KONTROLA
ZRAČNEGA
PROMETA
SLOVENIJE

ANNUAL REPORT 2022 – FINANCIAL REPORT

SLOVENIA CONTROL, Ltd

Reference Number: 040-2/2-2023

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The financial statements are presented in Euros (EUR) without cents, that is in the Company's functional currency.

2.1 STATEMENT OF FINANCIAL POSITION AS AT 31 December 2022

		ASSETS	Notes	31 December 2022	31 December 2021
		Non-current assets		**22,757,972**	**23,851,217**
I.		Intangible assets and other non-current assets	3.2.1.	1,657,410	2,016,179
	1	Non-current software, licences, trademarks and other rights		1,517,472	1,829,348
	2	Other non-current assets		139,938	186,831
II.		Property, plant and equipment	3.2.2.	20,605,553	21,534,330
	1	Land and buildings		14,460,231	15,314,988
	2	Other devices and equipment		5,036,230	5,880,944
	3	Property, plant and equipment to be acquired		1,109,092	338,398
III.		Investment property	3.2.2.	204,042	0
IV.		Non-current financial investments	3.2.3.	16,000	16,000
V.		Non-current operating receivables		0	0
VI.		Deferred tax assets	3.2.4.	274,967	284,708
		Current assets		**9,342,395**	**5,804,741**
I.		Inventories	3.2.5.	360,106	467,413
II.		Current financial investments		0	0
III.		Current operating receivables	3.2.6.	6,729,011	4,465,710
	1.	Current trade receivables due from customers		5,916,939	3,790,012
	2.	Current operating receivables due from others		181,675	157,844
	3.	Other current receivables and other assets		630,397	517,854
IV.		Cash and cash equivalents	3.2.7.	2,253,278	871,618
		TOTAL ASSETS		**32,100,367**	**29,655,958**

	EQUITY AND LIABILITIES	Notes	31 December 2022	31. December 2021
	Equity	3.2.8.	**8,276,083**	**4,940,951**
I.	Called-up equity		5,525,706	5,525,706
II.	Capital reserve		0	0
III.	Revenue reserve		1,336,579	552,571
1.	Statutory reserve		552,571	552,571
2.	Other revenue reserve		784,008	0
IV.	Fair value reserve		629,789	74,730
V.	Net profit (loss) for the period		784,009	-1,212,056
	Provisions	3.2.9.	**2,372,561**	**2,710,555**
1.	Provisions for retirement benefits and similar liabilities		2,372,561	2,710,555
	Non-current liabilities		**12,068,719**	**9,379,155**
I.	Non-current financial liabilities	3.2.10	12,068,719	9,379,155
II.	Non-current operating liabilities		0	0
III.	Deferred tax liabilities		0	0
	Current liabilities		**9,383,004**	**12,625,297**
I.	Current financial liabilities	3.2.11	1,938,246	8,193,654
II.	Current operating liabilities		7,444,758	4,431,643
1.	Current trade liabilities	3.2.12	2,073,844	1,426,639
2.	Other current operating liabilities	3.2.13	3,892,081	1,716,667
3.	Corporate income tax payable	3.2.13	265,934	0
4.	Other current payables	3.2.14	1,212,899	1,288,337
	Total liabilities		**21,451,723**	**22,004,452**
	TOTAL EQUITY AND LIABILITIES		**32,100,367**	**29,655,958**

The notes to the financial statements form an integral part of financial statements and should be read in conjunction with them.

2.2 INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2022

			Notes	2022	2021
A		**INCOME FROM CONTRACTS WITH CUSTOMERS**	3.2.15	**40,774,238**	**21,065,028**
1.		Income from contracts with customers in the Republic of Slovenia		1,102,322	873,482
2.		Income from contracts with customers in the EU		39,670,946	20,190,476
3.		Income from contracts with customers abroad		970	1,070
B		**OTHER OPERATING INCOME**	3.2.16	**600,952**	**3,159,677**
C		**OPERATING EXPENSES**		**38,193,147**	**31,289,610**
1.		Cost of materials and services	3.2.17	7,284,702	5,981,804
	(a)	Cost of goods sold		0	0
	b)	Cost of materials		793,887	370,614
	c)	Costs of services		6,490,815	5,611,190
2.		Labour costs	3.2.18	25,711,065	20,198,784
	(a)	Wages and salaries		19,838,015	15,783,538
	b)	Pension contribution expense		2,369,859	1,399,592
	c)	Social security contribution expense		2,390,553	1,895,287
	e)	Other labour cost		1,112,638	1,120,367
3.		Write-offs	3.2.19	3,520,220	3,540,760
	(a)	Depreciation and amortisation		3,316,500	3,490,625
	b)	Revaluation operating expenses relating to tangible and intangible fixed assets		274	3,742
	c)	Revaluation operating expenses relating to current assets		203,446	46,393
4.		Other operating expenses	3.2.20	1,677,160	1,644,258
5.		Impairment and reversal of impairment of financial assets (net amount)	3.2.19	0	-75,996
D		**FINANCE INCOME**	.	**6,330**	**3**
1.		Interest income		0	3
2.		Finance income relating to operating receivables due from others		6,330	0
E		**FINANCE COSTS**	3.2.21	**144,648**	**107,804**
1.		Finance costs relating to financial liabilities		119,894	99,151
2.		Finance costs relating to operating liabilities		24,754	8,653
F		**TOTAL PROFIT (LOSS)**		**3,043,725**	**-7,172,706**
G		**CORPORATE INCOME TAX EXPENSE**	3.2.22	**-275,674**	**67,927**
1.		Current income tax expense		-265,934	0
2.		Deferred tax expense		-9,740	67,927
H		**NET (LOSS) FOR THE PERIOD**		**2,768,051**	**-7,240,633**

The notes to the financial statements form an integral part of financial statements and should be read in conjunction with them.

2.3 STATEMENT OF OTHER COMPREHENSIVE INCOME FOR 2022

			2022	2021
A		**Net (loss) for the period**	**2,768,051**	**-7,240,633**
B		**Other comprehensive income**	**567,081**	**108,970**
B.1		Items to be recognized in Income Statement	0	0
B.2		Items not to be recognized in Income Statement	567,081	108,970
	B.2.1.	Restatement of post-employment benefits after tax	567,081	108,970
C		**Total comprehensive income for the reporting period**	**3,335,132**	**-7,131,663**

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2.4 STATEMENT OF DISTRIBUTABLE PROFIT FOR 2022

			2022	2021
A		Net profit for the period	2,768,051	-7,240,633
B		Retained earnings	0	1,764,789
C		Retained loss	1,200,034	0
D		Increase in revenue reserves	784,008	0
E		Decrease in statutory reserves	0	0
F		Decrease in other revenue reserves	0	4,263,788
G		DISTRIBUTABLE RESERVES	784,009	0
H		NET LOSS CARRIED FORWARD	0	-1,212,056

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2.5 CASH FLOW STATEMENT FOR 2022

		2022	2021
A	***Cash flows from operating activities***		
a)	**Income statement items**	**6,436,329**	**-3,574,280**
	Operating income (excluding revaluation) and finance income relating to trade receivables	41,375,190	24,224,705
	Operating expenses excluding depreciation, amortisation and revaluation and finance expenses relating to financial liabilities	-34,672,927	-27,798,985
	Income tax and other tax expense not included in operating expenses	-265,934	0
b)	**Changes in net current assets (including accrued expenses and deferred income, prepayments and accrued income, provisions, deferred tax assets and deferred tax liabilities)**	**1,011,885**	**874,800**
	Movement in trade receivables	-2,118,278	838,754
	Movement in deferred tax assets	9,741	67,927
	Movement in inventories	107,307	50,528
	Movement in payables	3,013,115	-82,409
	Movement in corporate income tax payable	0	0
c)	**Net cash inflow/(outflow) from operating activities (a + b)**	**7,448,214**	**-2,699,480**
B	***Cash flows from financing activities***		
a)	**Cash receipts from investing activities**	**6,330**	**3**
	Interest and dividends received	6,330	3
b)	**Cash payments for investing activities**	**-2,387,801**	**-1,305,126**
	Payments to acquire intangible assets	-410,066	-300,468
	Payments to acquire property, plant and equipment	-1,977,735	-1,004,658
c)	**Net cash inflow/(outflow) from investing activities (a + b)**	**-2,381,471**	**-1,305,123**
C	***Cash flow from financing activities***		
a)	**Receipts from financing activities**	**4,500,000**	**4,525,000**
	Cash inflows from increase in non-current financial liabilities	4,500,000	4,525,000
b)	**Cash payments for financing activities**	**-8,185,083**	**-406,456**
	Interest payments relating to financing activities	-73,828	-63,434
	Interest payments relating to leases	-45,411	-44,370
	Repayment of financial liabilities	-7,698,616	0
	Repayment of financial liabilities- Leases	-367,228	-298,652
	Dividends and other profit distributions paid	0	0
c)	**Net cash inflow/(outflow) from financing activities (a + b)**	**-3,685,083**	**4,118,544**
D	***Cash at the end of the period***	***2,253,278***	***871,618***
x	Net cash inflow/(outflow) for the period	1,381,660	113,941
y)	Cash at the beginning of the period	871,618	757,677

The notes to the financial statements form an integral part of financial statements and should be read in conjunction with them.

2.6 STATEMENT OF CHANGES IN EQUITY FOR 2022

		Share capital	Statutory reserve	Other reserves	Fair value reserve	Retained net profit	Net profit for the period	Total
A.1	**Balance as at the end of previous year period**	**5,525,706**	**552,571**	**0**	**74,730**	**-1,212,056**	**0**	**4,940,951**
	Prior period adjustments	0	0	0	0	0	0	**0**
A.2	**Opening balance for the period**	**5,525,706**	**552,571**	**0**	**74,730**	**-1,212,056**	**0**	**4,940,951**
B.1	**Changes in equity**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(a)	Dividends approved or paid	0	0	0	0	0	0	**0**
B.2.	**Total comprehensive income for the period**	**0**	**0**	**0**	**567,081**	**0**	**2,768,051**	**3,335,132**
(a)	Net profit for the reporting period	0	0	0			2,768,051	2,768,051
(b)	Other items of total comprehensive income for the reporting period	0	0	0	567,081	0	0	567,081
B.3	**Changes in equity**	**0**	**0**	**784,008**	**-12,022**	**1,212,056**	**-1,984,042**	**0**
(a)	Allocation of part of the net profit from the previous year period based on a resolution of the Management and Supervisory Boards	0	0	0	0	1,200,034	-1,200,034	0
(b)	Allocation of the net profit from the current period based on a resolution of the Management and Supervisory Boards	0	0	784,008	0	0	-784.008	0
(c)	Other changes in equity	0	0	0	-12,022	12,022	0	0
C.	**Closing balance for the period**	**5,525,706**	**552,571**	**784,008**	**629,789**	**0**	**784,009**	**8,276,083**

2.7 STATEMENT OF CHANGES IN EQUITY FOR 2021

		Share capital	Statutory reserve	Other reserves	Fair value reserve	Retained earnings	Net profit for the period	Total
A.1	**Balance as at the end of previous period**	**5,525,706**	**552,571**	**4,263,788**	**-34,240**	**1,735,672**	**0**	**12,043,497**
	Prior period adjustments	0	0	0	0	0	0	**0**
A.2	**Opening balance for the period**	**5,525,706**	**552,571**	**4,263,788**	**-34,240**	**1,735,672**	**0**	**12,043,497**
B.1	**Changes in equity**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(a)	Dividends approved or paid	0	0	0	0	0	0	**0**
B.2.	**Total comprehensive income for the period**	**0**	**0**	**0**	**108,970**	**29,117**	**-7,240,633**	**-7,102,546**
(a)	Net profit for the reporting period	0	0	0	0	0	-7,240,633	-7,240,633
b)	Other items of total comprehensive income for the reporting period	0	0	0	108,970	29,117	0	138,087
B.3	**Changes in equity**	**0**	**0**	**-4,263,788**	**0**	**-1,764,789**	**6,028,577**	**0**
(a)	Allocation of part of the net profit from the previous year period based on a resolution of the Management and Supervisory Boards	0	0	-4,263,788	0	-1,735,672	6,028,577	29,117
b)	Allocation of the net profit from the current period based on a resolution of the Management and Supervisory Boards	0	0	0	0	-29,117	0	-29,117
c)	Other changes in equity	0	0	0	0	0	0	0
C.	**Closing balance for the period**	**5,525,706**	**552,571**	**0**	**74,730**	**0**	**-1,212,056**	**4,940,951**

The notes to the financial statements form an integral part of financial statements and should be read in conjunction with them.

