305	451,9%
OPERATING REVENUES	**28.845**	**18.062**	**59,7%**

Operating revenues amounted to EUR 28,845 thousand in 2021, up 59.7% on 2020.

All segments had an increase in operating revenues: airport services, commercial services, ground handling services and other operating revenues.

The increase in revenues from airport services was driven by the rise in traffic, and also by an increase in revenues from long-term aircraft parking because of the Covid-19 situation.

The increase in revenues from commercial services was also driven by the rise in passenger numbers. The increase is only small because of the impact of Covid-19 in the early months of the year compared with the same months of 2020.

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 increase in other operating revenues relative to 2020 was attributable to the state aid received to alleviate the impact of the Covid-19 pandemic.

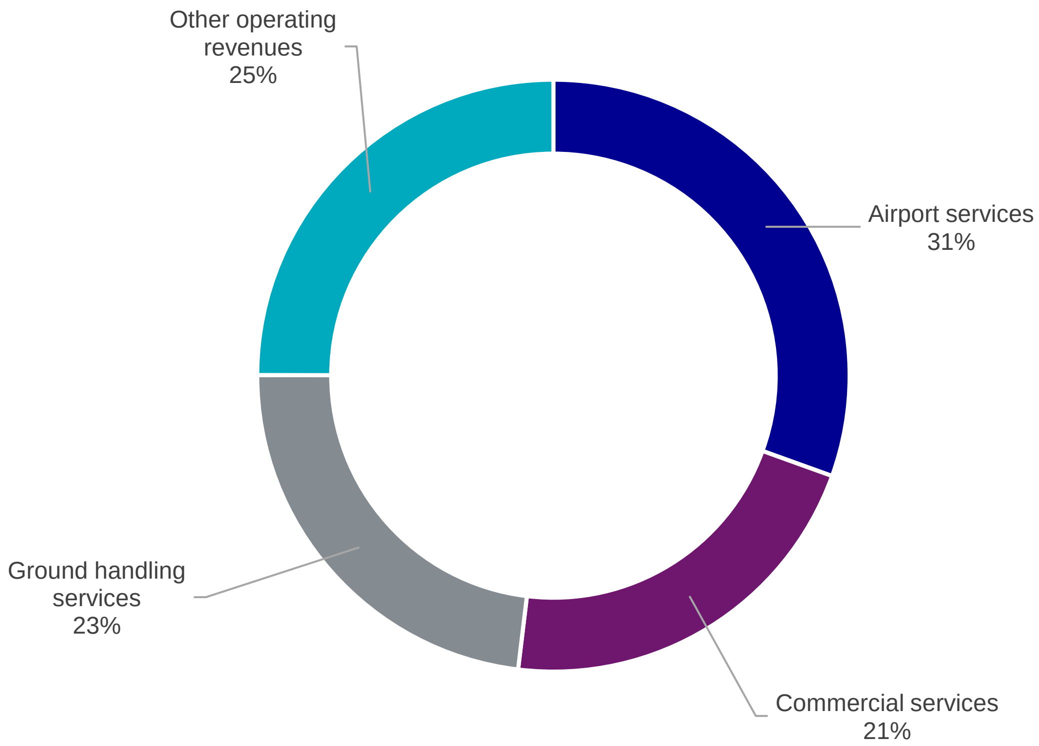


Figure 2: Breakdown of operating revenues

Revenues increased in all segments. The largest increase was in other operating revenues, which were up 451.9%, as a result of the aforementioned state aid. Revenues from airport services were up 43%, revenues from commercial services were up 11.0% and revenues from ground handling services were up 32.3%.

Operating expenses

	Operating expenses (in TEUR) 2021	2020	Index 2021/2020
Labour costs	12.577	12.802	-1,8%
Costs of services	6.309	5.501	14,7%
Depreciation/ amortisation	6.352	5.536	14,7%
Costs of materials	1.552	1.135	36,8%
Other operating expenses	710	739	-3,9%
OPERATING EXPENSES	**27.499**	**25.712**	**7,0%**

Operating expenses amounted to EUR 27,499 thousand in 2021, up 7% on 2020.

Despite the government support for the furlough scheme in 2021, the decline in labour costs relative to 2020 was the result of the redundancy programme and a reduction in incentives.

The largest factors in the increase in costs of services were security costs and services directly related to the increase in traffic. The establishment of the covid testing station for airport passengers was another factor that raised costs of services.

The main factor in the increase in amortisation/depreciation costs was the opening and activation of the new terminal.

The main drivers of the rise in costs of materials were the increase in traffic and the rise in energy prices. There were notable increases in the consumption of aircraft deicing fluids and in the consumption of fuel for aircraft handling. The colder winter influenced on increased consumption of gritting material and heating fuels.

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

The largest component of operating expenses was labour costs, followed by amortisation/depreciation costs, costs of services, costs of materials and other operating expenses. There were declines in labour costs (1.8%) and other operating expenses (3.9%), while costs of materials and costs of services increased (by 36.8% and 14.7% respectively).

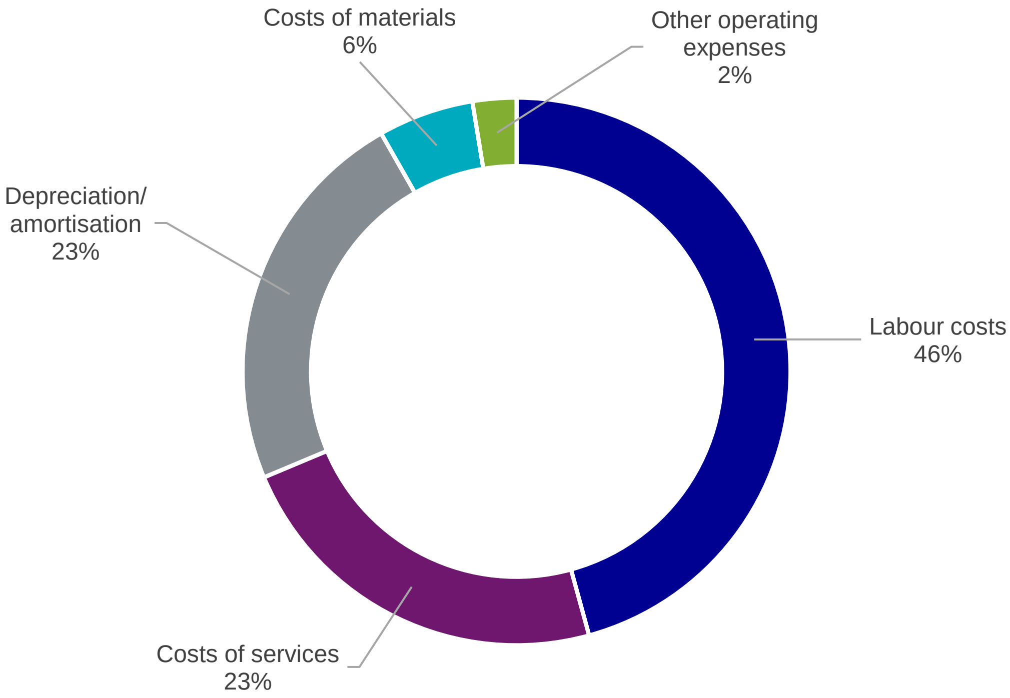


Figure 3: Breakdown of operating expenses

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 third 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

	31. 12. 2021 (in TEUR)	31. 12. 2020 (in TEUR)	Change 2021/2020	Proportion 2021	2020
ASSETS	**126.371**	**127.102**	**-0,6%**	**100,0**	**100,0**
Non-current assets (total)	**116.399**	**111.344**	**4,5%**	**92,1**	**87,6**
Intangible assets	1.514	1.370	10,5%	1,2	1,1
Tangible assets	111.244	106.967	4,0%	88,0	84,2
Other non-current assets	3.641	3.007	21,1%	2,9	2,4
Current assets (total)	**9.972**	**15.758**	**-36,7%**	**7,9**	**12,4**
Cash and cash equivalents	6.032	11.988	-49,7%	4,8	9,4
Current operating receivables	3.501	3.337	4,9%	2,8	2,6
Other current assets	439	434	1,3%	0,3	0,3
EQUITY AND LIABILITIES	**126.371**	**127.102**	**-0,6%**	**100,0**	**100,0**
Equity	**108.431**	**107.381**	**1,0%**	**85,8**	**84,5**
Non-current liabilities (total)	**11.174**	**11.937**	**-6,4%**	**8,8**	**9,4**
Current liabilities (total)	**6.767**	**7.784**	**-13,1%**	**5,4**	**6,1**

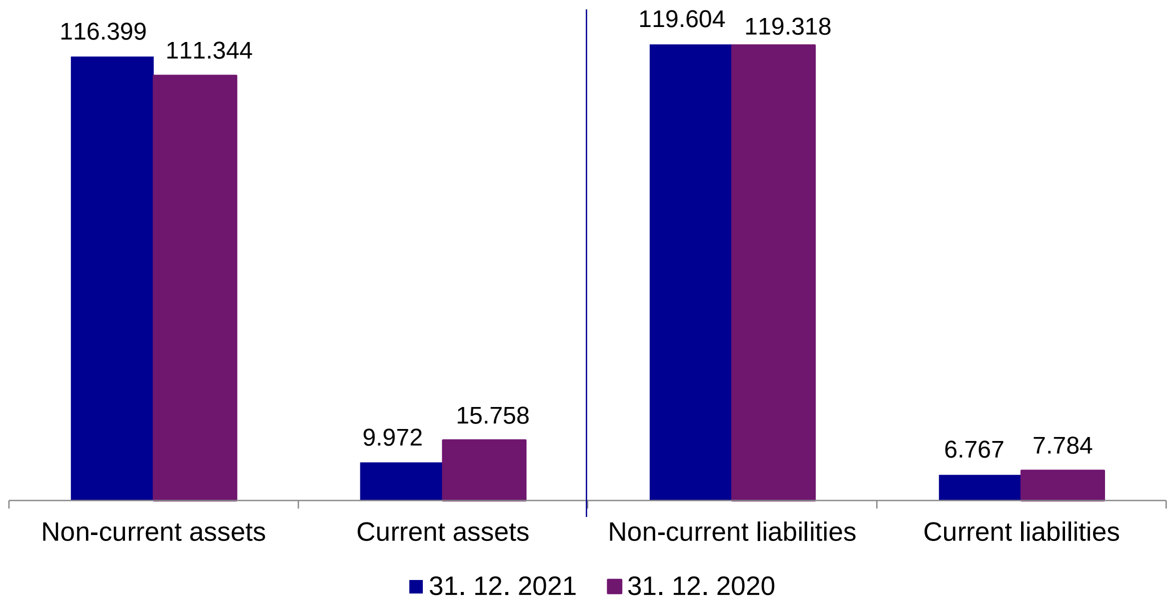


Figure 4: Assets and liabilities by maturity

In the breakdown of **assets**, non-current assets accounted for 92.1% of the total. Driven mainly by the construction of the new passenger terminal, the company's intensive investment led to an increase of 4.6% in *property, plant and equipment* relative to 31 December 2020. Intangible assets were also up, by 10.5%, mainly as a result of investment in upgrades to existing software and the implementation of new software. Other non-current assets increased as a result of an increase in long-term loans granted.

Current assets, which accounted for 7.9% of total assets as at 31 December 2021, were down 36.7% on 31 December 2020, primarily as a result of a decline in cash and cash equivalents, which were down 49.7% at EUR 6,032 thousand. The decline in cash and cash equivalents was the result of high outflows for investment in the new passenger terminal. Current operating receivables were up 4.9% on 31 December 2020, at EUR 3,501 thousand. The main decline in current operating receivables was in receivables from the government (state aid and wage refunds, and corporate income tax receivables), while the main increases were in receivables from foreign customers and receivables for advances as a result of the increase in revenues in December 2021 compared with 2020. Inventories also increased, by 3.1%, to stand at EUR 358 thousand as at 31 December 2021.

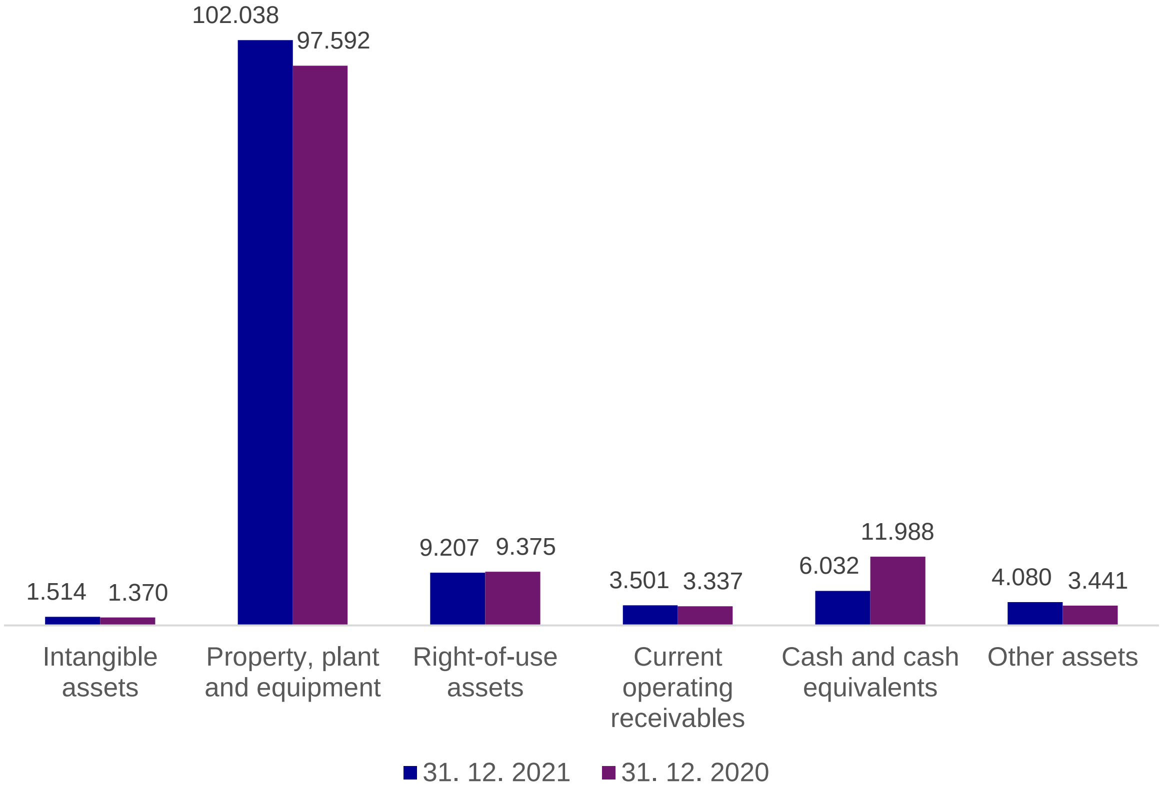


Figure 5: Assets

Non-current liabilities in the amount of EUR 119,604 thousand accounted for 94.6% 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 108,431 thousand accounted for the majority of non-current liabilities, and 85.8% of total equity and liabilities, while other non-current liabilities accounted for 8.8% of total equity and liabilities. The increase in equity was driven by profit in the current year. The decline in non-current liabilities was partly attributable to the transfer of liabilities from accrued costs from non-current to current liabilities in connection with general superficies and the long-term letting of commercial facilities. The decline in non-current accruals and deferred income comes from the transfer of the accrued expenses for the fee for the use of building land to current accruals and deferred income.

Current liabilities accounted for 5.4% of total equity and liabilities, and primarily comprised current operating liabilities in the amount of EUR 4,624 thousand, or 3.7% of total equity and liabilities. The decline relative to 31 December 2020 was the result of a decline in trade liabilities to suppliers of non-current assets.

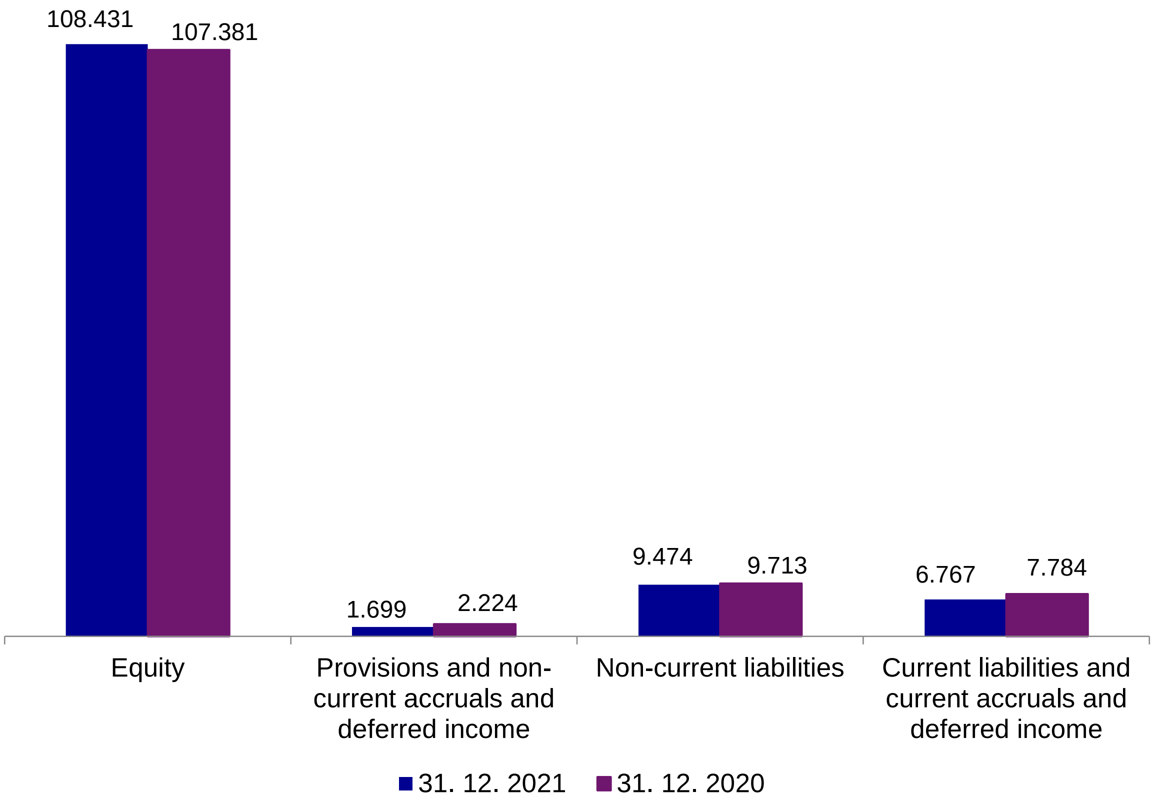


Figure 6: Equity and liabilities

More detailed notes on individual balance sheet items are given in point 5.1 of the Financial Report.

2.5.2 Financial management

There was no threat to the company's liquidity in 2021: despite the extensive investment in the new passenger terminal and the decline in revenues from airport services caused by the ongoing Covid-19 pandemic, it was able to regularly settle all of its operating liabilities. The company also received state aid in the amount of EUR 8 million in 2021.

The company is primarily financed via equity. The investments made in 2021 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 December 2021 primarily relate to liabilities for the general superficies fee.

The partial drawdown of a long-term loan for financing investment and current operations is envisaged for mid-2022, to cover the contingency of a downturn in the economic situation and the appearance of new Covid-19 variants.

2.6 Investments

A total of EUR 10,953 thousand was invested in infrastructure and equipment in 2021, of which EUR 9,082 thousand was earmarked for infrastructure and related equipment, while the remainder was spent on superficies (EUR 428 thousand), airport equipment (EUR 983 thousand), software (EUR 271 thousand) and computer equipment (EUR 190 thousand).

	2021 (in TEUR)	2020 (in TEUR)	Change 2021 / 2020
Intangible assets	271	409	-34%
Infrastructure, related equipment and land	9.082	13.210	-31%
Building rights – IFRS 16 assets	428	5	8924%
IT equipment (hardware)	190	115	65%
Airport equipment	983	1.490	-34%
Total	**10.953**	**15.229**	**-28%**

The construction of the new passenger terminal was completed, which brought an additional 14,498 m^2 of gross floorspace. It features a new reception hall with 14 check-in counters, fast state-of-the-art security control, a new range of shops and restaurants, a business lounge, and a large baggage reclaim area with three carousels. The journey from check-in to boarding has been made quicker. The new terminal served its first passengers on 1 July 2021. Work to connect the new terminal with the old terminal was also carried out in the second half of the year.

All other non-essential investment in infrastructure and equipment was postponed because of the rise of new Covid-19 variants.

An additional cooling plant and heat pump was installed in the central power facility in 2021. This is capable of covering the projected additional demand for air conditioning from the new terminal. The heat pump is a renewable energy plant that uses the ground as a heat source. It will reduce the consumption of natural gas, and cut our carbon footprint.

We obtained superficies for land intended for the development of the airport through the expansion of the main apron.

A major IT investment was the relaunch of the website of the airport and the company. In addition to its traditional role of providing information for passengers, the new-look website also promotes flight bookings. For passengers looking for travel inspiration there is a discount flights search engine, and details of more than 50 travel destinations.

2.7 Employees

The company had a headcount of 376 as at 31 December 2021, all of whom were permanent employees. The workforce is predominantly male (270 employees or 71.8% of the total). The headcount was down 19 on 31 December 2020, following 17 new hires and 36 departures over the course of the year.

After a number of terminations in 2020, the headcount began to rise again as air traffic increased. We began recruiting new colleagues, and also replacing temporarily absent employees in certain operational departments. Students were also taken on to assist.

The recruitment kept the headcount at a strategic level where we were able to ensure the safe and effective handling of aircraft, passengers and cargo. Further recruitment is planned in 2022.