3 ANNEX TO FINANCIAL STATEMENTS

3.1 SUMMARY OF ACCOUNTING POLICIES AND ASSUMPTIONS

Statement of Compliance

Pursuant to the provisions of the Companies Act and the resolution of the Management Board of the Slovenian Compensation Corporation (Slovenska odškodninska družba, d. d.), acting on behalf of the founder and sole company member, the Republic of Slovenia, since 1 January 2013, the Slovenia Control, Ltd. (hereinafter also referred to as: Slovenia Control or "the Company") has prepared its Financial statements in accordance with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board ("IASB") and in accordance with the interpretations adopted by the International Financial Reporting Interpretations Committee ("IFRIC") and endorsed by the European Union (EU).

The requirements of the Companies Act have also been taken into consideration in the preparation of the financial statements.

Basis of measurement

These Financial Statements were prepared under the going concern assumption using the historical cost convention as the basis for measurement.

Functional and presentation currency

The financial statements are presented in the Euros (EUR), which is the functional and presentation currency of the Company.

Basis of preparation

The financial statements are presented in Euros (EUR), excluding cents. Rounding to nearest Euro may give rise to rounding differences.

Fair value

All items in the financial statements are stated at their carrying amount.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset to its fullest and best use or by selling it to another market participant that would use the asset to its fullest and best use.

Slovenia Control has applied valuation methods that are appropriate under the given circumstances and for which sufficient data are available, using above all the appropriate market data and relying as little as possible on non-market data.

Trade receivables and loans receivable
The value of trade receivables and loans receivable is calculated as the present value of future cash flows, discounted at the market interest rate at the end of the reporting period.

Non-derivative financial liabilities
The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest payments, discounted at the market interest rate applied at the end of the reporting period.

All assets and liabilities, which are disclosed at fair value in the financial statements, are categorised according to the fair value hierarchy based on the type of data required to measure the total fair value:
1. the first level – market prices (unadjusted) in active markets for identical assets or liabilities;
2. the second level – a valuation model which is directly or indirectly based on market data;
3. the third level – a valuation model which is not based on market data.

At the end of each reporting period, Slovenia Control re-examines the categorisation of assets to determine whether any level changes have occurred in respect of assets and liabilities recognised in the financial statements for previous periods based on the level of the measurement data that is pertinent to the measurement of the fair value.

Accounting policies applied, changes in accounting estimates and errors

The accounting policies used by Slovenia Control for the current period and the prior period presented in the accompanying financial statements are in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The aforementioned accounting policies have been applied for both years presented, unless indicated otherwise.

Correction of errors

Material errors from prior periods are corrected retrospectively in the first financial statements authorised for issue after the errors are identified. The errors are corrected by restating the comparative amounts of assets, liabilities and all related components of equity of the prior period presented.

APPLICATION OF NEW AND REVISED IFRS STANDARDS AND IFRIC INTERPRETATIONS

The accounting policies applied in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the previous business year. An exception is the newly adopted or amended standards and notes that were adopted by Slovenia Control for the annual periods starting on 1 January 2022 and are presented below.

Initial application of new amendments to existing standards applicable in current reporting period

The following amendments to existing Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU apply to the current reporting period:

- Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37) – Provisions, Contingent Liabilities and Contingent Assets The changes refer to the interpretation that when an entity assesses an onerous contract, the cost of fulfilling a contract comprises the costs that relate directly to the contract.
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16 – Property, plant and equipment - proceeds before intended use) - Proceeds from selling items (e. g. of samples) before the related item of property, plant and equipment (PPE) is available for use can no longer be deducted from the cost of PPE, and should be recognised in profit or loss together with the costs of producing those items. In doing so, the entity will need to distinguish between the costs associated with producing and selling items before the item of PPE is available for use as well as the costs associated with making the item of PPE available for its intended use.
- Reference to the Conceptual Framework (amendments to IFRS 3 – Business Combinations relating to an updated reference to the 2018 Conceptual Framework and introducing new recognition and measurement exemptions under IFRS 3 to ensure that the new reference does not change the determination of which assets and liabilities qualify as business combinations).
- Annual Improvements to IFRSs 2018 - 2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41). Annual Improvements contain the following amendments to IFRS: IFRS 1 – First-time Adoption of International Financial Reporting Standards, which simplifies the adoption of IFRS for a subsidiary as a first-time adopter; amendments to IFRS 9 – Financial Instruments, which clarifies which fees an entity includes when it applies the '10 per cent' test for the derecognition of financial liabilities; the amendment to Illustrative Example 13 accompanying IFRS 16 – Leases; and IAS 41 – Agriculture, where the amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset, where the fair value corresponds to the definition referred to in IFRS 13.

The adoption of these amendments of existing standards and notes did not have any significant impact on the financial statement of Slovenia Control.

Standards and amendments to existing standards issued by the IASB and adopted by the EU but which are not yet effective

As of the day of approval of these financial statements, IASB issued the following new standards and amendments to existing standards which have been adopted by the EU but are not yet effective.

For the reporting period starting on 1 January 2023, the following standards and amendments shall enter into force:

- Disclosure of accounting policies (Amendments to IAS 1 and IFRS 2 Statement of Practice). IAS 1 contains two amendments - an amendment relating to the presentation of current and non-current liabilities and an amendment relating to the disclosure of accounting policies. In January 2020, IFRIC issued amendments to IAS 1 that clarify the criteria used to determine whether liabilities are classified as current or non-current. The amendments specify that the classification of a liability as current or non-current is based on whether, at the end of the reporting period, an entity has the right to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that “settlement“ includes the transfer of cash, goods, services or equity instruments, unless the obligation to transfer the equity instruments arises from a conversion option that is a separate component of a compound financial instrument. The amendments were initially effective for annual reporting periods beginning on or after 1 January 2022, but in May 2020 the effective date was delayed to annual reporting periods beginning on or after 1 January 2023. The amendment to IAS 1 relating to disclosure of accounting policies introduces the disclosure of material, rather than just significant, accounting policies and provides guidance on when information relating to an accounting policy is material.
- Definition of accounting estimates (amendments to IAS 8). The amendments introduce a new definition for an accounting estimate and include other changes to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendment will also clarify that the effect of a change in inputs or measurement techniques is a change in an accounting estimate unless it results in a correction of a prior period error.
- IFRS 17 – Insurance Contracts and Amendments to IFRS 17 – Insurance Contracts relating to initial application of IFRS 17 and comparative information under IFRS 9.
- Deferred tax relating to assets and liabilities arising from a single transaction (Amendments to IAS 12 – Income Taxes). The amended IAS 12 clarifies whether the initial recognition exemption applies to certain transactions that are recognised as both an asset and a liability (e.g., such as a lease under IFRS 16). The amendment introduces additional criteria for the initial recognition of exceptions under IAS 12.15, where the initial recognition exception does not apply to an asset or liability that gives rise to the same taxable and deductible temporary timing differences at the time of the transaction.

The adoption of these new standards and amendments to existing standards and notes will not have any material impact on the financial statements of Slovenia Control.

New standards and amendments to existing standards issued by the IASB and yet to be adopted by the EU

Currently, IFRS as adopted by the EU do not differ significantly from standards adopted by the International Accounting Standards Board (IASB) with the exception of the following new standards and amendments to the existing standards which become effective for the reporting period beginning on 1 January 2024 to be adopted by the EU:

- Amendments to IAS 1 – Presentation of Financial Statements
  a) Classification of Liabilities as Current or Non-current. The amendment requires that an entity's right to defer settlement of a liability for at least 12 months after the reporting date shall have substance and shall exist at the end of the reporting period. The classification of the liability is not changed because it is probable that the entity will exercise its right to defer the liability for at least 12 months after the reporting date. The Standard has been subsequently amended again.
  b) Non-current liabilities with commitments. If an entity's right to defer an obligation is conditional on the entity satisfying certain conditions, those conditions affect whether the right to defer existed at the end of the reporting period if the entity is required to satisfy the conditions at or before the end of the reporting period, rather than if the entity is required to satisfy the conditions after the end of the reporting period. The amendment also clarifies the term “settlement” for the purpose of classifying liabilities as current or non-current.
- Amendments to IFRS 16 – Leases: Lease Liability in a Sale and Leaseback Transaction. The amendment requires a vendor-lessee to designate “lease payments” or “modified lease payments” so that the vendor-lessee would not recognise a gain or loss relating to a right-of-use right retained by the vendor-lessee.

Slovenia Control expects that the introduction of these new standards, and the amendments to the existing standards should not have any material impact on the Slovenia Control’s financial statement in the transition period.

USE OF ESTIMATES AND JUDGEMENTS

The management's estimates include, inter alia, the determination of the useful life and residual value of property, plant and equipment and intangible fixed assets, valuation allowances for inventories and receivables, assumptions relevant for actuarial calculations relating to certain employee benefits and the assumptions included in the calculation of provisions for litigation, as well as the assumptions and estimates for the impairment of goodwill. Although the management carefully considers all the factors that may affect these assumptions, it is possible that the actual effects of business events differ from those estimated. Appropriate judgement must therefore be exercised in accounting estimates, and any changes in the business environment, new business events, additional information and experience must be taken into consideration.

Details of significant estimates of uncertainty and judgements made by the management in the application of accounting policies that have the greatest impact on the amounts in the financial statements are provided below.

Measuring obligations for defined benefits (Note 3.2.9)
Defined benefit pension obligations constitute the present value of post-employment benefits and jubilee benefits. They are recognised on the basis of an actuarial calculation approved by the management. The actuarial calculation is based on assumptions and estimates applicable at the time of the calculation, which may differ from the actual assumptions applicable in the future due to future changes. This mainly applies to the determination of the discount rate, the employee turnover estimate, mortality and salary growth estimates. Obligations for certain post-employment benefits are sensitive to changes in the estimates due to the complexity of the actuarial calculation and the long-term nature of the items.

Deferred taxes (Note 3.2.4)
In order to appropriately disclose the operating results for the reporting period, Slovenia Control also accounted for deferred taxes. These are disclosed as deferred tax assets. The financial position liability method was applied to account for deferred taxes. The carrying amounts of assets and liabilities were compared to their tax base, and the difference between the two values was identified as either permanent or temporary. Temporary differences were subdivided into taxable and deductible. The taxable temporary differences increased Slovenia Control 's taxable amounts and deferred tax liabilities. The deductible temporary differences decreased Slovenia Control's taxable amounts and increased its deferred tax assets.

Deferred tax assets and liabilities are set off if and only if Slovenia Control has a legally enforceable right to set off current tax assets against current tax liabilities and if the deferred tax liabilities relate to the same taxable entity and the same tax authority.

Impairment of financial assets
The adoption of IFRS 9 changed the financial treatment of losses due to impairment of financial assets, so that the previous approach under IAS 39 accounting standard was replaced by the approach of expected credit loss (ECL– expected credit loss). The IFRS 9 requires from Slovenia Control to recognise value adjustments of expected credit loss for all debt instruments which are not valued at fair value through profit or loss and for assets from contracts. After adopting IFRS 9 Slovenia Control did not recognise additional impairment of operating receivables.
Slovenia Control re-examined the adequacy of the recognition of the allowance for expected credit losses and found that impairments of operating receivables recognised on behalf of Slovenia Control by Eurocontrol are appropriate and in accordance with IFRS.

Leases
Slovenia Control applied the following accounting judgements that significantly affect the determination of the value of right-of-use of certain assets as well as lease liabilities:

- *Identification of a lease contract* - Slovenia Control identifies a contract as a lease contract if it conveys to it the right to control the use of the leased asset. Slovenia Control has control of the asset if it can use the asset and is entitled to the economic benefits from its use.
- *Determining the lease term* - Slovenia Control determines the lease term as the period during which the lease cannot be terminated, together with:

a) the period for which the option to extend the lease applies, if it is reasonably certain that the option will be exercised;
b) the period for which the option to terminate the lease applies, if it is reasonably certain that the option will not be exercised.

In most cases, the lease term is specified in the lease contract. If the contractual period is not specified in the contract, Slovenia Control assesses the lease term based on the estimated need for the use of a relevant asset, taking into account the plans and long-term business policies of Slovenia Control.