Age breakdown of workforce

The average age of the workforce was 45.15 at the end of 2021.

There were 235 employees aged between 31 and 50 (62.5% of the total), 30 aged between 21 and 30 (8,0%), and 111 aged 51 or older (29.5%).

Qualifications breakdown

One employee earned a university-level qualification during 2021.

We will continue to encourage our staff to gain higher qualifications.

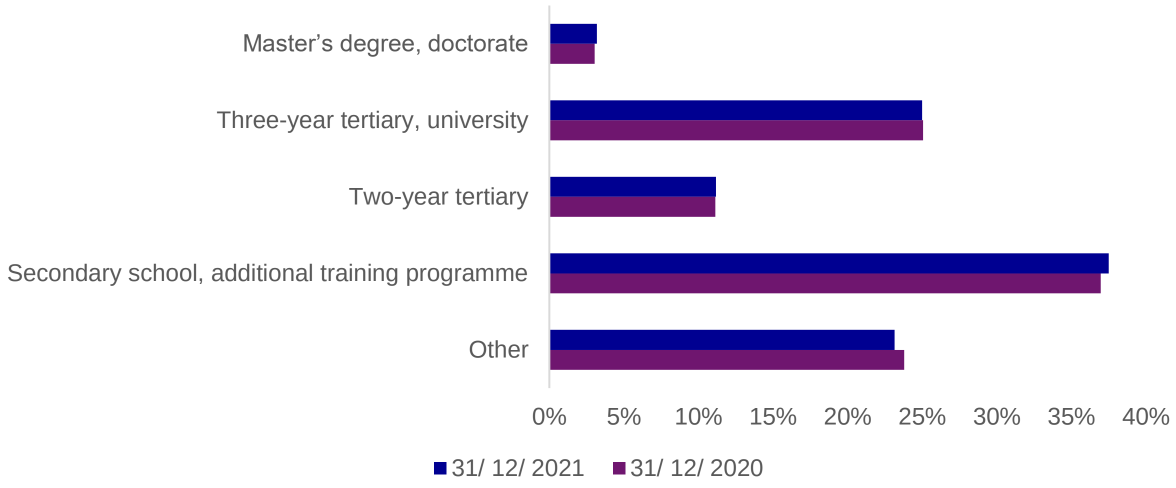


Figure 7: Qualifications breakdown of workforce

Cooperation with educational institutions and practical training

Practical training was provided in 2021 for four university students and eight school students. A total of 2,093 hours of training was provided, 1,086 more than in the previous year. The students received the largest proportion of their practical training in the IT department.

We continued our good and highly active cooperation with education institutions: as an employer of graduates from the Faculty of Organisational Sciences we participated in a procedure to evaluate the quality of level 1 and level 2 study programmes at the aforementioned faculty. We made a presentation at the Naklo Biotech Centre's online employer exchange, where we highlighted the opportunities to undertake practical training and later to be recruited by the company.

In 2022 we are planning to take part in an employment café organised by Kranj Education Centre. Participants in the event, which is aimed at students in the later years of secondary school and students of vocational colleges, will learn about employment opportunities at the company.

Staff training

The recruitment process has also brought an increase in the amount of training carried out at the company. Staff training is one of our top priorities, as top-level staff have been one of our competitive advantages. In keeping with our position in the service sector, where a great deal of highly specific knowledge is required, we encourage in-house training, and also training at educational institutions inside and outside Slovenia.

The leading type of training provided in 2021 was for licensing, followed by training for the change in work processes at the new passenger terminal, and training in the workplace.

Emergency measures in connection with the Covid-19 pandemic.

Under the laws on national emergency measures to contain the Covid-19 pandemic and alleviate its impact, in 2021 we again took advantage of partial refunds of wage compensation for furloughed employees, the partial relief on contributions for pension and disability insurance (for an average of

18.4% of all employees in the months from January until the expiry of the measures on 30 June, with a peak in February), and refunds of leave allowance for reason of childcare or quarantine.

2.8 Plans for 2022

The trend of increasing traffic will continue in 2022 as measures in connection with the Covid-19 pandemic are relaxed or fully lifted. We are nevertheless not expecting air traffic to return to its pre-pandemic numbers. Ljubljana Airport is forecasting passenger numbers to reach 900,000 in 2022, equivalent to 51% of the pre-pandemic figure. The summer season is expected to see a 60% rise in passenger numbers compared with 2021.

The trend of increasing traffic could also be slowed by high energy prices, inflation, and the war in Ukraine and sanctions against Russia. The closure of Slovenian airspace to Russian aircraft and the cancellation of flights to Ukraine in late February would reduce the forecast traffic by 8% if the measures stay in place until the end of the year.

Given the forecast for traffic growth at Ljubljana Airport in 2022, and the impact of the war in Ukraine and sanctions against Russia, the company will record positive EBITDA, but will still be facing a loss after tax.

In light of the development of the economic situation and the Ukraine crisis, the senior management will take additional measures to alleviate their impact on the company’s performance and finances.

There is no threat to the company’s liquidity in 2022, as the investment in the new terminal has been completed, and the company ended 2021 with cash holdings of EUR 6 million. The company has already had loans in the amount of EUR 15 million approved, of which EUR 12 million consists of a long-term loan with a maturity of 12 years, which it will draw down in the event of a deterioration in the economic situation and the rise of new Covid-19 variants.

3. Risk Management

The entire risk management of Fraport Slovenija 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.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 Slovenija 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.

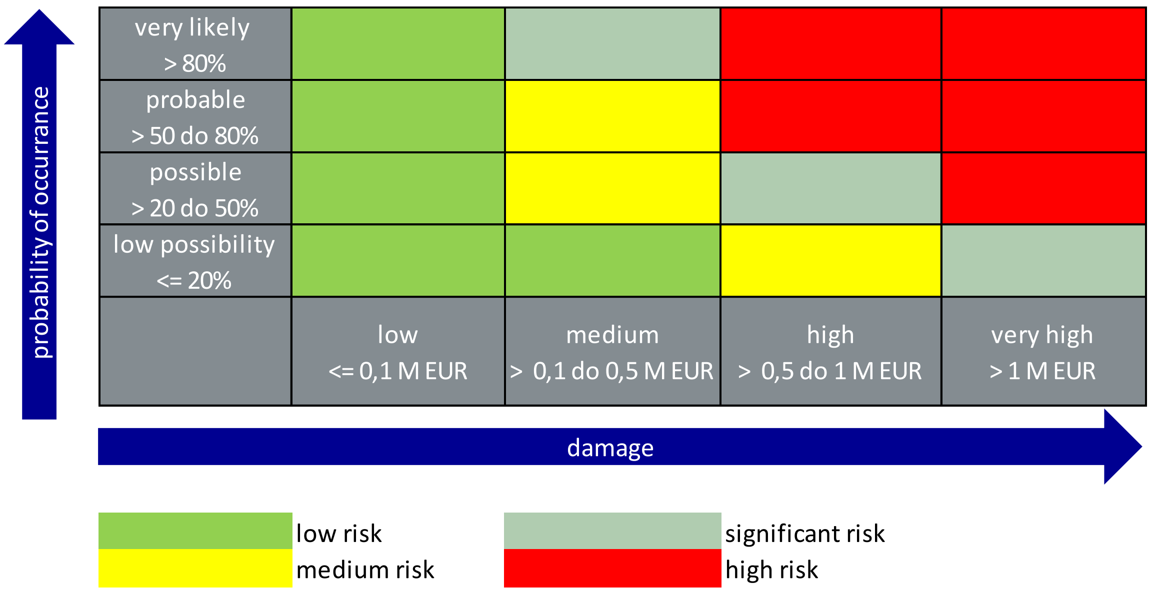
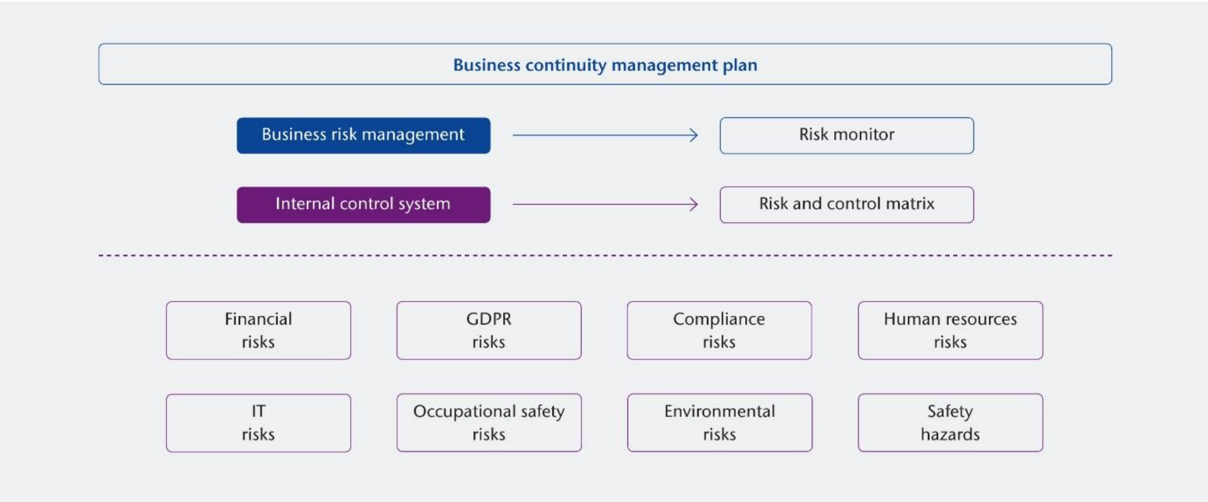


Figure 8: Risk classification

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.

The risk of the new coronavirus spreading hit the company's operations the most in 2021. The company responded to it with a number of measures for the safety and health of its employees, business partners and air travellers, and for the mitigation of consequences of the pandemic in order to keep its ongoing business and the airport in operation.

Business continuity managment plan and risk management sheme



Financial risks

The key to the company's stable performance is managing the financial risks that it faces on a daily basis. Credit risk is managed by monitoring business partners, by obtaining credit assessments and information from the environment, by coordinating open items, and by consistently charging default interest, issuing reminders and pursuing recovery. The company also holds credit insurance with an insurer for some of its receivables.

There was an increase in liquidity risk as a result of the Covid-19 pandemic and lower inflows from sales revenues. Thanks to the received state subsidies and measures taken by the company, liquidity risk is assessed as low. The interest rate risk to which the company is exposed is also low: it does not have any interest-bearing liabilities, nor does it hold any financial assets whose interest is tied to changes in interest rates.

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

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 Rules on protection of personal data, on the basis of the Regulation (EC) 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 Personal Data Protection Act. In the event of a greater risk in the field of personal data processing related to new projects, new IT-solutions or new contractors we produce the so-called impact assessment with a detailed analysis of managing risks of any kind in the field of personal data protection. The company also has one authorised representative for personal data protection appointed by the company's management board, who has responsibility for managing the entire field of personal data protection. The effectiveness of the personal data protection system is checked annually as part of the management review by the management board.