- *Determining the discount rate* – the discount rate is determined as the interest rate at which Slovenia Control can obtain comparable assets on the market with a comparable maturity.

Impairment test of non-current non-financial assets
Information about significant estimation uncertainties and critical judgements made by management in the process of implementing the accounting policies that have the most significant effect on the amounts recognised in the financial statements was used in the assessment of the recoverable amount of non-current non-financial assets.

Key judgements

Slovenia Control prepared its financial statements for the period under review and for the previous year period in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and, in view of its specific business, has carefully considered Interpretation 12 - Service Concession Arrangements (hereinafter referred to as "IFRIC 12"), which was adopted by the International Financial Reporting Interpretations Committee (IFRIC) and forms an integral part of Commission Regulation (EC) No 254/2009 of 25 March 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards the International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 12 (OJ L 80, 26 March 2009, p. 5) (hereinafter referred to as: "Commission Regulation No. 254/2009/EC").

In the Scope section (Paragraph 5), IFRIC Interpretation 12 provides guidance to operators and sets out the conditions for entering into a public-to-private service concession agreement where:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls – through ownership, entitlement to benefits or otherwise – any significant remaining share in the infrastructure at the end of the arrangement period.

The Slovenia Control's management concludes that fixed assets are recognised as property, plant and equipment in the financial statements, because the conditions for applying Commission Regulation No. 254/2009/EC to recognise the assets under the "model" of financial assets or intangible assets, depending on the service concession arrangement, are not met.

Foreign currencies

Transactions and balances denominated in a foreign currency are converted into Euros (EUR) (Slovenia Control's functional currency) at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated into the Euro (EUR) using the then-prevailing ECB reference exchange rate. Non-monetary items and liabilities measured at historical cost in a foreign currency are translated into EUR using the exchange rate prevailing at the reporting date. Exchange differences are recognised in the Income Statement, except for differences arising on the reconversion of available-for-sale equity instruments, which are recognised directly in the Statement of Comprehensive Income. Non-monetary items measured at historical cost in a foreign currency are translated into the functional currency at the exchange rate prevailing at the date of the transaction.

KEY ACCOUNTING POLICIES

Property, plant, and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. Cost includes any expenditure directly attributable to the acquisition of an asset.

Parts of property, plant and equipment with different useful lives are accounted for as individual items of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal to the carrying amount of property, plant and equipment and are recognised in other operating revenue or other operating expenses in the Income Statement.

Borrowing costs
Borrowing costs that are directly attributable to the purchase, construction or production of a qualifying asset are capitalised as part of the cost of the asset if the long-term borrowing was obtained exclusively to finance the acquisition of the fixed asset and if the period of acquisition of the asset exceeds one year. All other borrowing costs are recognised in the Income Statement in the period in which they were incurred.

Subsequent expenditure
Slovenia Control also recognises the cost of replacing a part of an asset in the carrying amount of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied in that asset will flow to the Company and the cost of the item can be reliably measured. The carrying amount of the replaced part is de-recognised. All other costs are disclosed in the Income Statement as expenses when incurred.

Depreciation and amortisation
Property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of each asset and its components. Land and assets in the process of acquisition are not depreciated.

The estimated useful lives (for the current and previous year period) are as follows:
- for building facilities from 5.0% to 2.5%
- for systems and devices from 14.3 % to 6.7 %
- for software from 33.3% to 12.5%
- for radar systems 6.7%
- for computers and computer equipment from 33.3% to 10.0%
- for cars from 25.0% to 10.0%
- for other equipment from 25.0% to 10.0%

Leases

Upon the conclusion of the contract, Slovenia Control assesses whether the arrangement is or contains a lease. An agreement is a lease agreement or contains a lease when the right to control the use of a certain assets is transferred for a certain period of time in return for a compensation.

Slovenia Control as lessee applies a uniform approach to recognition and measurement of all leases, except for short-term leases and leases of small-value assets. Slovenia Control recognises a lease liability for lease payments and the right-of-use asset, which represents the right to use the leased assets.

Right-of-use assets
Slovenia Control recognises a right-of-use asset at the commencement date (the date on which a lessor makes an underlying asset available for use by a lessee). The right-of-use asset is measured at cost less any allowance and any accumulated impairment losses with an adjustment to the cost upon each remeasurement of the lease liability. The cost of the right-of-use asset comprises the amount of the lease liability at its recognition, any initial direct costs of contract conclusion and any lease payments made at or before the commencement date, less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset, at the rates stated below:
- real estate 10 - 30 years,
- motor vehicles and other equipment 3 - 5 years.

If the ownership of the underlying asset is transferred to Slovenia Control by the end of the lease term or if the Company exercises a purchase option, the depreciation is calculated based on the estimated useful life of the underlying asset.

Lease liabilities
At the commencement date, Slovenia Control measures the lease liability at the present value of all lease payments for the entire lease term. The lease payment includes fixed payment, less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts under residual value guarantees. The lease payment also comprises the price of a purchase option if an entity is reasonably certain to exercise that option, and the payments of any penalties for terminating the lease, if the lease contract allows the entity to exercise this option.

A variable component of lease payments that does not depend on an index or a rate is recognised as cost (unless the costs arose from production of inventories) in the period in which the event or condition that triggers the payment occurs.

Slovenia Control computes the present value by taking into account the incremental borrowing rate at the commencement date, as the interest rate cannot be determined in the lease contract. After the commencement date, the amount of lease liabilities increases by adding accrued interest and decreases by subtracting all lease payments made. The carrying amount of the lease liability is reassessed in the event of adjustment or change of the lease term, change of lease payment amount (for instance, change of future lease payment amounts due to a change of the relevant index or rate for determining the amount of lease payment) or change of assessment of purchase option of the underlying asset.

Slovenia Control recognised lease liabilities under Non-current and Current financial liabilities (see Notes 3.2.10 and 3.2.11).

Short-term leases and leases of low-value assets
Slovenia Control uses the recognition exemption for the short-term lease of machinery and equipment for leases with a lease term of 12 months or less that does not contain a purchase option. It also uses the recognition exemption for low-value leases in respect of the lease of office equipment that is of small value. For short-term leases and leases of low-value assets Slovenia Control recognises the lease payments as an expense on a straight-line basis over the lease term.

Company as the lessor
Leases in respect of which no significant risks and rewards incidental to ownership are transferred are classified as operating leases. Lease income is recognised on a straight-line basis over the lease term under revenue in the Income Statement. Initial direct costs are additional costs that are directly attributable to the negotiation and arrangement of the lease, they increase the carrying amount of the underlying asset and are recognised over the lease term in the same way as lease income. Contingent leases are recognised as income in the period in which they are earned.

Intangible assets

Intangible assets acquired by Slovenia Control that have a limited useful life are carried at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure
Subsequent expenditure on intangible assets is capitalised only if it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is disclosed in the Income Statement as expenses when incurred.

Depreciation and amortisation
Intangible assets are amortised on a straight-line basis over the estimated useful life of each asset from the date it becomes available for use. The estimated useful lives for software, licences and other rights range from 2 to 10 years (for the current and previous year period).

Inventories

Inventories are measured at cost in the Statement of Financial Position. They are measured at the lower of cost and net realisable value. The value of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Slovenia Control uses the inventory impairment method, recognising impairments for inventories that have not moved for more than one year at 5% of their cost at the end of each accounting period. The costs of purchase comprise the purchase price, import duties, and transport, handling and other costs directly attributable to the acquisition of an item of inventories. The net realisable value is the estimated selling price in the ordinary course of business less costs to sell.

Financial instruments

Initial recognition and measurement
After initial recognition, Slovenia Control classifies assets at amortised cost. Upon initial recognition the classification of financial assets depends on the characteristics of contractual cash flows of financial asset and on the business model of the company for its management. Except for the operating receivables, which do not include a significant element of financing or for which Slovenia Control uses a practical

solution, upon initial recognition the company measures a financial asset at fair value which is (in the case of financial asset not recognised at fair value through profit and loss) increased by transaction costs. Operating receivables which do not include a significant element of financing or for which the company uses a practical solution are measured at the transaction price, which is determined according to the provisions of IFRS 15.
In order to be classified and measured at amortised cost or fair value through other comprehensive income, a financial asset has to generate cash flows that include "solely payments of principal and interest (SPPI)" on the principal amount outstanding. The Company has to implement the so-called SPPI test for each individual financial instrument.

Subsequent measurement
After initial measurement financial assets are categorised into four categories:
- financial assets at amortised cost (debt instruments);
- financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative profits and losses (debt instruments);
- financial assets at fair value through other comprehensive income (FVTOCI) without recycling of cumulative profits and losses and upon de-recognition (equity instruments);
- financial assets at fair value through profit or loss (FVTPL);

As at 31 December 2022, the Company only had financial assets at amortised cost.

Financial assets at amortised cost (debt instruments);
This category of financial assets is the most important for Slovenia Control. Slovenia Control measures financial assets at amortised cost, if both of the following conditions are met:
- Slovenia Control holds a financial asset as part of its business model, with the aim of holding financial assets for the purpose of collecting contractual cash flows; and
- the contractual terms of a financial asset provide that the Company recognises cash flows from financial assets that are solely payments of the principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortised cost are measured using the effective interest rate method (EIR) by calculating any impairment loss. Profits and losses are recognised in the Income Statement upon removal, modification or impairment of these assets.

Derecognition
Slovenia Control derecognises a financial asset (or, when it is an appropriate part of a financial asset or a part of a group of related financial assets) from the Statement of Financial Position of the Company if:
- the rights to receive cash flows from the asset have expired, or
- Slovenia Control has transferred its rights to receive cash flows from the asset or has assumed an obligation to fully settle receipt of cash flows to third parties within the framework of a "transitional" arrangement within the foreseeable future; and (a) the Company has transferred all the risks and rewards of the asset or (b) neither transferred nor retained most of the risks and rewards of the asset, but transferred control of it.

When transferring its right to receive cash flows from the asset or when adopting a transitional arrangement, the Company assesses whether and to what extent it has retained the risks and rewards of ownership. If the Company neither transferred nor retained most of the risks and rewards of the asset and did not transfer the asset, then it continues to recognise the transferred asset to the extent of its continuing involvement in the asset. In this case, the entity also has to recognise the related obligation. The transferred asset and the related obligation are measured using a method that reflects the rights and obligations that the Company has maintained.

Impairment of assets

Impairment of financial assets
Slovenia Control recognises a value adjustment for the expected credit losses (ECL) for all debt instruments that are not carried at fair value through profit or loss (FVTPL). Expected credit losses represent the difference between contractual cash flows that are due under the contract and all cash flows which the Company expects to receive, discounted to the approximation of the original effective interest rate. Expected cash flows include cash flows from the sale of collateral or other credit increases that are an integral part of the contractual terms.

To calculate the expected credit losses on operating receivables and assets from contracts, Slovenia Control uses a simplified approach. In this respect, it does not monitor changes in credit risk, but at each reporting date it recognises a value adjustment for credit losses throughout the life expectancy of the expected credit losses.

Impairment of non-financial assets
On each reporting date, Slovenia Control verifies the carrying amount of significant non-financial assets with the aim of establishing whether there are any signs of impairment. If such signs exist, the recoverable amount of the asset is estimated.

The recoverable amount of an asset or a cash-generating unit is the higher of its value in use and its fair value less costs to sell. In determining the value in use, projected cash flows are discounted to the present value at the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment test, assets that cannot be individually tested are classified in the smallest possible group of assets that generate cash flows from continued use and are mostly independent from receipts of other assets and groups of assets (cash-generating unit).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment is disclosed in the Income Statement. The recognised impairment loss of a cash-generating unit is first allocated to reduce the carrying amount of goodwill allocated to the cash-generating unit (group of units), and then to reduce the carrying amounts of the other assets of the unit (group of units) on a pro rata basis.

Cash and cash equivalents

Cash and cash equivalents, which consist of scriptural money as call deposits in bank accounts and cash items in the process of collection, are disclosed at face value and measured at amortised cost.

Financial liabilities

On initial recognition, financial liabilities are classified as financial liabilities at fair value through profit or loss (FVTPL), loans granted and received, operating liabilities or derivative financial instruments that are designated as effective hedging instruments.

Loans received and granted

This group is the most important item of financial instruments of Slovenia Control. After initial recognition, loans granted and received are measured at amortised cost using the effective interest rate method. Upon derecognition of a financial liability, all profits and losses are recognised in the Income Statement and using the effective interest rate method of amortization. The amortised cost is calculated by taking into account any discounts or premiums at the time of purchase, as well as fees or charges that form an integral part of the effective interest rate. Effective interest rate amortisation is recognised in the Income Statement as a financing cost. This group usually includes interest-bearing loans granted and received.
Financial assets and financial liabilities are offset, the net difference is disclosed in the Statement of Financial Position, if there is currently an enforceable right to offset recognised amounts and if the company intends to settle on a net basis by simultaneously realising assets and settling liabilities.

Slovenia Control's financial liabilities include loans received and operating liabilities.
Depending on maturity, they are classified as current financial liabilities (maturity up to 12 months after the date of the statement of financial position) or non-current financial liabilities (maturity over 12 months after the date of the Statement of Financial Position).

Similarly, business values are measured at amortised cost.

Trade payables
Operating liabilities represent amounts due to suppliers for purchased goods and services, liabilities to employees for work performed, liabilities to providers of funds relating to interest and similar items, tax liabilities to the government, including value added tax, and liabilities arising from the distribution of profits.

Derecognition
A financial liability is derecognised when the obligation is discharged, cancelled or expires. Where an existing financial liability is replaced by another one from the same creditor under substantially different conditions or the terms of an existing obligation change significantly, such a replacement or change is

treated as a derecognition of the original liability and the recognition of a new liability. The difference in the carrying amount of a financial liability is recognised in the Income Statement.

Current employee benefits

Current employee benefit obligations are measured on an undiscounted basis and are expensed as and when the related service is provided.

Non-current employee benefits

Provisions for post-employment benefits and jubilee awards
Slovenia Control is required including by law to pay jubilee awards and post-employment benefits to its employees, for which provisions are established. Slovenia Control has no other pension-related liabilities.

Provisions are made in the amount of the estimated future payments for post-employment benefits and jubilee awards discounted on the reporting date for employees in countries where the law requires the payment of post-employment benefits and jubilee awards. The calculation is based on the costs of post-employment benefits and the costs of all expected jubilee awards until retirement. It is made using the projected unit credit method. Labour costs and interest costs are recognised in the Income Statement, while the restatement of post-employment benefits and unrealised actuarial gains or losses is disclosed in other comprehensive income, and for jubilee awards, also in the Income Statement. The assumptions are clarified in 3.2.9.

Provisions

Provisions are recognised if an entity has legal or indirect obligations due to a past event that can be reliably estimated and it is likely that the settlement of these obligations will result in an outflow of resources providing economic benefits. Slovenia Control calculates provisions by discounting expected future cash flows using a pre-tax rate that reflects the current estimates of the time value of money and, where necessary, the risks characteristics of the liability.

Revenues from sales of services performed

Revenue from customer contracts is recognised when a service is transferred to a customer in an amount reflecting the consideration that an entity considers will be justified in return for these services.

Amounts in contracts

Assets from Contracts with Customers
Assets from contracts represent the right to compensation in exchange for services transferred by a Company to the buyer. If the Company performs a service for a customer before the buyer pays the consideration or before the payment is due, the consideration is recognised as a contingent liability from the contract. Slovenia Control has no assets from contracts with customers.

Operating receivables
A receivable represents an entity's right to an unconditional amount of compensation, i.e. the compensation shall be payable within a specified period. Other provisions are set out in non-financial instruments.

Liabilities from Contracts with Customers
Liabilities from contracts represent the obligation to perform services for the customer in exchange for the payment received by an entity from the customer (or the customer is obliged to settle the liability). If the customer pays before the service is performed, the obligation from the contract is recognised on the settlement day or on the due date (whichever occurs first). Liabilities from a contract are recognised as revenue when the customer and the Company fulfil their performance obligation under the contract.

Government grants

Revenue from government grants is initially recognised where there is reasonable assurance exists that an entity will receive the grants and comply with the conditions attached to them. Income received to cover costs is recognised strictly as revenue in the period when the relevant costs for which it has been earmarked are incurred. Asset-related revenue is consistently recognised in the Income Statement under other operating revenue over the useful life of an individual asset.

Financial income and financial expenses

Interest income is recognised under an accrual basis, i.e., when it is earned, using the effective interest method.

Financial expense comprise borrowing costs and are recognised in the Income Statement using the effective interest method, except for those attributable to property, plant and equipment under construction or being produced.

Income tax

The income tax expense for the period comprises current and deferred tax. Income tax is disclosed in the Income Statement, except to the extent that it relates to items recognised directly in the Statement of Comprehensive Income. Current tax is the tax payable on the taxable income for the year using tax rates applicable at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax assets

Deferred tax assets are recognised in the amount of the probable future taxable profit against which a deferred asset can be utilised in the future. Deferred tax assets are reduced by the amount for which it is no longer probable that it can be claimed as tax relief.

Deferred tax is recognised using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences associated with the investments in subsidiaries and jointly controlled entities to the extent that they will probably not be reversed in the foreseeable future. Deferred tax is also not recognised for taxable temporary differences on the initial recognition of goodwill. The deferred tax amount is determined on the basis of the expected method of recovery or settlement of the carrying amount of assets and liabilities using the tax rates applicable at the reporting date. Deferred tax assets and liabilities are set off if and only if Slovenia Control has a legally enforceable right to set off current tax assets against current tax liabilities and if the deferred tax liabilities relate to the same taxable entity and the same tax authority. For 2022, Slovenia Control applied the tax rate of 19%, the same as in 2021.

3.2 NOTES TO FINANCIAL STATEMENTS

All notes refer to 2022, unless indicated otherwise. Monetary units in the tables are expressed in Euros (EUR), excluding cents.

3.2.1 Intangible assets

2022

	Software, licences, trademarks and other rights	Other Intangible assets	Total
Cost			
Balance as at 1 Jan 2022	**3,656,338**	**675,276**	**4,331,614**
Additions – new purchases	302,949	107,117	**410,066**
Decrease (transfers to other current receivables)	0	-83,390	**-83,390**
Balance as at 31 Dec 2022	**3,959,287**	**699,003**	**4,658,290**
Accumulated depreciation and impairments			
Balance as at 1 Jan 2022	**1,826,990**	**488,445**	**2,315,435**
Depreciation and amortisation	614,825	70,620	**685,445**
Balance as at 31 Dec 2022	**2,441,815**	**559,065**	**3,000,880**
Net book value			
Balance as at 1 Jan 2022	**1,829,348**	**186,831**	**2,016,179**
Balance as at 31 Dec 2022	**1,517,472**	**139,938**	**1,657,410**

In 2022, significant new purchases of property rights relating to software, licences, trademarks and other rights include the upgrade of the FDPS system (EUR 101,108), the upgrade of the Automated Cyber Defence System (EUR 63,976), the upgrade of the technical security system (EUR 18,500), the purchase of the "Silver Bullet Risk" risk-management system (EUR 39,400), the purchase of certificates for operational and infrastructure use (EUR 43,654), and the purchase of a digital certificate management system (EUR 16,332).

The proportion of fully amortised intangible assets in relation to the cost balance as at 31. December 2022, amounted to 35.71%. As at 31 December 2022, Slovenia Control had no commitments for the purchase of intangible fixed assets.

2021

Content	Software, licences, trademarks and other rights	Other Intangible assets	Total
Cost			
Balance as at 1 Jan 2021	**2,944,208**	**568,844**	**3,513,052**
Additions – new purchases	300,466	106,432	**406,898**
Transfer from PPE	432,371		**432,371**
Disposals	-20,707	0	**-20,707**
Increase	0	0	**0**
Balance as at 31 Dec 2021	**3,656,338**	**675,276**	**4,331,614**
Accumulated depreciation and impairments			
Balance as at 1 Jan 2021	**1,339,651**	**451,119**	**1,790,770**
Depreciation and amortisation	508,046	37,326	**545,372**
Disposals	-20,707	0	**-20,707**
Balance as at 31 Dec 2021	**1,826,990**	**488,445**	**2,315,435**
Net book value			
Balance as at 1 Jan 2021	**1,604,557**	**117,725**	**1,722,282**
Balance as at 31 Dec 2021	**1,829,348**	**186,831**	**2,016,179**

3.2.2 Property, plant and equipment

2022

	Land	Buildings	Buildings – contribution in kind 2013	Buildings – long-term leases	Buildings in development	Equipment	Equipment - right-of-use	Equipment in acquisition	Small tools and other equipment	Total
Cost										
Balance as at 1 Jan 2022	**221,680**	**17,087,453**	**61,839**	**3,252,252**	**42,000**	**36,329,494**	**291,235**	**296,398**	**68,774**	**57,651,125**
Additions – new purchases	0	0	0	155,740	972	273,440	0	1,546,963	620	1,977,735
Transfer into use	0	0	0	0	0	777,242	0	-777,242	0	0
Disposals	0	0	0	0	0	-151,344	0	0	-1,378	-152,722
Transfer to Investment Property	-204,042	0	0	0		0	0	0	0	**-204,042**
Balance as at 31 Dec 2022	**17,638**	**17,087,453**	**61,839**	**3,407,992**	**42,972**	**37,228,832**	**291,235**	**1,066,119**	**68,016**	**59,272,096**
Accumulated depreciation and impairments										
Balance as at 1 Jan 2022	**0**	**4,474,868**	**31,420**	**801,948**	**0**	**30,593,828**	**151,387**	**0**	**63,343**	**36,116,794**
Depreciation and amortisation	0	519,261	2,013	285,181	0	1,830,640	64,349	0	752	2,702,196
Disposals	0	0	0	0	0	-151,069	0	0	-1,378	-152,447
Balance as at 31 Dec 2022	**0**	**4,994,129**	**33,433**	**1,087,129**	**0**	**32,273,399**	**215,736**	**0**	**62,717**	**38,666,543**
Net book value										
Balance as at 1 Jan 2022	**221,680**	**12,612,585**	**30,419**	**2,450,304**	**42,000**	**5,735,666**	**139,848**	**296,398**	**5,431**	**21,534,331**
Balance as at 31 Dec 2022	**17,638**	**12,093,324**	**28,406**	**2,320,863**	**42,972**	**4,955,433**	**75,499**	**1,066,119**	**5,299**	**20,605,553**

	1. Jan 2022	Transfer from land and buildings	Impairments	31 Dec 2022
Investment property	0	204,042	0	204,042
TOTAL	**0**	**204,042**	**0**	**204,042**

The cost value of the "Old Hangar Brnik" land amounted to EUR 204,042 and was transferred to investment properties.

The proportion of fully amortised PPE in relation to the cost balance as at 31 Dec 2022, amounted to 29.27%.

In 2022, the most important acquisitions include as follows:

- the purchase of VHF systems (EUR 337,073),
- the upgrade of the Safety Net system (EUR 584,100),
- the upgrade of VDR systems (EUR 63,364),
- the expansion of the WAM (MAM) system (EUR 339,496),
- the expansion of the technical security system (EUR 42,479),
- the purchase of multimedia and video conferencing equipment (EUR 39,668).

As at 31 December 2022, there were no commitments to purchase PPE.

Slovenia Control has no pledged PPE neither are assets acquired under finance leases pledged.

Slovenia Control has no assets that are not being used and are classified as non-current assets held for sale.