Compliance risks

Fraport Slovenija compliance guidelines are based on the compliance system of Fraport AG Group, internal Compliance management system guidelines, the Code of conduct and standards of behaviour for employees, and on Manual for the preventing conflicts of interest. The company has the authorised representative for business compliance, appointed by the company's management board, who is responsible for managing the business compliance system. We also have a Compliance Management Committee. In the event of an increased risk in the field of business compliance, also the parent unit from Fraport AG is included in the consideration of the situation. The effectiveness of the business compliance system is annually checked on the basis of the analysis of the effectiveness of risk management in this field, and is further discussed by the company's management board during the management review and by the company's owner at regular meetings of the Investor's Committee.

Human resources risks

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

IT risks

The company's method of managing information and information systems is regulated by its Master Security Policy, which sets out the fundamental starting points for data formation and processing, the method of use, protection and security of the information resources.

Occupational 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 hazards

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.

Complience

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 Slovenija 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 2021.

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 2021.

Fraport Slovenija also manages risks in the area of personal data protection, HR risks, IT risks, risks to occupational health and safety, environmental risks, safety risks and security risks. Management of all of these risks is integrated into the comprehensive risk management system at the company.

4. *Sustainable development*

Although the Covid-19 pandemic undoubtedly caused a number of fateful developments, uncertainties and economic challenges, there is a need to also look on the positive side of these developments: climate change. Satellite photos clearly showed the decline in atmospheric emissions of the key pollutant from the burning of fossil fuels, carbon dioxide. Emissions were down 11% in Europe, and 8% globally. The largest factor in the decline, accounting for fully 40%, was the partial or total shutdown of the aviation industry.

Before the pandemic the aviation industry accounted for 12% of all CO_2 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. As might be expected, the aviation industry is well aware of its responsibilities in this connection. The associations representing aircraft manufacturers, airlines, airports and air traffic controls in Europe have therefore 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 CO_2 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 CO_2 emissions in 1990, on which European Green Deal targets are based, this however means a 36% increase of net CO_2 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 CO_2 emissions by 2050 and reduce reliance on economic measures.

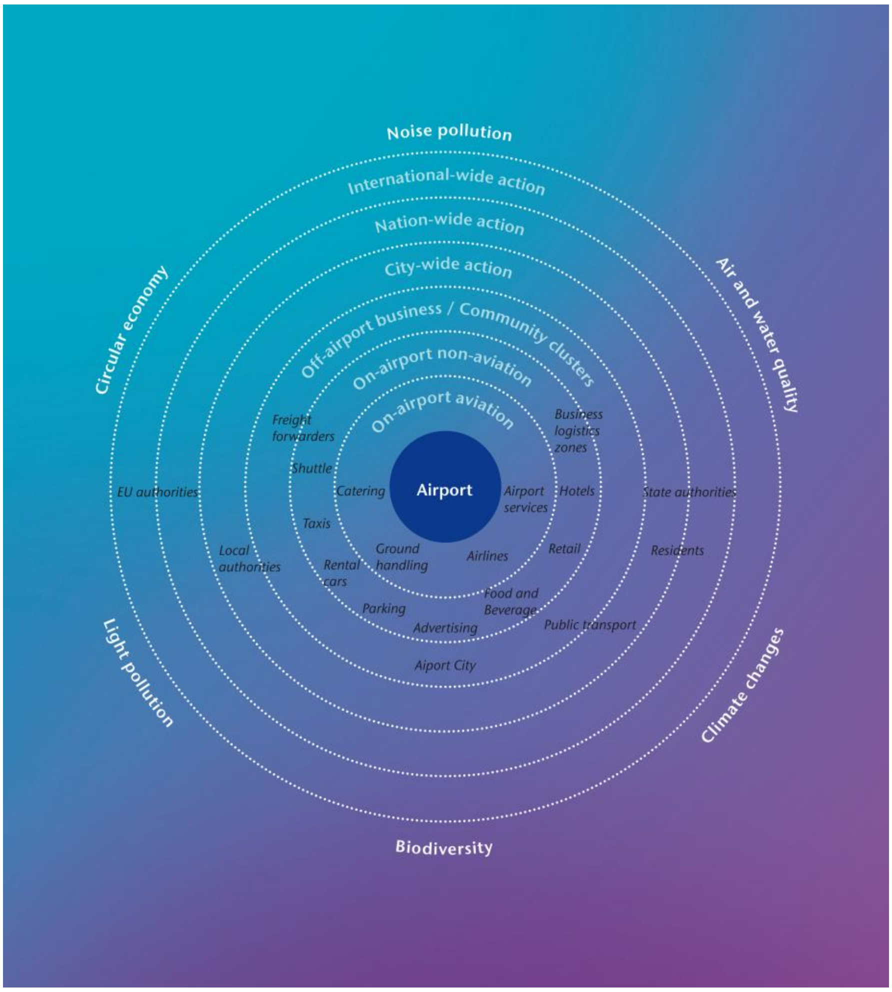
While recognising that our business has an adverse impact on the environment, we are aware of all environmental aspects that might have a significant impact, and at the same time we diligently manage other risk factors in connection with the environment. Our strategic target is to become carbon neutral by 2030 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.

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 water consumption, energy consumption, consumption of motor fuels and consumption of hazardous materials.

Significant environmental aspects

For us sustainable development entails more than just the company acting with social responsibility in line with laws, rules and regulations. As an employer and a key player in the Slovenian economy, we are aware of the responsibility that we have towards our staff, to society, to the environment, and to other stakeholders, and so we diligently monitor our sustainability impacts and build stakeholder relations wherever we can.

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. 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 Slovenija 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. As part of our energy strategy, we brought the central energy facility online in 2020, which will ensure the efficient supply of thermal and cooling energy to the entire airport from a single location. The new passenger terminal has also been connected to it. In partnership with Resalta d.o.o., the company installed a solar power plant on the roof of the parking garage in 2021. This took another step to reducing carbon emissions through renewables: it will reduce annual CO_2 emissions by approximately 200 tonnes.

In yet another partnership, this time with CarbonClick, since mid-2021 Ljubljana Airport has offered all 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. After its initial meeting, the group did not meet again in 2020 because of the outbreak of the pandemic and the sharp decline in air traffic. It convened again in 2021, and set out its ongoing plan of action.

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 60 kg of honey in 2021, 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

3 GOOD HEALTH AND WELL-BEING	Occupational health and safety Air quality Noise reduction
4 QUALITY EDUCATION	Attractive and responsible employer Value creation and cooperation in the region where we operate Fraport Aviation Academy
5 GENDER EQUALITY	Ensuring a work environment characterised by diversity, equal possibilities and respect Ensuring a balance between work and private life
6 CLEAN WATER AND SANITATION	Preserving the environment and protecting the nature (also water resources)
7 AFFORDABLE AND CLEAN ENERGY	Efficient use of energy Renewable energy sources Sustainable mobility
8 DECENT WORK AND ECONOMIC GROWTH	Economic efficiency Growth and development of Fraport Group Attractive and responsible employer Value creation and cooperation in the region where we operate
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Customer satisfaction and quality of services Growth and development of Fraport Group
11 SUSTAINABLE CITIES AND COMMUNITIES	Air quality Noise reduction Sponsorships and donations in the local and national environment
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Occupational health and safety Efficient use of energy Renewable energy sources Preserving the environment and protecting the nature
13 CLIMATE ACTION	Efficient use of energy Renewable energy sources Sustainable mobility
15 LIFE ON LAND	Preserving the environment and protecting the nature (particularly birds)
17 PARTNERSHIPS FOR THE GOALS	Fraport Slovenija 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.

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/en/sustainability/environment.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 2021 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.

Babett Stapel

Dr. Babett Stapel

Managing director

Zg. Brnik, 13. April 2022

2. Independent auditor's report

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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 2021, 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 2021;
- the income statement and statement of other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the cash flow statement 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.: SI35498161
The company is entered into the company register at Ljubljana District Court under Insert no. 12156800 per resolution Srg. 200110427 dated 19 July 2001 and into the register of audit companies at the Agency for Public Oversight of Auditing under no. RD-A-014/94. The registered share capital is EUR 34,802. The list of employed auditors with valid licenses is available at the company's registered office.

Translation note:

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

Reporting on other information including the Business Report

Management is responsible for the other information. The other information comprises the Business Report 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 the International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's 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.

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

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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 management 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

13 April 2022
Ljubljana, Slovenia

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3. Financial statements

3.1 Balance sheet

in euros

Balance sheet	Notes	31. 12. 2021	31. 12. 2020
ASSETS		**126.371.170**	**127.101.972**
Non-current assets (total)		**116.399.140**	**111.343.835**
Intangible assets	5.1.1	1.513.780	1.369.622
Property, plant and equipment	5.1.2	102.037.512	97.592.074
Right-of-use assets	5.1.3	9.206.628	9.375.126
Non-current loans given	5.1.4	620.423	0
Non-current operating receivables		59.873	59.873
Deferred tax assets	5.1.5	2.960.924	2.947.140
Current assets (total)		**9.972.030**	**15.758.137**
Current assets excluding prepayments and accrued income		**9.890.299**	**15.671.288**
Inventories		357.503	346.718
Current operating receivables	5.1.6	3.500.695	3.336.793
- of which receivables to affiliates		17.600	0
Cash and cash equivalents	5.1.7	6.032.101	11.987.777
- of which cash and cash equivalents to affiliates		5.450.000	11.300.000
Currrent prepayments and accrued income		**81.731**	**86.849**
EQUITY AND LIABILITIES		**126.371.170**	**127.101.972**
Equity	5.1.8	**108.430.784**	**107.380.846**
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		-183.197	-305.120
Retained earnings		24.549.822	23.621.807
Liabilities (total)		**17.940.386**	**19.721.126**
Non-current liabilities (total)		**11.173.514**	**11.937.148**
Provisions and non-current accruals and deferred income	5.1.9	**1.699.405**	**2.224.229**
Provisions for jubilee benefits and termination benefits		1.397.769	1.515.711
Non-current accruals and deferred income		301.636	708.518
Non-current liabilities		**9.474.109**	**9.712.919**
Non-current operating liabilities	5.1.10	650.884	635.550
Non-current lease liabilities	5.1.11	8.823.225	9.077.369
Current liabilities (total)		**6.766.872**	**7.783.978**
Current liabilities		**5.216.514**	**6.960.494**
Current financial liabilities		0	1.063
- of which liabilities to affiliates		0	1.063
Current operating liabilities	5.1.12	4.624.096	6.370.418
- of which liabilities for income tax expense		11.902	77.771
- of which liabilities to affiliates		145.416	172.370
Current lease liabilities	5.1.13	592.418	589.013
Current accruals and deferred income	5.1.14	**1.550.358**	**823.484**

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.–12.2021	1.–12.2020
Operating revenues	**5.2.1**	**28.844.546**	**18.061.616**
Net sales revenue		21.686.146	16.758.332
Capitalised own services		282.920	249.602
Other operating revenues		6.875.479	1.053.682
Operating expenses	**5.2.2**	**-27.499.363**	**-25.711.753**
Costs of materials and services		**-7.861.068**	**-6.635.638**
Costs of materials		-1.552.044	-1.134.718
Costs of services		-6.309.023	-5.500.920
Labour costs		**-12.576.780**	**-12.801.867**
Depreciation/amortisation		**-6.351.623**	**-5.535.715**
Other operating expenses		**-709.893**	**-738.533**
Operating profit (EBIT)		**1.345.183**	**-7.650.137**
Net finance income/expenses		**-415.708**	**-395.274**
Finance income		**1.454**	**2.515**
Finance expenses	**5.2.3**	**-417.162**	**-397.789**
Pre-tax profit		**929.474**	**-8.045.411**
Income tax expense	5.2.4	-11.902	0
Deferred tax	5.2.4	13.783	1.737.827
Net profit/loss for the period		**931.355**	**-6.307.584**

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.–12.2021	1.–12.2020
Net profit for the period		**931.355**	**-6.307.584**
Items that subsequently will not be reclassified to profit or loss		**121.923**	**3.905**
Unrealised actuarial profit/loss from post-employment benefits		118.583	-14.788
Realised actuarial loss (after payment of post-employment benefits)		3.340	18.693
Total other comprehensive income for the period		**121.923**	**3.905**
Total comprehensive income for the period		**1.053.278**	**-6.303.679**

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	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit corrected for deferred tax		**917.572**	**-8.045.412**
Adjustment for:		**8.113.852**	**5.070.989**
- income tax expense recognised in the income statement		11.902	0
- amortisation/depreciation of intangible assets and property, plant and equipment		6.351.623	5.535.716
- gain/loss on disposal/elimination of intangible assets and property, plant and equipment		43.306	-36.451
- impairment of receivables		90.595	243.821
- creation/reversal of provisions		-164.318	-100.733
- other non-cash transactions		1.072.510	-569.322
- finance income		-46	-50
- finance expenses		390.912	393.147
- income tax expense paid		317.368	-395.139
Cash flow from operating activities, excluding working capital		**9.031.424**	**-2.974.423**
Change in operating receivables		-888.307	1.511.719
Change in prepayments and accrued income		5.819	-64.253
Change in inventories		-10.785	-6.136
Change in operating liabilities		-1.583.391	1.759.642
Change in accruals and deferred income		-592.840	-45.407
Net cash flow from operating activities		**5.961.920**	**181.142**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from investing activities		**49.656**	**269.127**
Proceeds from disposal of property, plant and equipment		49.656	269.127
Finance expenses for investing		**-11.967.247**	**-15.892.278**
Payments for intangible assets and property, plant and equipment		-10.715.142	-15.260.468
Payments for decrease of lease liabilities		-631.682	-631.810
Payments for non-current loans given		-620.423	0
Net cash flow from investing activities		**-11.917.591**	**-15.623.151**
Net increase in cash and cash equivalents		**-5.955.671**	**-15.442.009**
Opening balance of cash and cash equivalents		11.987.777	27.429.807
Effect of foreign exchange differences on cash and cash equivalents		-5	-21
Cash and cash equivalents at the end of the period		**6.032.101**	**11.987.777**

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. 2020	**15.842.626**	**24.287.659**	**4.013.029**	**12.039.085**	**27.881.760**	**-309.025**	**21.214.689**	**8.733.395**	**113.703.218**
Net profit from the previous year	0	0	0	0	0	0	8.733.395	-8.733.395	0
Net profit for the period	0	0	0	0	0	0	0	-6.307.584	-6.307.584
Other comprehensive income for the period	0	0	0	0	0	3.905	0	0	3.905
Draw-down of actuarial deficit	0	0	0	0	0	0	-18.693	0	-18.693
31. 12. 2020	**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**
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**

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

4. Signifcant 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 13 April 2022.

4.2 Basis for compiling financial stetements

Statement of compliance

The financial statements for 2021 and 2020 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, with the exception of investments in participating interests and bonds, which are measured at fair value.

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 5.1.8 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 5.1.5 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 5.1.4 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	2021	2020
ASSETS			
Non-current loans given	Financial asset	620.423	0
Non-current operating receivables	Non-financial asset	59.873	59.873
Current operating receivables		3.500.695	3.336.793
- Current trade receivables	Financial asset	2.935.098	1.825.396
- Other operating receivables	Financial asset	191.041	1.511.397
- Other operating receivables	Non-financial asset	374.556	0
Cash and cash equivalents	Financial asset	6.032.101	11.987.777
Currrent prepayments and accrued income		81.731	86.849
- Currrent prepayments and accrued income	Non-financial asset	72.880	86.849
- Currrent prepayments and accrued income	Financial asset	8.851	0
EQUITY AND LIABILITIES			
Non-current operating liabilities		-650.884	635.550
- Non-current operating liabilities	Financial liability	-305.280	289.946
- Non-current operating liabilities	Non-financial liability	-345.604	345.604
Non-current lease liabilities	Financial liability	-8.823.225	9.077.369
Current operating liabilities		-4.624.096	6.370.418
- Current trade payables	Financial liability	-2.594.783	4.853.265
- Other current liabilities	Financial liability	-1.953.165	1.517.154
- Other current liabilities	Non-financial liability	-76.149	635.551
Current lease liabilities	Financial liability	-592.418	589.013
Current accruals and deferred income		-1.550.358	823.484
- Current accruals and deferred income	Financial liability	-1.512.037	423.938
- Current accruals and deferred income	Non-financial liability	-38.322	399.546

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, whereby non-current operating receivables are measured at the discounted value, and current operating receivables are measured gross (without discounting).

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. Receivables from the domestic airline were treated in this context as an individual group of receivables; allowances had been created for them in full as at the reporting date. The bankruptcy of the domestic airline had no impact on the need to create additional allowances for future expected losses, as this was a one-off business event. In light of the above, and the current age breakdown of trade receivables, which despite the Covid-19 epidemic did not worsen, and given that the impairments created between 2013 and 2021 (with the exception of receivables from the domestic airline) are immaterial, the company is not creating impairments for future expected credit losses.

b) Cash

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

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 equipment inspections and similar) are recognised in the income statement as they arise.

Depreciation

Deprecation 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:	2021
Manoeuvring areas (runway, taxiway, aprons)	20–40 years
Other infrastructure	10–60 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 2021 were down EUR 87,457 on 2020.

As a result of a business decision to change the purpose of use of one of the commercial buildings, and the related demolition works at the facility, the depreciation of infrastructure in 2021 was up EUR 390,130 on 2020.

The overall effect of the two changes described was that amortisation/depreciation costs were EUR 302,673 higher in 2021 than in 2020.

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 lifes 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 December 2021 for the company as a cash-generating unit, primarily in light of the planned earnings and cashflows. The current situation regarding Covid-19 is judged to be managable, and having regard for the planned earnings and cashflows which are updated quartely or monthly, it concludes that for now there is no need for any impairments of assets in connection with the company as whole. In the coming years, we expect a post-covid recovery and thus a positive cash flow, which in the period until 2025 will be sufficient 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 amended 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. With the standard effective as of 1 January 2019, the classification of leases into finance leases and operating leases has been abolished, as has disclosure in the manner set out in IAS 17.

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	2021
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:	2021
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 Accrued and deferred items

Non-current accrued and deferred items

Acrruals 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 strictly as other operating revenues over the useful life of the asset in question.

Current accrued and deferred items

The company discloses short-term accrued income and short-term deferred expenses under current prepayments and accrued income.

The company discloses short-term deferred income, current liabilities from unrealised contractual commitments, short-term accrued costs and provisions created for periods of less than one year under current accruals and deferred income.

4.3.13 Operating revenues

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

a) Revenues from services provided

Pretežni del prihodkov od letaliških storitev in storitev zemeljske oskrbe izhaja iz opravljenih storitev na 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.

Contracts with major tenants providing retail and catering services at the airport set out a variable rent with regard to the turnover realised by the tenant, subject to an annual minimum rent; a minimum annual rental is contractually stipulated for catering providers. Any shortfall in the variable rent relative to the minimum rent is charged to the tenant at the end of the calendar year.

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

Accounting standards and interpretations to existing standards, effective from and including 1.1.2021:

Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020).

The amendments provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments due on or before 30 June 2021; and there is no substantive change to other terms and conditions of the lease.

If the lessee chooses to approach a practical lease solution, this would mean that the practical solution in question is consistently applied to all leases with similar characteristics and similar circumstances. The amendment should be applied retrospectively in accordance with IAS 8, but tenants are not required to correct historical data / figures or make disclosures in accordance with paragraph 28 (f) of IAS 8.

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

Rental adjustments related to COVID-19 - Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021).

An amendment to IFRS 16 was issued in May 2020, providing an optional practical solution for the lessee to decide whether to adjust the rent in relation to COVID-19, which resulted in a reduction in rent payments and would originally fall due on 30 June 2021, or before that, it represents a change in lease. The amendment issued on 31 March 2021 extended the date of the practical solution from 30 June 2021 to 30 June 2022.

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

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2022 or later, and which the company has not early adopted.

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16 and IAS 37 and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 9, IFRS 16 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE 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 will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not 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 fulfil 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.

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.

New accounting standards and interpretations already adopted but not yet endorsed by the EU:

Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).

These narrow scope 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. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. 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.

Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).

The amendment to IAS 1 on classification of liabilities as current or non-current was issued in January 2020 with an original effective date 1 January 2022. However, in response to the Covid-19 pandemic, the effective date was deferred by one year to provide companies with more time to implement classification changes resulting from the amended guidance.

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

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

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.

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

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

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

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

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

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.

In the company's view, the amendments will have no material impact on 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	Intangible assets in acquisition	Total
HISTORICAL COST				
31.12.2020	3.091.670	156.936	0	3.248.606
Capitalisations	532.624	0	0	532.624
Eliminations	-280.487	0	0	-280.487
31.12.2021	3.343.807	156.936	0	3.500.743
IMPAIRMENT				
31.12.2020	1.826.978	52.006	0	1.878.984
Amortisation	370.857	10.909	0	381.766
Eliminations	-273.787	0	0	-273.787
31.12.2021	1.924.048	62.915	0	1.986.963
CARRYING AMOUNT				
31.12.2020	1.264.692	104.930	0	1.369.622
31.12.2021	1.419.759	94.021	0	1.513.780

HISTORICAL COST				
31.12.2019	2.820.186	156.936	350.543	3.327.665
Transfer from/to intangible assets	5.975	0	-350.543	-344.568
Capitalisations	417.251	0	0	417.251
Eliminations	-151.742	0	0	-151.742
31.12.2020	3.091.670	156.936	0	3.248.606
IMPAIRMENT				
31.12.2019	1.611.917	41.097	0	1.653.014
Amortisation	367.751	10.909	0	378.660
Eliminations	-152.690	0	0	-152.690
31.12.2020	1.826.978	52.006	0	1.878.984
CARRYING AMOUNT				
31.12.2019	1.208.269	115.839	350.543	1.674.651
31.12.2020	1.264.692	104.930	0	1.369.622

Intangible assets amounted to EUR 1,513,780 as at 31 December 2021 (EUR 1,369,622 as at 31 December 2020) and are free of encumbrance.