2021

	Land	Buildings	Buildings – contribution in kind 2013	Buildings– right-of-use	Buildings in development	Equipment	Equipment – right-of-use	Equipment in acquisition	Small tools and other equipment	Total
Cost										
Balance as at 1 Jan 2021	**221,680**	**16,919,691**	**61,839**	**2,927,528**	**181,247**	**35,922,423**	**291,235**	**349,827**	**69,757**	**56,945,227**
Additions – new purchases	0	24,545	0	324,724	3,970	424,189	0	650,687	734	**1,428,849**
Disposals	0	0	0	0	0	-288,863	0	0	-1,717	**-290,580**
Transfer into use	0	143,217	0	0	-143,217	271,745	0	-271,745	0	**0**
Transfer to Intangible Assets	0	0	0	0	0	0	0	-432,371		**-432,371**
Balance as at 31 Dec 2021	**221,680**	**17,087,453**	**61,839**	**3,252,252**	**42,000**	**36,329,494**	**291,235**	**296,398**	**68,774**	**57,651,125**
Accumulated depreciation and impairments										
Balance as at 1 Jan 2021	**0**	**3,957,811**	**29,408**	**520,352**	**0**	**28,763,456**	**87,038**	**0**	**62,322**	33,420,387
Depreciation and amortisation	0	517,057	2,012	281,596	0	2,115,495	64,349	0	2,736	2,983,245
Disposals	0	0	0	0	0	-285,123	0	0	-1,715	-286,838
Balance as at 31 Dec 2021	**0**	**4,474,868**	**31,420**	**801,948**	**0**	**30,593,828**	**151,387**	**0**	**63,343**	**36,116,794**
Net book value										
Balance as at 1 Jan 2021	**221,680**	**12,961,880**	**32,431**	**2,407,176**	**181,247**	**7,158,967**	**204,197**	**349,827**	**7,435**	**23,524,840**
Balance as at 31 Dec 2021	**221,680**	**12,612,585**	**30,419**	**2,450,304**	**42,000**	**5,735,666**	**139,848**	**296,398**	**5,431**	**21,534,330**

Leases

Slovenia Control as lessee

Slovenia Control leases real estate, vehicles and office and other equipment for its operations. The lease term for immovable property ranges from five to thirty years and for motor vehicles and equipment from one to five years. The payment of the lessee's obligations under the lease is secured by the lessor's ownership of these assets. In connection with a number of lease agreements, Slovenia Control has the option to extend or terminate the lease and the right to pay a variable portion of the lease, which is described in more detail below.

Slovenia Control has lease agreements for some equipment with a lease term of one year or less and also leases low-value office equipment. Slovenia Control uses the exemption allowed by the Standard to recognise liabilities for short-term leases and leases of low-value assets.

Movement in the carrying amount of right-of-use assets during the period

	Opening recognition as of 1 Jan 2022	Increase in 2022	Decrease in 2022	31 Dec 2022
ASSETS				
The right-of-use leased assets	2,590,152	155,740	349,530	2,396,362
Total assets	**2,590,152**	**155,740**	**349,530**	**2,396,362**
EQUITY AND LIABILITIES				
Non-current liabilities				
Finance lease payables	1,879,155	89,104	185,255	1,783,004
Current liabilities				
Finance lease payables	293,654	223,962	293,654	223,962
Total equity and liabilities	**2,172,809**	**313,066**	**478,909**	**2,006,966**

In 2022, Slovenia Control increased liabilities for right-of-use assets in the Statement of Financial Position by EUR 155,740 and decreased the lease payables by EUR 223,962.

Assets relating to long-term leases increased by EUR 89,104, and decreased by EUR 349,530 as a result of depreciation charges.

The payments for long-term leases amounted to EUR 185,255 and payments for smaller leases amounted to EUR 129,400.

Total recognised in the Income Statement

	31 Dec 2022	31 Dec 2021
Amortisation of the right of use	349,530	345,945
Small lease expenses	129,400	239,804
Operating profit/(loss)	**478,930**	**585,749**
Expenses from financing activities	45,411	54,762
Total recognised in the Income Statement	**524,341**	**640,511**

3.2.3 Non-current financial investments

EU legislation on the Single European Sky (SES) requires EU Member States to establish Functional Airspace Blocks (FABs). This includes FABs on the basis of operational requirements and which are established regardless of state boundaries, where the provision of air navigation services and related services is performance-driven and optimised with a view to enabling an enhanced cooperation between air navigation service providers in each functional airspace block. In order to meet this obligation, on 5 May 2011, Austria, Bosnia and Herzegovina, the Czech Republic, Croatia, Hungary, Slovakia and Slovenia signed a multilateral agreement, precisely the Agreement on the Establishment of the Functional Airspace Block Central Europe (the "FAB CE Agreement") at Brdo pri Kranju. The said Agreement entered into force on 20 March 2012 (on 3 August 2012 for the Republic of Slovenia). Thus, the Functional Airspace Block Central Europe (the "FAB CE") was established. At the same time, the air navigation service providers from these Member States signed the FAB CE Air Navigation Service Provider Cooperation Agreement (the "ANSP Cooperation Agreement"), and on 30 May 2011 they also singed the National Supervisory Authority Cooperation Agreement.

In accordance with the decision of the CEO Committee (CEOC),), which consists of CEOs of the air navigation service providers, and in order to strengthen their collaboration and satisfy the requirements of the Single European Sky legislation, the FAB CE air navigation service providers, except BHANSA, established a joint venture company: FABCE, letalske storitve, d. o. o. (FABCE, A*viation Services, Ltd*) with its registered office in Zgornji Brnik. This company was registered in the Business Register of the Kranj District Court on 17 November 2014. Slovenia Control has a non-current investment in FABCE, letalske storitve, d. o. o. of EUR 16,000, representing a 1/6 stake in the newly founded company. The investment is measured at cost.

3.2.4 Deferred tax assets

Slovenia Control recognised deferred tax assets on the basis of a calculation of its long-term provisions for jubilee awards and post-employment benefits and unutilised tax relief on fixed assets.

2022

	31 Dec 2021	Increase	Decrease	31 Dec 2022
Jubilee premiums	21,539	5,615	0	27,154
Retirement benefits	263,169	0	64,930	198,239
Unused tax deductions in fixed assets	0	49,574	0	49,574
TOTAL	**284,708**	**55,189**	**64,930**	**274,967**

The effects of deferred taxes in the amount of EUR 9,740 were recognised in the Income Statement.

2021

	31 Dec 2020	Increase	Decrease	31 Dec 2021
Jubilee premiums	19,992	1,547	0	21,539
Retirement benefits	241,021	22,148	0	263,169
Annual leave allowance	91,622	0	91,622	0
TOTAL	**352,635**	**23,695**	**91,622**	**284,708**

The Company's Corporate Income Tax Return for the year ended 31 December 2022 reports an uncovered tax loss of EUR 18,379,606, which comprises EUR 13,115,412 from 2020 and EUR 5,264,194 from 2021. The amount of accrued deferred tax at a tax rate of 19% on the unutilised losses as at 31 December 2022, amounts to EUR 3,492,125. When recognising deferred tax assets, it is necessary to take into account the principle of prudence (in accountancy) and the principle of the foreseeable future which means that something will actually occur in the foreseeable future. Based on the analysis conducted, it has been determined that it will not be possible to offset the tax losses within the next three years. Instead, they will gradually be offset from 2025 to 2033. Therefore, the Company has decided not to recognize deferred taxes assets on the basis of tax losses carried forward in 2022.

3.2.5 Inventories

Slovenia Control's inventories mainly consist of vital spare parts for its radar systems. Inventories are measured at cost upon initial recognition. Slovenia Control uses the inventory impairment method recognising impairments for inventories that have not moved for more than 1 year at 5% of their cost at the end of each accounting period. Inventory write-downs are disclosed in 3.2.19.

	31 Dec 2021	Purchases	Utilization	Impairment	31 Dec 2022
Spare parts	462,861	19,886	100,700	26,493	355,554
Goods held for sale	4,552	0	0	0	4,552
TOTAL	**467,413**	**19,886**	**100,700**	**26,493**	**360,106**

3.2.6 Current operating receivables

	Gross as at 31 Dec 2022	Impairment	Carrying amount as at 31 Dec 2022	31 Dec 2021
Receivables due from domestic customers	288,147	9,381	278,766	203,394
Receivables due from foreign customers	7,076,678	1,438,505	5,638,173	3,586,621
Receivables due from state institutions	181,675	0	181,675	157,841
Other assets	630,397	0	630,397	517,854
TOTAL	**8,176,897**	**1,447,886**	**6,729,011**	**4,465,710**

Other operating receivables represent current deferred costs for the membership fee paid to Eurocontrol.

Movements in bad debt provision

	2022	2021
Balance as at 1 Jan	**1,280,014**	**1,356,010**
Impairment during the period (net amount)	167,872	-75,996
Recoveries of written-off receivables (net amount)	0	0
Final write-off (elimination) of receivables	0	0
Balance as at 31 Dec	**1,447,886**	**1,280,014**

A doubtful debt provision of EUR 1,447,886 was created for trade receivables. Slovenia Control reviewed whether the impairment for trade receivables is appropriate and concluded that it is appropriate, adequate and in accordance with IFRS 9 (see Note 3.2.19).

Aging of trade receivables (following their impairment)

	31 Dec 2022	31 Dec 2021
Outstanding receivables	5,890,596	3,784,026
Receivables due up to 30 days	0	0
Receivables due up to 90 days	975	0
Receivables overdue by more than 90 days	25,368	5,989
TOTAL	**5,916,939**	**3,790,015**

3.2.7 Cash and cash equivalents

	31 Dec 2022	31 Dec 2021
Nova Ljubljanska banka, d. d.	60,698	38,334
SKB banka d. d.	75,022	9,066
Banka Intesa Sanpaolo d. d.	1,842,613	461,271
Unicredit banka Slovenija d. d.	274,945	362,947
TOTAL	**2,253,278**	**871,618**

3.2.8 Equity

Slovenia Control ended the financial year of 2022 with a profit of EUR 2,768,051.

In 2022, the Slovenia control's equity increased, and, as at 31 December 2022, amounted to EUR 8,276,083, and comprised called-up capital, statutory reserves and fair value reserves.

3.2.9 Provisions and non-current accrued expenses and deferred revenue

2022

	Jubilee premiums and post-employment benefits	Litigations and compensations	Other provisions	Other accrued expenses and deferred revenue	Total
Balance as at 1 Jan 2022	**2,710,555**	**0**	**0**	**0**	**2,710,555**
Creation	233,909	0	0	0	233,909
Reversal	-571,903	0	0	0	-571,903
Transfer to current items	0	0	0	0	0
Balance as at 31 Dec 2022	**2,372,561**	**0**	**0**	**0**	**2,372,561**

2021

	Jubilee premiums and post-employment benefits	Litigations and compensations	Other provisions	Other accrued expenses and deferred revenue	Total
Balance as at 1 Jan 2021	**2,747,493**	**0**	**0**	**0**	**2,747,493**
Creation	166,307	0	0	0	166,307
Reversal	-203,245	0	0	0	-203,245
Transfer to current items	0	0	0	0	0
Balance as at 31 Dec 2021	**2,710,555**	**0**	**0**	**0**	**2,710,555**

Provisions for jubilee premiums and post-employment benefits were recognised based on an actuarial calculation approved by the Slovenia Control's management. The deferred tax asset was also adjusted accordingly.

Actuarial methods

The present value measurement of long-term employment benefits (the calculation of provisions) is carried out in accordance with IAS 19:

- the projected unit credit method (also known as the accrued benefit method pro-rated for service or the benefit/years of service method) is used to make a reliable estimate of the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior year periods.
- The benefits are attributed to the current and prior year periods.
- Demographic (mortality and employee turnover) and financial (future increases in salaries) actuarial assumptions that will affect the costs of benefits are applied.
- To determine the present value of long-term employment benefits, the total costs of the benefits earned by employees in return for their service at the Company in the current and prior year periods are discounted.

Actuarial assumptions and comparatives
The calculation is based on the actuarial assumptions presented below.
Demographic assumptions:

- Mortality tables:
  - The 2007 mortality tables for the population of the Republic of Slovenia, applied separately for men and women, are reduced by 10% (active population).
  - As at 31 December 2022, this means an overall employee mortality rate of 0.4% for the following financial year (based on the number of employees).
  - The average age of employees as at 31 December 2022 was 47.0 years, whereas as at 31 December 2021, it was 47.5 years.

- Employee turnover:
  - Employee turnover due to a termination of employment by the employee: linearly decreasing from 1.0% at 18 years to 0.0% at 58 years, then constant at 0.0%.
  - As at 31 December 2022, this constitutes an annual turnover of 0.3% for the following financial year.
  - The impact of a one-off redundancies was not taken into account in the estimating future employee turnover.

- Retirement:
  - The expected date of retirement is calculated for each employee based on data on sex, date of birth and total years of service as at 31 December 2022 in accordance with Article 27 of the Pension and Disability Insurance Act (Official Gazette of the RS, No. 48/22 - official consolidated text) (hereinafter referred to as: ZPIZ-2), (applying the eligibility criteria for old-age pension) and Article 28(1), Indent 3 (work before the age of 18). It is also assumed that women will not retire before the age of 56 and men not before the age of 58, regardless of their total years of service.
  - Regardless of the above indent, the information regarding the expected retirement date was taken into account if provided by the Company.
  - Early or late retirement is not taken into consideration in relation to the expected retirement date. When an employee is due to receive a jubilee award within two months after their expected date of retirement, provisions are also made for this jubilee award.