The company had commitments in the amount of EUR 70,684 as at 31 December 2021 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	2021	2020
Land	16.569.496	16.128.358
Infrastructure	3.305.492	3.391.371
Investments in foreign non-current assets	62.536.346	47.847.207
Plant and equipment	17.497.424	13.405.678
Property, plant and equipment in acquisition	2.128.754	16.819.460
Total	102.037.512	97.592.074

in euros

	Land	Infrastructure and investments in foreign non-current assets	Plant and equipment	Property, plant and equipment in acquisition	Total
HISTORICAL COST					
31.12.2020	16.128.358	123.233.760	53.992.797	16.902.596	210.257.511
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
HISTORICAL COST					
31.12.2019	16.063.501	119.331.124	53.957.853	7.450.531	196.803.009
Transfer from intangible assets in acquisition	0	0	0	350.543	350.543
Transfer between categories	0	156.830	-162.805	0	-5.975
Acquisitions	0	0	0	15.229.353	15.229.353
Capitalisations	198.675	3.821.129	1.690.776	-5.710.580	0
Capitalisations of intangible assets	0	0	0	-417.251	-417.251
Eliminations	-133.818	-75.323	-1.493.027	0	-1.702.168
31.12.2020	16.128.358	123.233.760	53.992.797	16.902.596	210.257.511
IMPAIRMENT					
31.12.2019	0	69.191.065	40.140.837	29.265	109.361.167
Depreciation	0	2.875.636	1.896.873	0	4.772.509
Impairments	0	0	0	53.871	53.871
Eliminations	0	-71.519	-1.450.591	0	-1.522.110
31.12.2020	0	71.995.182	40.587.119	83.136	112.665.437
CARRYING AMOUNT					
31.12.2019	16.063.501	50.140.059	13.817.016	7.421.266	87.441.842
31.12.2020	16.128.358	51.238.578	13.405.678	16.819.460	97.592.074

The property, plant and equipment disclosed as at 31 December 2021 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 427,808 as at 31 December 2021 on the basis of contracts to procure property, plant and equipment that were signed but as yet unrealised.

Land

As at 31 December 2021 the company owned 35,31 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 December 2021, the company discloses in its business books infrastructure in the amount of EUR 3,305,492 and investments in foreign non-current assets in the amount of EUR 62,536,346. 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 December 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 17,923,895 in 2021. The majority of the sum in the amount of EUR 17,515,457 relates to the activation of the new passenger terminal and its integration into the passenger section of the airport complex:

in euros

	2021
Activation of new passenger terminal building	15.335.193
Arrangement of access (roads, bus station, P1 parking in front of terminal)	932.614
Upgrade of main apron in front of terminal	711.782
Landscaping for new passenger terminal	207.180
Upgrade of heating/cooling network	173.355
Upgrade of power facility	141.413
Other	13.920
Total	17.515.457

The elimination of infrastructure in the amount of EUR 624,403 and the allowance in the same amount relates to demolition works carried out on a commercial building where there was a change in the purpose of use in 2021 under a decision by the senior management.

Plant and equipment

Plant and equipment in the total amount of EUR 6,359,318 was activated in 2021, the majority of which related to the activation of equipment at the new passenger terminal in the total amount of EUR 5,936,621:

in euros

	2021
Baggage handling system	2.118.172
Hold baggage screening	1.511.404
Building ventilation devices	373.579
Interior equipment	319.347
IT equipment	294.813
Security system	208.441
Elevators and escalators	192.357
Advertising equipment	155.102
Other equipment	763.406
Total	5.936.621

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
Two baggage carousels	854.781	-854.781	0
Parking system with ticket machines	191.199	-191.199	0
Mercedes fire-fighting vehicle	71.602	-71.602	0
Self-propelled passenger stairs	55.027	-55.027	0
Water vehicle	46.684	-46.684	0

Property, plant and equipment in acquisition

Among property, plant and equipment in acquisition, the purchase value of which as at 31 December 2021 amounted to EUR 2,128,754, there were EUR 963,119 of investments in foreign fixed assets.

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 2021 were down EUR 87,457 on 2020.

As a result of a business decision to change the purpose of use of one of the commercial buildings, and the related demolition works at the facility, the depreciation of infrastructure in 2021 was up EUR 390,130 on 2020.

The overall effect of the two changes described was that amortisation/depreciation costs were EUR 302,673 higher in 2021 than in 2020.

Direct costs of employee earnings included in historical cost of infrastructure

The company included EUR 282,920 of direct costs of employee earnings in the historical cost of acquired infrastructure in 2021; 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.

The majority of the sum (EUR 236,555) 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 2021
Operating lease	Land together whith facility, for which the company holds right of use*	indefinite	308.540
Operating lease	Warehousing and logistics facility owned by the company	9 years 4 months	354.551
Operating lease	Aircraft maintenance hangar	1 year 11 months	428.425
Operating lease	Aircraft hangar	6 months	68.747
Operating lease	Land	23 years **	40.880
Total			1.201.143

* 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 whith facility, for which the company holds right of use*	308.540	523.251	0	831.791
Warehousing and logistics facility owned by the company	354.551	1.418.203	1.534.768	3.307.522
Aircraft maintenance hangar	428.425	376.780	0	805.205
Aircraft hangar	34.373	0	0	34.373
Land	40.880	163.520	303.071	507.471
Total	1.166.770	2.481.753	1.837.839	5.486.362

* 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	-274.624	977.950
Warehousing and logistics facility owned	1.856.764	-417.452	1.439.312
Aircraft maintenance hangar	4.190.718	-1.509.417	2.681.301
Aircraft hangar	564.582	-290.601	273.981
Land	400.684	0	400.684
Total	8.265.322	-2.492.094	5.773.228

5.1.3 Right-of-use assets

in euros

Right-of-use assets	Total
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
HISTORICAL COST	
31.12.2019	10.146.246
Eliminations	-2.013
31.12.2020	10.144.233
IMPAIRMENT	
31.12.2019	384.675
Depreciation	384.547
Eliminations	-115
31.12.2020	769.107
CARRYING AMOUNT	
31.12.2019	9.761.571
31.12.2020	9.375.126

Carrying amount of right-of-use assets

in euros

	31. 12. 2021	31. 12. 2020
Warehousing and logistics facility	1.715.457	1.872.598
Land (superficies granted by Republic of Slovenia)	7.491.171	7.502.528
Total	9.206.628	9.375.126

Interest expenses disclosed in the income statement for 2021, and total cash outflow in 2021

in euros

	Warehousing and logistics facility	Land (superficies granted by Republic of Slovenia	Total
Interest expenses disclosed in 2021 income statement	42.669	339.969	382.638
Cash outflows in 2021	183.292	878.062	1.061.354

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 Slovenija d.o.o. held superficies as at 31 December 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 2021 is paid in annual instalments, of a fixed amount. The company accordingly disclosed EUR 7,192,400 of non-current operating liabilities and EUR 448,518 of current operating liabilities as at 31 December 2021 (see notes 5.1.11 and 5.1.13).

On the basis of two annexes concluded in 2021, the company acquired superficies on 5.8 hectares of land owned by the state. The newly acquired superficies relates to land on which the construction of airport and commercial infrastructure is envisaged under the long-term plans. In contrast to the basic contract and annexes concluded by 1 January 2021 (which envisaged the payment of the fee in instalments), the fee for the superficies acquired in 2021 was stipulated as a one-off payment and was paid in 2021; the company therefore disclosed no operating liabilities from superficies acquired in 2021 as at 31 December 2021.

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. At this moment, the company cannot calculate the amount of the mentioned compensation due to uncertainties related to the time distance of the termination of the general agreement on superficies.

The increase in the market value of the real estate subject to the superficies as at 31 December 2053 (ie the date of termination of the general agreement on superficies) due to uncertainties related to the time distance of this date cannot be reliably estimated.

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 m^2 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 1,630,825 of non-current operating liabilities and EUR 143,890 of current operating liabilities as at 31 December 2021 (see notes 5.1.11 and 5.1.13).

The warehousing and logistics facility was sub-let until 2032. The contract envisages the possibility of termination by the tenant by mutual consent with the lessor. The annual rent amounts to EUR 308,540, with this rent referring to both the facility and the land on which the facility stands.

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.

5.1.5 Deferred tax assets

in euros

Deferred tax assets, from:	2021	2020
Realised tax losses	1.351.138	1.351.138
Impairment of current operating receivables	588.995	831.559
Unexploited investment allowance	557.796	301.167
Amortisation and depreciation charged in excess of the tax-deductible amount recognised under the ZDDPO	266.729	257.633
Provisions for jubilee benefits and termination benefits	150.502	160.355
Impairment of financial assets	45.288	45.288
Unutilised grant allowances	475	0
Total	2.960.924	2.947.140

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
Impairment of current operating receivables	831.559	17.214	-256.500	-3.278	588.995
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	266.729
Provisions for jubilee benefits and termination benefits	160.355	5.372	-3.750	-11.475	150.502
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

in euros

Changes in deferred tax assets in 2020, from:	Balance as at 1.1.2020	Formation	Utilisation	Withdrawal	Balance as at 31.12.2020
Realised tax losses	0	1.351.138	0	0	1.351.138
Impairment of current operating receivables	792.585	46.308	-7.335	0	831.559
Unexploited investment allowance	0	301.167	0	0	301.167
Amortisation and depreciation charged in excess of the tax-deductible amount recognised under the ZDDPO	199.637	57.995	0	0	257.633
Provisions for jubilee benefits and termination benefits	171.802	1.405	-9.563	-3.289	160.355
Impairment of financial assets	45.288	0	0	0	45.288
Total	1.209.313	1.758.013	-16.898	-3.289	2.947.140

5.1.6 Current operating receivables

in euros

Current operating receivables	2021	2020
Current trade receivables	2.935.098	1.825.396
Current receivables for advances given	374.556	10.576
Current receivables to government	190.410	1.493.854
Other current receivables	631	6.967
Total	3.500.695	3.336.793

in euros

Current operating receivables 2021	Gross value	Impairment	Net value
Current trade receivables	6.089.897	-3.154.799	2.935.098
Current receivables for advances given	374.556	0	374.556
Current receivables to government	190.410	0	190.410
Other current receivables	1.286	-655	631
Total	6.656.149	-3.155.454	3.500.695

in euros

Trade receivables	2021	2020
Trade receivables from domestic customers	1.073.367	998.996
Trade receivables from customers in the rest of the world	1.861.731	826.400
Total	2.935.098	1.825.396

The increase in receivables as at 31 December 2021 compared with a year earlier largely comes from an increase in trade receivables in the rest of the world, and is a reflection of the gradual recovery in traffic following the decline caused by the Covid-19 pandemic.