Sensitivity analysis of actuarial assumptions

In accordance with IAS 19, a sensitivity analysis was carried out of the impact of actuarial assumptions relating to profitability, salary growth in the Republic of Slovenia and in Slovenia Control as well as employee turnover on the present value of the liabilities for jubilee premiums and retirement benefits as at 31 December 2022, and for the purpose of comparison as at 31 December 2021. The sensitivity analysis involved a change of only one parameter - by +/- 0.5 percentage points – at a time, which is shown in the table below; all other assumptions remained unchanged for each test.

Actuarial assumption	Change in actuarial assumption (percentage point)	Change in the present value of the liability for (in EUR)			
		Jubilee awards as at		Retirement benefit as at	
		31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Return	+0.5	-9,526	-7,986	-104,548	-154,877
	-0.5	10,146	8,570	112,691	168,988
Salary growth	+0.5	10,556	8,453	113,001	165,956
	-0.5	-9,981	-7,976	-104,835	-153,786
Employee turnover	+0.5	-9,937	-8,117	-108,938	-157,227
	-0.5	3,584	3,207	19,871	33,853

* The minimum fluctuation is assumed to equal 0%.

Financial assumptions

- The growth rates of average salaries in the Republic of Slovenia:
  - The growth rates of average salaries in the Republic of Slovenia (annual and monthly basis) referred to in the Bank of Slovenia's December 2022 forecast (the Review of macroeconomic developments with projections, December 2022) were applied in the calculations for 2023 and

2024. From 2025 onwards, average salaries in the Republic of Slovenia are expected to increase due to inflation (IMF; October 2022) and 1.0% due to real growth.

Year	Nominal annual growth rate of average monthly salaries in the Republic of Slovenia (in %)
2023	6.4
2024	4.0
2025	3.9
2026	3.7
2027-	3.4

- Salary growth rate in Slovenia Control:
  - Basic gross salaries and variable pay are expected to increase in the amount of annual inflation, but not exceeding the expected average salary growth rate in the Republic of Slovenia.
  - An increase in basic gross salaries in Slovenia Control due to promotion is taken into account: linearly decreasing from 2.0% at 15 years to 0.5% at 45 years, then constant at 0.5% per year; as at 31 December 2022, this assumed rate of increase is 0.6% for the following financial year.
  - A seniority bonus of 0.5% of the basic salary is applied for every full year of service. For female employees with over 25 years of service, the seniority bonus is increased by 0.3% for each completed year of service over 25.

Year	Nominal annual salary growth rate in Slovenia Control due to inflation and real growth (in %)
2023	6.4
2024	4.0
2025	2.9
2026	2.7
2027-	2.4

- For jubilee awards and retirement benefits, the employer's contribution obligation is taken into account at a rate of 16.1% of the difference between the calculated obligation to the employee and the non-taxable amount of the award, provided that the obligation to the employee exceeds the non-taxable amount according to the Decree on the tax treatment of reimbursement of costs and other income from employment (Official Gazette of the RS, Nos. 140/06, 76/08, 63/17, 71/18, 104/21, 114/21, 87/22, 113/22 and 162/22) (hereinafter referred to as: "Decree on the tax treatment of reimbursement of costs and other income from employment").

- The discount rate for the calculation as at 31 December 2022 was set at 3.9%, reflecting the yield on high-quality (AA rate) corporate bonds denominated in Euros (EUR) as at 30 December 2022, taking into account the average weighted duration of the Slovenia Control's liabilities (depending on the amount of liabilities before discounting) from the balance sheet date until the payment by type of earnings (12.3 years).

	The average weighted duration (in years)
Jubilee premiums	9.2
Retirement benefits	12.7
Severance pay	0.0
Total	**12.3**

3.2.10 Non-current financial liabilities

	31 Dec 2022	31 Dec 2021
Non-current domestic bank loans	10,285,715	7,500,000
Non-current liabilities - Leases (IFRS 16)	1,783,004	1,879,155
TOTAL	**12,068,719**	**9,379,155**

Slovenia Control had one long-term loan with Nova Ljubljanska banka, d. d.:

- a credit facility of EUR 12,000 thousand, the interest rate is 6 M EURIBOR + 0,5 percentage points per annum. The loan will be repayable in three-month instalments, the first instalment being due on

1 February 2023, and the last on 1 November 2029. As at 31 December 2022, the credit facility was drawn down by EUR 12,000 thousand.

Instalments totalling EUR 1,714,285 are due in 2023 and are shown under current liabilities. As a result, as at 31 December 2022, Slovenia Control had a debt of EUR 10,285,715. Slovenia Control has not pledged any of its own real estate or other assets as security for the loan.

	Principal as at	Maturity by years				
	31 Dec 2022	2023	2024	2025	2026	After 2026
Bank loan principal balance, maturity by year	10,285,715	1,714,285	1,714,285	1,714,285	1,714,285	3,428,575
Total projected interest expense	42,771	390,000	330,000	270,000	210,000	240,001
TOTAL	**10,328,486**	**2,104,285**	**2,044,285**	**1,984,285**	**1,924,285**	**3,668,576**

Slovenia Control applied the standard - IFRS 16 Leases - upon its effective date of 1 January 2019. As at 31 December 2022, liabilities amounted to EUR 2,272,176. Liabilities of EUR 223,962 due in 2023 are recorded as current liabilities (Note 3.2.11).

	Principal as at	Maturity by years			
	31 Dec 2022	up to 1 years	up to 2 years	up to 3 years	more than 5 years
IFRS 16 principal balances of lease liabilities	2,006,966	223,962	223,962	223,962	1,335,080
Projected interest expense	265,210	47,600	47,600	47,600	122,410
TOTAL	**2,272,176**	**271,562**	**271,562**	**271,562**	**1,457,490**

Previous year period

	Principal as at	Maturity by years			
	31 Dec 2021	up to 1 years	up to 2 years	up to 3 years	more than 5 years
IFRS 16 principal balances of lease liabilities	2,172,809	293,654	293,654	293,654	1,291,847
Projected interest expense	400,389	66,799	66,799	66,799	199,992
TOTAL	**2,573,198**	**360,453**	**360,453**	**360,453**	**1,491,839**

Movement in non-current financial liabilities

	31 Dec 2022	31 Dec 2021
Balance as at 1 Jan	**9,379,155**	**5,851,699**
Additions as a result of changes of control of the Company	0	0
Additions as a result of mergers involving the Company	0	0
Receipts from bond issues	0	0
Repayments of bonds issued	0	0
Interest received	2,913,526	3,500,000
Lease income under IFRS 16	0	326,108
Lease expense under IFRS 16	-223,962	-298,652
Repayments of loans payable		
Changes in fair value of financial instruments	0	0
Changes in interest payable	0	0
Exchange differences	0	0
Balance as at 31 Dec	**12,068,719**	**9,379,155**

3. 2.11 Current financial liabilities

	31 Dec 2022	31 Dec 2021
Current domestic bank loans	1,714,284	7,900,000
Current liabilities - Leases (IFRS 16)	223,962	293,654
TOTAL	**1,938,246**	**8,193,654**

Movement in current financial liabilities

	31 Dec 2022	31 Dec 2021
Balance as at 1 Jan	**8,193,654**	**7,173,652**
New acquisitions due to control of Slovenia Control	0	0
New acquisitions resulting from company mergers	0	0
Receipts on bonds issued	0	0
Payments on bonds issued	0	0
Interest received	0	7,900,000
Lease income under IFRS 16	223,962	293,654
Lease expense under IFRS 16		
Payments on loans received	-6,479,370	-7,173,652
Changes in fair value of financial instruments	0	0
Changes in interest payable	0	0
Exchange differences	0	0
Balance as at 31 Dec	**1,938,246**	**8,193,654**

Slovenia Control recognises as a current financial liability short-term loan commitments of EUR 1,714,284 due in 2023 and one part of the long-term IFRS 16 lease liabilities of EUR 223,962 due in 2023 (see also Note 3.2.10).

3.2.12 Current trade payables

	31 Dec 2022	31 Dec 2021
Trade payables due to domestic suppliers	721,902	855,213
Trade payables due to foreign suppliers	1,351,942	571,426
TOTAL	**2,073,844**	**1,426,639**

As at 31 December 2022, Slovenia Control had no overdue trade payables.

3. 2. 13 Other current operating liabilities

	31 Dec 2022	31 Dec 2021
Liabilities due to employees	1,883,895	825,788
Liabilities due to state institutions	2,247,954	882,544
Other operating liabilities	26,166	8,335
TOTAL	**4,158,015**	**1,716,667**

3.2.14 Other current payables and deferred revenue

	1 Jan 2022	Creation	Utilization	31 Dec 2022
Unutilised annual leave	1,106,600	0	84,722	1,021,878
CEO’s bonus included in calculation	32,920	0	32,920	0
Short-term deferred revenue	148,817	42,203	0	191,020
TOTAL	**1,288,337**	**42,203**	**117,642**	**1,212,898**

3.2.15 Income from contracts with customers

	2022	2021
Income from contracts with customers in the Republic of Slovenia	1,102,322	873,482
Income from contracts with customers in the EU	582,522	875,127
Income from contracts with customers abroad	970	1,070
Income from contracts - en-route charges	36,091,874	17,610,017
Income from contracts - terminal charges	2,996,550	1,705,332
TOTAL	**40,774,238**	**21,065,028**

A detailed analysis of income generated from en-route and terminal charges is presented in Section 4.2 – Air Traffic Analysis of the Business Report.

As regards the application of IFRS for the recognition of excess income due to the adjustment mechanism and its effect on future income in accordance with European Union regulations, see the Note 3.2.24.

Commission Implementing Regulation (EU) 2019/317 lays down a performance and charging scheme for the third reference period (2020–2024). As specified in Articles 25 to 28, all deviations, especially in traffic and inflation, which provided the basis for the calculation of the unit rate for year "n", will be adjusted for the calculation of the unit rate for year "n+2". In accordance with Commission Implementing Regulation 2019/317/EU and in line with the set performance targets, the Performance Plan for the Period 2020–2024 for the Republic of Slovenia was prepared in autumn 2019.

The changed circumstances resulting from the negative impact of the outbreak of the COVID-19 pandemic on the volume of air traffic have strongly affected the procedures and measures for implementing the performance and charging scheme in the 2020–2024 reference period. This is why, the European Commission adopted Commission Implementing Regulation 2020/1627/EU on exceptional measures, by means of which it established a provisionally amended legal framework for the third reference period, taking into account the crisis situation in the aviation sector. The Article 5 of this Regulation specifically sets 2020 and 2021 as the specific period "N", and adjustments for deviations will be made through the calculation of unit rates in the 2023-2027 period. On the basis of this Regulation, the European Commission adopted Commission Implementing Decision 2021/891/EU setting new Union-wide performance targets, and Member States were required to submit revised Performance Plans for the third reference period to the European Commission for its assessment by 17 November 2021 at the latest.

In terms of the impact of the adjustment mechanism on Slovenia Control's performance in years "N" (2020 and 2021), the relevant provisions are those that change the adjustment period for the over/under recovery of the adjustment funds relating to traffic, inflation and investment so that they are not included in the calculation of the unit price in year "n+2", but are spread evenly over the five-year period from 2023 to 2027.

The Slovenia Control's management estimates that the new Performance Plan 2020-2024 for the Republic of Slovenia, issued in 2021, will not have any impact on the 2022 Financial Statements as Slovenia Control, in accordance with IFRS, does not record the deviations of the categories subject to reconciliation in the current year on its books of accounts and all adjustments will be realised through the future price, that is in the years from 2023 to 2027.