Among trade receivables in the total amount of EUR 2,935,098, which are disclosed as at 31 December 2021, EUR 1,161,211 of receivables are insured.

in euros

Trade receivables 2021	Gross value	Impairment	Net value
Trade receivables from domestic customers	3.887.461	-2.814.094	1.073.367
Trade receivables from customers in the rest of the world	2.202.436	-340.705	1.861.731
Total	6.089.897	-3.154.799	2.935.098

in euros

Age structure of current trade receivables 2021	Not due	Up to 30 days overdue	30 days to 180 days overdue	Over 180 days overdue	Total
- Net value	2.760.463	151.887	22.306	441	2.935.098
- Gross value	2.765.783	157.035	44.046	3.123.033	6.089.897

in euros

Changes in impairment of receivables	2021	2020
Balance as at 1 January	4.431.456	4.226.328
Increase: newly created allowances	90.595	243.822
Decrease: write-off of receivables	-1.350.000	-32.670
Decrease: payments received	-17.252	-6.024
Balance as at 31 December	3.154.799	4.431.456

88% of all impairments created for receivables (EUR 2,782,282) are related to the domestic airline in bankruptcy as at 31 December 2021.

The company wrote off receivables from the domestic airline in the amount of EUR 1,350,000 in 2021, charging the sum against allowances for receivables. This write-off was related to compensation from receivables insurance, which the company received in 2020.

in euros

Current receivables to government	2021	2020
Receivables for VAT	168.115	74.031
Receivables for partial refund of labour costs (Covid-19)	2.663	180.003
Receivables for government aid for the partial refund of uncovered fixed costs (Covid-19)	0	815.771
Receivables for corporate income tax prepayments	0	395.139
Other receivables to government	19.632	28.910
Total	190.410	1.493.854

5.1.7 Cash and cash equivalents

in euros

Cash and cash equivalents	2021	2020
Short-term deposit at parent undertaking	5.450.000	11.300.000
Cash in bank balances	564.056	659.143
Cash on hand	18.045	28.634
Total	6.032.101	11.987.777

5.1.8 Equity

Equity amounted to EUR 108,430,784 as at 31 December 2021, up 1.0% or EUR 1,049,938 on 31 December 2020. It accounted for 85.8% of total equity and liabilities (compared with 84.5% as at 31 December 2020). The company did not hold any share in treasury or any authorised capital as at 31 December 2021, and the owner did not pass any resolution to increase the nominal capital. The changes in equity in 2021 and 2020 are disclosed in the statement of changes in equity (point 3.4 of the Financial Report).

The nominal capital was unchanged from 31 December 2020 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	2021	2020
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	2021	2020
Unrealised actuarial loss from post-employment benefits	-183.197	-305.120
Total	-183.197	-305.120

Retained earnings

Retained earnings in the amount of EUR 24,549,822 comprise the residual distributable profit for 2020 in the amount of EUR 23,621,807 and net profit from 2021 in the amount of EUR 931,355.

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	2021	2020
Net profit for the period	931.355	0
+ retained earnings	23.618.467	23.621.807
= distributable profit	**24.549.822**	**23.621.807**
= remaining distributable profit		23.621.807

5.1.9 Provisions and non-current accruals and deferred income

in euros

Provisions and non-current accruals and deferred income	2021	2020
Non-current provisions	1.447.769	1.515.711
Non-current accruals and deferred income	251.636	708.518
Total	1.699.405	2.224.229

Provisions

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
Other non-current provisions	0	50.000	0	0	50.000
Total	1.515.711	106.545	31.258	143.229	1.447.769

in euros

Changes in 2020	Balance as at 1.1.2020	Utilisation	Withdrawal	Actuarial loss	Transfer to current provisions	Balance as at 31.12.2020
Provisions for jubilee benefits	438.892	25.965	11.562	0	0	401.366
Provisions for termination benefits	1.157.628	44.372	13.699	14.788	0	1.114.345
Other non-current provisions	253.636	0	0	0	253.636	0
Total	1.850.156	70.337	25.261	14.788	253.636	1.515.711

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% in 2022 and in subsequent years (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 0.9%, 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 2020	1.114.345	401.366	1.515.711
Current service cost	51.965	24.300	76.265
Interest cost	4.580	1.676	6.256
Benefits payments	-12.189	-19.069	-31.258
Change in financial assumptions (actuarial loss)	-72.793	-18.932	-91.725
Experience (actuarial gain)	-45.790	-31.690	-77.480
Balance of provisions as at 31 December 2021	1.040.118	357.651	1.397.769

in euros

Sensitivity analysis to important actuarial assumptions	Termination benefits	Jubilee benefits	Total
Baseline scenario	1.040.118	357.651	1.397.769
Discount rate: -0.5 percentage points	1.108.156	374.483	1.482.639
Discount rate: +0.5 percentage points	978.068	342.045	1.320.113
Salary growth: -0.5 percentage points	978.576	342.208	1.320.784
Salary growth: +0.5 percentage points	1.106.856	374.126	1.480.982

Non-current accruals and deferred income

in euros

Changes in 2021	Balance as at 1.1.2021	Utilisation	Transfer to current / non-current	Balance as at 31.12.2021
Accruals for fee for use of building land and other provisions	365.753	0	-365.753	0
Deferred income from co-financing of intangible assets and property, plant and equipment	342.765	91.129	0	251.636
Total	708.518	91.129	-365.753	251.636

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

in euros

Changes in 2020	Balance as at 1.1.2020	Utilisation	Formation	Balance as at 31.12.2020
Accruals for fee for use of building land	0	0	365.753	365.753
Deferred income from co-financing of intangible assets and property, plant and equipment*	393.856	51.091	0	342.765
Total	393.856	51.091	365.753	708.518

*the utilisation in 2020 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	2021	2020
Liabilities for municipal charge for North Car Park	345.604	345.604
Liabilities for superficies for aircraft maintenance hangar	70.019	59.694
Liabilities for wages and salaries (social security contributions and personal income tax)*	17.647	199.653
Trade payables for non-current security deposits	217.615	30.599
Total	650.884	635.550

* 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)	2021	2020
Liabilities to Republic of Slovenia for superficies	7.192.400	7.302.644
Lliabilities under lease agreement for warehousing and logistics facility	1.630.825	1.774.725
Total	8.823.225	9.077.369

5.1.12 Current operating liabilities

in euros

Current operating liabilities	2021	2020
Current trade payables	2.594.783	4.853.265
Current liabilities to employees	1.787.233	1.295.627
Current liabilities for security deposits	134.789	107.843
Current liabilities for received advances and overpayments	76.149	17.807
Current liabilities for income tax expense	11.902	77.771
Other current liabilities	19.240	18.105
Total	4.624.096	6.370.418

5.1.13 Current lease liabilities

in euros

Current lease liabilities (Note 5.1.3)	2021	2020
Liabilities to Republic of Slovenia for superficies	448.518	448.390
Lliabilities under lease agreement for warehousing and logistics facility	143.900	140.623
Total	592.418	589.013

5.1.14 Current accruals and deferred income

in euros

Current accruals and deferred income	2021	2020
Liabilities from unrealised contractual obligation*	563.931	372.143
Current deferred income	38.322	27.403
Current accruals	935.833	169.752
Current provisions	12.000	253.636
Other current accruals and deferred income	272	550
Total	1.550.358	823.484

* Under the incentives scheme, explained in detail in note 4.3.13 a

The current provisions in the amount of EUR 253,636 disclosed as at 31 December 2020 on the basis of a lawsuit filed against the company in which the plaintiff was demanding higher leave allowance payments for 2019 were reversed in full in 2021 on the basis of a judgment in the company's favour. The company reduced its labour costs disclosed in 2021 by the amount of the reversed provisions (see note 5.2.2).

Current accruals largely relate (EUR 764,092) to accrued costs of the fee for the use of building land for 2020 and 2021; 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	2021	2020
Receivables from default interest	138.704	139.913
Received quarantees	5.024.074	5.313.694
Total off-balance-sheet assets	5.162.778	5.453.607
Collateral granted	5.166.377	166.377
Total off-balance-sheet liabilities	5.166.377	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 2024 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	2021	2020
Net sales revenue, from:	21.686.146	16.758.332
- Revenues from domestic sales of services	9.206.939	7.659.379
- Revenues from sales of services to the rest of the world	12.435.740	9.097.425
- Revenues from sales of materials	43.467	1.528
Revenues from capitalised own services	282.920	249.602
Other operating revenues	6.875.480	1.053.682
- Revenues from state aid in connection with Covid-19 pandemic	6.631.543	815.771
- Revenues from compensation	83.023	9.687
- Other operating revenues	160.914	228.224
Total	28.844.546	18.061.616

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 2021 compared with 2020 was attributable partly to the gradual recovery in traffic after the decline caused by the Covid-19 pandemic, and partly to state aid received to alleviate the impact of the pandemic.

Net sales revenues

Airport services and ground handling services accounted for 71.3% of sales revenue, rental income for 15.3%, and commercial services for 13.1% (the largest components of which were parking fees, which accounted for 4.5% of sales revenues, and other commercial services, which accounted for 3.8%).

in euros

Net sales revenue under contracts with customers	Airport services and ground handling services	Commercial services	Total
Receivables as at 1 Jan 2021	1.288.464	536.971	1.825.435
Liabilities from unrealised contractual obligations as at 1 Jan 2021	372.143	0	372.143
Revenues from contractual obligations charged in 2020 and realised in 2021	0	25.179	25.179
Revenues from contractual obligations charged and realised in 2021	15.469.803	6.216.343	21.686.146
Revenues from contractual obligations charged in 2021 and to be realised in 2022	0	36.561	36.561
Liabilities from unrealised contractual obligations as at 31 Dec 2021	565.692	0	565.692
Receivables as at 31 Dec 2021	2.116.639	818.459	2.935.098

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 2021 provided project management services for major investment projects and supervisory services on construction sites (see notes 4.3.4 and 5.1.2).

Revenues from government aid for the partial refund for uncovered fixed costs

On the basis of a decision by the European Commission of 2 January 2021 and a contract signed with Slovenia's infrastructure ministry on 12 April 2021, the company was awarded state aid for refunding part of the damage suffered due to the Covid-19 pandemic between 17 March and 30 June 2020. The state aid amounted to EUR 5,000,000, and was in the form of a grant.

Given the significant decline in its turnover, the company also received state aid in the amount of EUR 1,632,288 in the form of a partial refund of uncovered fixed costs for the first half of 2021 under the Act on Emergency Measures to Mitigate the Consequences of the Second Wave of the Covid-19 Epidemic.