3.2.16 Other operating income

	2022	2021
EU subsidies	95,888	183,018
Income from the reversal of provisions	8,269	48,431
Other business-related income	102,293	19,047
Government COVID-19 aid	0	2,772,258
Reimbursements of staff pay by the Health Insurance Institute of Slovenia	394,502	136,923
TOTAL	**600,952**	**3,159,677**

3.2.17 Cost of materials and services

Cost of materials

	2022	2021
Cost of ancillary material	100,740	23,872
Energy costs	472,957	226,076
Cost of spare parts and material for maintenance	138,748	65,567
Write-off of small tools – useful life of up to one year	385	260
Cost of office supplies and professional literature	49,703	25,826
Other costs of materials	31,354	29,013
TOTAL	**793,887**	**370,614**

Costs of services

	2022	2021
Cost of transportation services	4,332	3,306
Internet and telephone costs	339,594	340,375
Cost of services relating to maintenance	1,075,578	1,089,232
Leases not covered by IFRS – 16	129,400	239,804
Reimbursement of work-related expenses	300,897	111,932
Payment transaction costs	8,930	10,408
Costs of insurance premiums	224,702	201,446
Costs of intellectual and personal services	335,966	323,077
Costs of trade fairs, advertising and entertainment	50,059	14,814
Costs of contracts for services, royalties and Student Work Centre	103,004	105,075
Costs of attendance fees of the Supervisory Board and Workers' Council	100,248	86,246
Costs of aviation meteorology - en-route	1,468,339	664,410
Costs of aviation meteorology - terminal	518,761	257,360
Costs of the Civil Aviation Agency - en-route	761,721	505,529
Costs of the Civil Aviation Agency - terminal	68,802	45,783
Other cost of services	1,000,482	1,612,393
TOTAL	**6,490,815**	**5,611,190**

3.2.18 Labour cost

	2022	2021
Employees' salaries	19,838,015	15,783,538
Costs of supplementary pension insurance	612,610	0
Other pension insurance related costs	1,757,249	1,399,592
Other social security costs	1,439,338	1,146,557
Benefited length of service	951,215	748,730
Costs for home to work travel allowances and lunch allowances	718,924	564,604
Annual leave allowance	235,811	222,501
Other employee reimbursements	6,076	9,535
Provisions for jubilee awards and post-employment benefits	120,162	243,482
Retirement benefits	17,224	71,976
Jubilee awards and other employee awards	14,441	8,269
TOTAL	**25,711,065**	**20,198,784**

The average number of employees based on the total number of hours worked in 2022 was 218.48.

Employee structure

Average no. of employees in 2022	
Air traffic control posts requiring a licence – licensed staff	
• Air traffic services posts – air traffic controllers	110
• Air traffic services posts – operators (FDT+FIS)	13
• Communications, navigation and surveillance posts	35
• Communications, navigation and surveillance posts	20
Aeronautical information services posts	178
Non-licensed staff	55
Total employees	**233**

3.2.19 Write-downs, impairments and reversal of impairment of financial assets (net amount)

	2022	2021
Amortisation of intangible assets	614,304	508,046
Depreciation of buildings	521,274	519,071
Depreciation of buildings - IFRS 16	285,181	281,596
Depreciation of equipment	1,830,640	2,114,827
Depreciation of equipment - IFRS 16	64,349	64,349
Depreciation of small tools	752	2,736
TOTAL	**3,316,500**	**3,490,625**

	2022	2021
Loss on retirement of fixed assets	274	3,742
Impairment of inventories	26,493	32,613
Write-off of receivables	176,953	13,780
TOTAL	**203,720**	**50,135**

	2022	2021
Recognition of impairments in the financial year	977,230	800,287
Reversal of impairment of receivables	800,287	876,283
TOTAL	**176,953**	**-75,996**

3.2.20 Other operating expenses

	2022	2021
Membership fees and other operating expenses	1,669,720	1,642,757
Donations and humanitarian aid	7,440	0
Awards for pupils/ students on work placements	0	1,501
TOTAL	**1,677,160**	**1,644,258**

The membership fee paid to Eurocontrol during the period under review amounted to EUR 1,600,727 (2021: EUR 1,582,026).

3.2.21 Financial expenses

	2022	2021
Interest received	73,828	44,370
Financial liabilities relating to IFRS 16	45,411	54,762
Interest paid on jubilee awards - actuarial calculation	1,693	608
Interest paid on retirement benefits - actuarial calculation	22,510	7,476
Costs relating to operating liabilities	1,206	588
TOTAL	**144,648**	**107,804**

3.2.22 Tax return

	2022	2021
Income tax expense	-265,934	0
Deferred tax expense	-9,740	67,927
Taxes	**-275,674**	**67,927**

	2022	2021
Profit (loss) for the period before tax	3,043,725	-7,172,706
Corporate income tax at 19%	578,308	-1,362,814
Effect of non-taxable income	0	0
Tax effects non-deductible expenses	140,432	9,709
Tax effects of correction of prior period error	0	329,778
Unrecognised deferred tax on tax losses	-452,806	1,000,197
Reversal of deferred tax on unutilised holiday leave	0	91,623
Other items	0	-56
Total corporate income tax	**265,934**	**67,927**

In its tax return for the reporting period, acting in accordance with Article 55 of the Corporate Income Tax Act (Official Gazette of the RS, No. 117/06, 56/08, 76/08, 5/09, 96/09, 110/09 –ZDavP-2B, 43/10, 43/10, 59/11, 24/12, 30/12, 94/12, 81/13, 50/14, 23/15, 82/15, 68/16, 69/17, 79/18, 66/19, 172/21 and 105/22 – ZZNŠPP) (hereinafter referred to as: ZDDPO), the Company utilized investment relief.

	1 Jan 2022	Increase	Decrease	Unutilised relief 31 Dec 2022
Unutilised relief from 2020	965,919	0	965,919	0
Unutilised relief from 2021	571,911	0	571,911	0
Unutilised relief from 2022	0	537,226	276,311	260,915
Total	**1,537,830**	**537,226**	**1,814,141**	**260,915**

The Company's Corporate Income Tax Return for the year ended 31 December 2022 reports an unutilised tax loss of EUR 18,379,606, which comprises EUR 13,115,412 from 2020 and EUR 5,264,194 from 2021. The amount of accrued deferred tax at a tax rate of 19% on the unutilised losses as at 31 December 2022, would amount to EUR 3,492,125. When recognising deferred tax assets, it is necessary to take into account the principle of prudence (in accountancy) and the principle of the foreseeable future which means that something will actually occur in the foreseeable future. Based on the analysis conducted, it has been determined that it will not be possible to offset the tax losses within the next three years. Instead, they will gradually be offset from 2025 to 2033. Therefore, the Company has decided not to recognize deferred taxes assets on the basis of tax losses carried forward in 2022.

3.2.23 Fair value

The management estimates that the fair values of financial assets and financial liabilities are not materially different from their carrying amounts.

Fair value measurement

The fair value of trade and other receivables is determined as the present value of future cash flows, using a market interest rate.
The fair value of non-derivative financial liabilities is determined by reference to the present value of future principal and interest payments discounted at the reporting date using a market rate of interest.

Fair value hierarchy

	Fair value measurement			
2022	**Book value as at as of 31 December 2022**	**Direct value on stock markets (first level)**	**Value based on market observables (second level)**	**Value cannot be derived from market observables (third level)**
Operating receivables	5,916,939	0	0	5,916,939
Cash and cash equivalents	2,253,278	0	0	2,253,278
Assets with disclosed fair value	8,170,217	0	0	8,170,217
Total fair value of assets	**8,170,217**	**0**	**0**	**8,170,217**
Operating liabilities – current and non-current	2,073,844	0	0	2,073,844
Financial liabilities – current and non-current according to IFRS 16	2,006,966	0	0	2,006,966
Loans	12,000,000	0	0	12,000,000
Total liabilities with disclosed fair value	16,080,810	0	0	16,080,810
Total fair value of liabilities	**16,080,810**	**0**	**0**	**16,080,810**

The investment of EUR 16,000 is valued at cost (see disclosure under Note 3.2.3).

2021	Fair value measurement			
	Book value as at 31 December 2021	**Direct value on stock markets (first level)**	**Value based on market observables (second level)**	**Value cannot be derived from market observables (third level)**
Operating receivables	3,790,012	0	0	3,790,012
Cash and cash equivalents	871,618	0	0	871,618
Assets with disclosed fair value	4,661,630	0	0	4,661,630
Total fair value of assets	**4,661,630**	**0**	**0**	**4,661,630**
Operating liabilities – current and non-current	1,426,639	0	0	1,426,639
Financial liabilities – current and non-current according to IFRS 16	2,172,809	0	0	2,172,809
Loans	15,400,000	0	0	15,400,000
Total liabilities with disclosed fair value	18,999,448	0	0	18,999,448
Total fair value of liabilities	**18,999,448**	**0**	**0**	**18,999,448**

3.2.24 Application of IFRS to the recognition of surplus revenue due to the effect of the adjustment mechanism on future revenue in accordance with European Union regulations

As a result of the method used to determine the amount of the charges in an individual year, which among other things depends on the number of planned en-route flights and approaches/departures as well as the projected inflation or actual en-route flights and approaches/departures and inflation – the so-called adjustment mechanism, Slovenia Control noted a difference in the amount of income (surplus or deficit) in an individual year. The difference from an individual year “n” is taken into account in determining the rate in two years’ time (“n + 2”). In the case of operations in 2019 (surplus income) and 2020 (loss of income), this difference significantly affects the Slovenia Control’s current as well as future financial performance. As a result, a test was performed to verify whether it makes sense to create non-current provisions or regulatory liabilities or receivables relating to such differences.

IAS 37 does not allow the recognition of provisions or excess revenue arising from regulatory liabilities. According to currently applicable standards, the main reason is that future price reductions or increases in future years due to over- or under-pricing as a result of more or fewer en-route flights and approaches/departures as well and lower than planned inflation on which the current year's price is based, depends on future events such:

- future rendering of services,
- future volumes of output,
- the continuation of regulation.

As a result, regulatory liabilities (deferred surplus income) do not meet the IFRS definition of a liability, which requires the existence of a present obligation with no contingent future events, which is why Slovenia Control has not created any long-term provision or regulatory liability or regulatory receivable in respect of this item.

3.2.25 Financial instruments and financial risk management

The most significant financial risks to which Slovenia Control is exposed are: interest rate risk, liquidity risk, credit risk and capital management.

Interest rate risk

Slovenia Control has non-current financial liabilities of EUR 10,285,715 (2021: EUR 7,500,000). The current portion of the financial liabilities as at 31 December 2022 amounted to EUR 1,714,285 (2021: EUR 7,900,000). An unexpected increase in variable interest rates may have a significant impact on Slovenia Control's projected results of operations and therefore the risk of interest rate changes is significant for Slovenia Control.

The effect of possible changes in the level of variable interest rate on future profit or loss is shown in the table below.

Sensitivity analysis

2022

Balance of liabilities relating to each variable interest rate	Liabilities at 31 Dec 2022	Interest rate increase of 0.5 percentage point	Interest rate cut of 0.5 percentage point
6-month EURIBOR	12,000,000	60,000	-60,000
Total	**12,000,000**	**60,000**	**-60,000**

2021

Balance of liabilities relating to each variable interest rate	Liabilities at 31 Dec 2021	Interest rate increase of 0.5 percentage point	Interest rate cut of 0.5 percentage point
1-month EURIBOR	7,000,000	38,500	-0
6-month EURIBOR	7,500,000	75,000	-0
6-month EURIBOR	900,000	11,700	-2,700
Total	**15,400,000**	**125,200**	**-2,700**

The sensitivity analysis of financial liabilities to changes in variable interest rates was carried using an assumption of a possible change in variable interest rates of 0.5 percentage point. The calculation takes into account the average interest rate for all loans.

Liquidity risk

Balancing the maturities of assets and liabilities is essential for ensuring continuous solvency.

The availability of adequate financial resources in a given period is vital for the timely settlement of outstanding liabilities. Liquidity risks include inadequate financial resources and the opportunity cost of surplus cash in bank accounts. Slovenia Control has a system in place to monitor the maturity of trade payables and payables to financial institutions, the state and others and to ensure that liabilities are settled in a regular and timely manner.

Due to the uncertainty during the epidemic, Slovenia Control has paid special attention to its liquidity risk. In addition to regular weekly and monthly monitoring of traffic, traffic forecasts by professional organisations (especially Eurocontrol), of financial items, such as income, costs as well as taking measures to streamline all operating costs, Slovenia Control manages its liquidity risk by maintaining credit lines from banks and by carefully planning cash flows. The Company's ability to settle its liabilities and thus its solvency could have been at risk, if appropriate measures had not been taken by the Company. To ensure adequate liquidity in 2020, 2021 and 2022, Slovenia Control took out additional short-term revolving loans to ensure its operations will continue uninterrupted and unhindered. It has also taken out a long-term credit facility in 2020 to finance the necessary investments in 2020-2022 with a moratorium until 2023.