5.2.2 Operating expenses

in euros

Operating expenses	2021	2020
Costs of materials	1.552.044	1.134.718
Cost of services	6.309.023	5.500.920
Labour costs	12.576.780	12.801.867
Depreciation and amortisation	6.351.623	5.535.715
Other operating expenses	709.893	738.533
Total	27.499.363	25.711.753

The company continued to take measures to control operating expenses in 2021. In line with the gradual recovery in traffic they were up 7.0% on 2020, primarily as a result of increases in costs of materials, costs of services and amortisation/depreciation costs.

Costs of materials were up 36.8% on 2020, partly as a result of increased consumption of materials caused by the increase in traffic, but the rise in energy prices was also a significant contributory factor. Costs of services were up 14.7%, primarily as a result of increased security services for ensuring that containment measures were fully implemented, and increased services in connection with the company's core business (including costs of covid testing conducted by a contractual partner). Certain other costs of services also increased as a direct result of the volume of traffic.

The increase in amortisation/depreciation costs largely relates to the opening of the new passenger terminal in July 2021.

Labour costs declined relative to 2020, primarily as a result of the decline in the headcount in 2020.

in euros

Costs of materials	2021	2020
Cleaning materials and non-durables	595.361	311.992
Electricity	529.084	460.064
Heating oil	244.957	190.300
Motor fuel	114.061	88.488
Materials for current maintenance	48.931	52.348
Other costs of materials	19.650	31.526
Total	1.552.044	1.134.718

in euros

Cost of services	2021	2020
Security costs	1.738.140	1.545.422
Services related to the performance of the company's basic activity	864.208	409.890
Intellectual services	800.906	725.554
Maintenance costs (excluding software)	787.862	828.412
Maintenance costs of software	532.842	518.483
Advertising costs	352.443	304.637
Insurance premiums	292.886	310.550
Healthcare services	213.660	219.169
Services of the Civil Aviation Agency	184.273	132.770
Utilities, water rates	174.836	154.369
Rents	130.602	111.498
Other services	236.365	240.166
Total	6.309.023	5.500.920

in euros

Labour costs	2021	2020
Wages	8.945.415	8.851.324
Annual leave payment, reimbursement of transport expenses, reimbursement of meal expenses and collective accident insurance	1.436.004	1.796.696
Social security costs	1.275.132	1.253.508
Supplementary pension insurance	674.621	609.508
Other labour costs	245.608	290.831
Total	12.576.780	12.801.867

Labour costs in 2021 have been disclosed after taking account of the state aid received in the amount of EUR 488,182 on the basis of measures to alleviate the impact of the Covid-19 pandemic (the company received EUR 1,689,897 of aid in 2020, as a result of which labour costs in 2021 were slightly higher than in 2020 despite the fall in the headcount).

Costs of leave allowance were reduced by EUR 253,636 in 2021 as a result of the reversal of current provisions disclosed as at 31 December 2020. The provisions had been created on the basis of a lawsuit filed against the company in which the plaintiff was demanding higher leave allowance payments for 2019. The judgment found in the company’s favour in 2021, which was the basis for the reversal of the provisions.

in euros

Depreciation and amortisation	2021	2020
Amortisation of intangible assets	381.767	372.684
Depreciation of property, plant and equipment	5.580.751	4.778.484
Amortisation/depreciation of right-of-use assets	389.105	384.547
Total	6.351.623	5.535.715

in euros

Other operating expenses	2021	2020
Compensation for the use of building right	398.624	366.020
Penalties and damage compensation	94.517	3.179
Impairments of receivables	90.594	243.821
Loss of elimination of fixed assets	85.125	27.274
Other expenses	41.033	98.238
Total	709.893	738.532

5.2.3 Finance expenses

in euros

Finance expenses	2021	2020
Interest expenses in connection with right-of-use assets (note 5.1.3)	382.638	389.150
Fee for undrawn portion of long-term loans*	22.813	1.063
Other finance expenses	11.711	7.576
Total	417.162	397.789

* See note 5.4 (liquidity risk)

5.2.4 Income tax expense and deferred tax

in euros

Income tax expense and deferred tax	2021	2020
Income tax expense levied	11.902	0
Deferred tax	-13.783	-1.737.828
Total	-1.881	-1.737.828

in euros

Effective income tax expense rate	2021	2020
Change in deferred tax assets from realised tax loss	0	1.351.138
Change in deferred tax assets from unrealised investment allowance	256.629	301.167
Change in deferred tax assets from amortisation and depreciation charged in excess of the tax-deductible amount recognised under the ZDDPO	9.097	57.995
Change in deferred tax assets from impairment of operating receivables	-242.565	38.974
Change in deferred tax assets from provisions for jubilee benefits and employee termination benefits	-9.853	-11.447
Change in deferred tax assets from impairment of financial assets	0	0
Change in deferred tax assets from unutilised grant allowances	475	0
Total	13.783	1.737.827

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	2021	2020
Correction of revision to operating receivables and operating liabilities for reason of offset of receivables and liabilities	238.632	390.414
Correction of operating receivables and operating revenues for government aid for the partial refund for uncovered fixed costs - Covid 19	0	815.771
Inflows from sale of property, plant and equipment	49.656	269.127
Correction of non-current accruals and deferred income and operating expenses for accruals for fee for superficies	-398.339	-365.753

5.4 Financial risks

Credit risk

in euros

Company's maximum exposure to credit risk	2021	2020
Non-current loans given	620.423	0
Non-current operating receivables	59.873	59.873
Current operating receivables	3.500.695	3.336.793
Cash and cash equivalents	6.032.101	11.987.777
Total	10.213.092	15.384.443

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

in euros

Structure of financial assets by maturity as at 31.12.2020	Up to three months	Three months to one year	One to five years	Total
Current operating receivables (Note 5.1.5)	2.936.458	400.335	0	3.336.793

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 6,032,101 of free cash (see note 5.1.6) as at 31 December 2021.

To secure additional liquidity the company signed two long-term loan agreements with an undertaking in the group in the total amount of EUR 15,000,000 in December 2020, 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.

The long-term loan in the amount of EUR 12,000,000 was envisaged for drawdown by 31 December 2021 under the contract, but the deadline was then extended to 31 December 2022 by an annex. On that day the loan principal will be restated as the amount of principal drawn down, and a new fixed interest rate will be set. Repayment is scheduled for 1 January 2023 to 31 December 2032 in equal quarterly annuities; the loan agreement also envisages the option of early repayment.

The loan of EUR 3,000,000 is intended for financing working capital. The timetable for the drawdown and repayment of the loan is not stipulated in advance. It has been agreed that the loan is to be repaid by 14 December 2022, with the automatic extension of the loan agreement by one year each year unless either of the contracting parties gives notice.

The loans are not backed by collateral.

Neither of the loans had been drawn down by 31 December 2021, and the company discloses no financial liabilities from loans.

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

in euros

Structure of liabilities by maturity as at 31.12.2020	Up to three months	Three months to one year	One to five years	Over five years	Total
Current financial liabilities	1.063	0	0	0	1.063
Current operating liabilities (Note 5.1.12)	5.642.087	728.331	0	0	6.370.418
Current lease liabilities (Note 5.1.13)	483.391	105.622	0	0	589.013
Non-current operating liabilities (Note 5.1.10)	0	0	574.931	60.619	635.550
Non-current lease liabilities (Note 5.1.11)			1.068.358	8.009.011	9.077.369
Provisions and non-current accruals and deferred income (Note 5.1.9)	0	51.093	855.102	1.318.034	2.224.229

Interest rate risk

The company's exposure to changes in market interest rates was immaterial as at 31 December 2021. It will increase slightly with the drawdown of the two long-term loans for which loan agreements were concluded in 2020 (see under liquidity risk), while the interest rate on the long-term loan of EUR 12 million will remain variable until 31 December 2022, but will be fixed as of 1 January 2023, while the interest rate on the loan of EUR 3 million with a maturity of two years is variable.

Given the company's projected performance in 2022 and 2023, and the projected drawdown and repayment timetable of the two loans, any rise in interest rates will not result in a significant increase in the interest rate risk to which the company is exposed.

The company does not hold any financial assets whose interest is tied to changes in interest rates.

Currency risk

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

Fair value

With the exeption 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 2021	Level 1	Level 2	Total
Non–current loans given	0	620.423	620.423
Non–current operating receivables	0	59.873	59.873
Current operating receivables	0	3.500.695	3.500.695
Cash and cash equivalents	6.032.101	0	6.032.101
Non-current operating liabilities	0	650.884	650.884
Non-current lease liabilities	0	8.823.225	8.823.225
Current operating liabilities	0	4.624.096	4.624.096
Current lease liabilities	0	592.418	592.418

in euros

Classification of financial instruments at fair value as at 31 December 2020	Level 1	Level 2	Total
Non–current operating receivables	0	59.873	59.873
Current operating receivables	0	3.336.793	3.336.793
Cash and cash equivalents	11.987.777	0	11.987.777
Non-current operating liabilities	0	635.550	635.550
Non-current lease liabilities	0	9.077.369	9.077.369
Current financial liabilities	0	1.063	1.063
Current operating liabilities	0	6.370.418	6.370.418
Current lease liabilities	0	589.013	589.013

5.5 Other explanatory notes

5.5.1 Significant events after the end of 2021

February 2022

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 would reduce the planned traffic by 8% if it lasts until the end of the year.

5.5.2 Relations with affiliates

The company's affiliates are all the companies in the Fraport Group. In 2021 certain transactions, shown in table below, were executed with controlling company Fraport AG, Germany and companies in Fraport AG group (Fraport Twin Star Airport Management AD, Bulgaria, Fraport Saudi Arabia Ltd, AirIT Services GmbH, Germany and Fraport Malta Business Services, Ltd., Malta).

in euros

	Fraport AG, Germany	Fraport Twin Star Airport Management AD, Bulgaria	Fraport Saudi Arabia Ltd.	AirIT Services GmbH, Nemčija	Fraport Malta Business Services, Ltd., Malta
Operating revenues in 2021	0	12.000	71.500	0	0
Operating expenses in 2021	702.845	8.879	0	5.529	0
Finance expenses in 2021	0	0	0	0	22.813
Short-term deposit, disclosed in cash and cash equivalents as at 31.12.2021	5.450.000	0	0	0	0
Receivables as at 31.12.2021	0	0	17.600	0	0
Liabilities as at 31.12.2021	145.416	0	0	0	0

5.5.3 Remuneration of management in 2021

The total remuneration of the managing director and the director of the Aviation Academy (who are the staff members employed on contracts to which the tariff schedule of the collective agreement does not apply), amounted to EUR 521,767 in 2021. This includes gross salaries (fixed and variable), reimbursement of food expenses, leave allowance, fringe benefits and termination benefits.

The company did not approve any loans or advances or provide any guarantees in 2021 for the senior management 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 December 2021, 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 2021 in the amount of EUR 29,580 relate to auditing services (EUR 22,080, of which EUR 6,500 was paid in 2022, while the remaining will be paid in 2021), and assurance services (EUR 7,500 paid in 2021).