Despite the impact of the COVID-19 epidemic on its business, Slovenia Control continues to have a good credit rating and can obtain credit lines on competitive terms. Slovenia Control has a EUR 12,000 thousand credit facility which will be repaid in quarterly instalments, with a final maturity falling due in 2029 (see Note 3.2.10).

		Contractual cash flows		
2022	**Book value**	**Up to 1 year**	**From 1 to 6 years**	**Total**
Realised financial liabilities	0	0	0	0
Loans and credit lines, including expected interest	12,000,000	2,248,661	10,373,430	12,622,091
Lease liabilities including expected interest	2,272,176	271,562	2,000,614	2,272,176
Trade payables	2,073,844	2,073,844	0	2,073,844
Total	**16,346,020**	**4,594,067**	**12,374,044**	**16,968,111**

		Contractual cash flows		
2021	**Book value**	**Up to 1 year**	**From 1 to 5 years**	**Total**
Realised financial liabilities	0	0	0	0
Loans and credit lines, including expected interest	15,785,000	5,077,000	12,208,000	17,285,000
Lease liabilities including expected interest	2,394,896	293,654	2,101,242	2,394,896
Trade payables	1,426,639	1,426,639	0	1,426,639
Total outstanding financial liabilities	19,606,535	6,797,293	14,309,242	21,106,535
Total	**19,606,535**	**6,797,293**	**14,309,242**	**21,106,535**

Credit risk

Slovenia Control identifies the risk of customers failing to meet their contractual obligations on time on an ongoing basis, and then takes appropriate measures to recover trade receivables. These risks are known as credit risks. In this manner, Slovenia Control protects itself against payment uncertainties that could make it difficult to plan future cash flows.

Slovenia Control has two main sources of income: income from en-route charges (relating to the en-route phase) and income from terminal charges (in the approach and departure phases). From a credit risk perspective, it is important to note that income from en-route services is characterised by a high dispersion of customers, with no single customer accounting for more than 10% of revenue from en-route services, which represents a little over eight percent of total turnover; income from en-route services also accounts for 88 % of total turnover. Terminal services account for approximately seven per cent of total turnover, with a maximum share of about 12% for any one customer, or roughly half per cent of turnover. Domestic sales account for approximately three per cent of turnover, with the largest customer accounting for 2 per cent of turnover.

Slovenia Control manages the risk by participating in a common billing and collection system through Eurocontrol (the cost of services provided to airlines is billed by Eurocontrol, which in turn remits the funds to Slovenia Control). Slovenia Control creates and justifies adjustments to receivables at the end of each accounting period on the basis of Eurocontrol's data.

IFRS 9 requires the Company to recognise value adjustments of expected credit loss for all debt instruments which are not valued at fair value through profit or loss (FVTPL) and for assets from contracts.

Subsequent to the adoption of IFRS 9, Slovenia Control assessed whether the recognition of the impairment of expected credit losses was appropriate and concluded that the impairment of receivables was appropriate and in accordance with IFRS 9. As a result, Slovenia Control did not recognise any additional impairment of trade receivables.

	31 Dec 2022	31 Dec 2021
Receivables due from domestic customers	278,766	203,394
Receivables due from customers abroad	5,638,173	3,586,621
Receivables due from state institutions	181,675	157,841
Cash and cash equivalents	2,253,278	871,618
Non-current financial investments	16,000	16,000

Capital management

The primary objective of Slovenia Control's capital management is to provide the Company with the resources to meet the technical, technological and operational requirements and to carry out the related infrastructural investment activities which are necessary to perform air navigation services. This entails in particular the provision of adequate capacity as required by the binding Union-wide goal in the key performance area in question and as stipulated in Slovenian and European regulations, with the aim of ensuring the safe, high-quality, efficient and uninterrupted provision of services. At the same time, this also ensures that Slovenia Control has a high credit rating and adequate funding ratios, by means of which additional sources of funding can be provided to finance its operations. The founder and sole shareholder of Slovenia Control is the Republic of Slovenia. Its rights are exercised through Slovenian Sovereign Holding. In terms of its capital management and dividend policy, Slovenia Control therefore also follows the strategic orientations and expectations of its founder.

Slovenia Control's capital management policy follows the guidelines of European and Slovenian legislation in the area of Slovenia Control's activities with the aim of ensuring sufficient capital to meet the technical, technological and operational requirements and carry out the related infrastructure investment activities which are necessary to perform air navigation services.

The financial leverage ratio (total assets at end of period / equity at end of period) for 2022 was 3.88 and 6.00 for 2021. The Company is pursuing the goal of achieving the financial leverage ratio of 1.5 in the future, which was also the case prior to the emergence of the COVID-19.

3.2.26 Carrying out other activities

Slovenia Control generated revenues of EUR 632,351 from other activities in 2022. This figure includes EUR 581,610 from the sale of KAMI licences, EUR 37,200 from the lease of business premises (a hangar at the Jože Pučnik Ljubljana Airport) and EUR 13,541 from the supply of electricity to the distribution network from the generation facilities at the ATCC Brnik metering point, which is carried out on an as-needed basis. Income from other activities represents 1.5% of Slovenia Control's total operating income.

3.2.27 Related party transactions

Slovenia Control also provides services to various authorities, agencies and companies in which the Republic of Slovenia is a majority or minority owner. All transactions with the above mentioned entities are concluded at an arm's length, and are not more favourable than those on which they are concluded with other parties.

Slovenia Control has a non-current investment in FABCE, letalske storitve, d. o. o. The investment is described in more detail in Note 3.2.3.

In 2022, Slovenia Control generated EUR 42,240 of income with FABCE, letalske storitve, d. o. o, from the lease of business premises and technical equipment, as well as from administrative, accounting and legal support services. As at 31 December 2022, Slovenia Control had no outstanding receivables due from or payables due to FABCE, letalske storitve, d. o. o.

3.2.28 Events after the balance sheet date

No events occurred between the date of the financial statements and the date of this report which affected the true and fair picture of the 2022 Financial Statements or that would require additional disclosures to be made.

Impact of the COVID-19 epidemic

Due to the emergence of the COVID-19 epidemic, the negative impact of which continued throughout the first half of 2022, and the general uncertainty concerning its evolution, a definitive assessment of its effect on Slovenia Control's operations and the accounting estimates cannot yet be given. Air traffic forecasts predict a gradual recovery in air traffic from 2022 onwards, which will depend mainly on the development of the epidemic, the general economic recovery and the return of confidence and demand for air travel

Impact of the conflict between Ukraine and the Russian Federation

The impact of the conflict between Ukraine and the Russian Federation and the resulting mutual sanctions (airspace closures or flight bans), which were imposed between the EU and the Russian Federation, has on Slovenia Control's operations and the generation of en-route and terminal income introduces additional uncertainty regarding the expected recovery of air traffic in 2023. As a result, it is not possible to provide reliable estimates of the actual impact on air traffic in Slovenian airspace in 2023.

Slovenia Control will monitor the potential impact of the COVID-19 epidemic and the conflict between Ukraine and the Russian Federation on air traffic in Slovenian airspace and will take all necessary measures for the smooth provision of services and stable operations.

3.2.29 Contingent liabilities and contingent assets

Slovenia Control does not have any contingent liabilities that are not adequately recorded in the Statement of Financial Position as at 31 December 2022. Slovenia Control assessed that it is unlikely that the contingent liabilities would require an outflow of resources to settle the obligations arising from contingent liabilities.

In accordance with IFRS 15 and IAS 37, Slovenia Control does not recognise the effect of the adjustment mechanism on future profit or loss in its books of accounts, as these effect meets the requirements relating to contingent assets and liabilities which will have a significant impact on Slovenia Control’s future cash flows and operations. The effect of the adjustment mechanism, which is detailed in Note 3.2.24, is presented below.

An assessment of the potential impact of the adjustment mechanism relating to traffic and inflation adjustments for the en-route phase has been included in the assessment of contingent assets and liabilities.

Financial impact assessment – contingent liabilities arising from excess funds received based on the adjustment mechanism:

	Balance as at 31 Dec 2022	Change	Balance as at 1 Jan 2022
Inflation adjustment – RP2 taken into account in 2022	14,345	143,589	129,243
Traffic adjustment – RP2 taken into account in 2022	220,155	2,203,530	1,983,375
Total adjustment – RP 2	**234,500**	**2,347,119**	**2,112,618**

Contingent liabilities are expected to be realised, but the precise amounts depend on uncertain future events which are not wholly within the control of Slovenia Control (future turnover, stakeholder approval, etc.).

3.2.30 Audit costs

Purpose of expense	2022	2021
Annual audit of financial statements	10,525	9,400
Other assurance services	0	5,500
TOTAL	**10,525**	**14,900**

The audit of the Annual Report incurred a cost of EUR 10,525. No other services were provided by the auditor.

3.2.31 Other disclosures

In 2022, Slovenia Control's management is represented by the Company's legal representative, the CEO, Franc Željko Županič, PhD, whose term of office expired on 22 March 2023.

CEO's gross earnings (in EUR):

2022

	Position	Fixed earning–gross (1)	Variable earning–gross (2)	Deferred earning (3)	Severance pay (4)	Fringe benefits (5)	Claw-back (6)	Total gross (1+2+3+4+5-6)	Total net
Franc Željko Županič, PhD	CEO	109,491	15,714	0	0	5,404	0	130,609	71,003

2021

	Position	Fixed earning–gross (1)	Variable earning–gross (2)	Deferred earning (3)	Severance pay (4)	Fringe benefits (5)	Claw-back (6)	Total gross (1+2+3+4+5-6)	Total net
Franc Željko Županič, PhD	CEO	106,941	0	0	0	7,066	0	114,007	53,634

The variable earnings are paid in accordance with the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities (Official Gazette of RS, No. 21/10, 8/11 – ORZPPOGD4 and 23/14 – ZDIJZ-C). In 2022, the CEO received the second instalment of the variable earning for 2019. Slovenia Control has no outstanding claims arising from loans to the CEO.

The Supervisory Board is composed of six members, of these four represent the interests of the founder while two members represent the interests of employees.

Gross and net earnings (in EUR) of members of the Supervisory Board (SB) and of members of the Supervisory Board's Audit Committee (AC) are provided below.

2022

Name and Surname	Position	Payment for the performance of the function in SB – gross per year (1)	Payment for the performance of the function in AC – gross per year (2)	Attendance fees for SB and AC– gross per year (3)	Total gross (1+2+3)	Total net	Travel expenses
Dušan Hočevar	SB president and AC vice president until 13 October 2022	9,192	1,530	1,882	12,604	9,151	244
Rok Prešern	SB vice president until 13 October 2022	6,741	0	1,466	8,207	5,963	135
Borut Lackovič Žumer	SB member until 13 October 2022	6,127	0	1,466	7,593	5,678	670
Marija Šeme	SB member and AC president in 2022	7,891	2,959	3,042	13,892	10,115	266
Boštjan Mišmaš	SB member in 2022	7,891	0	1,866	9,757	7,091	0
Žiga Ogrizek	SB member and AC member in 2022	7,891	1,972	3,066	12,929	9,277	0
Urška Kiš	AC member in 2022	0	2,049	800	2,849	1,961	62
Peter Grašek	SB president from 14 October 2022	2,645	0	800	3,445	2,501	482
Srečko Janša	SB vice president from 14 October 2022	1,939	0	800	2,739	2,032	0
Marko Hočevar	SB member and AC vice president from 14 October 2022	1.763	440	936	3,139	2,297	118

The sum of EUR 1,075 was earmarked by Slovenia Control for the training of the members of the Supervisory Board and the Supervisory Board's Audit Committee in 2022.

2021

Name and Surname	Position	Payment for the performance of the function in SB – gross per year (1)	Payment for the performance of the function in AC – gross per year (2)	Attendance fees for SB and AC– gross per year (3)	Total gross (1+2+3)	Total net	Travel expenses
Mag. Dušan Hočevar, MSc.	SB president and AC' vice president	10,455	1,743	3,012	15,210	11,058	266
Rok Prešern	SB vice president	7,667	0	1,870	9,537	6,931	107
Marija Šeme, MBA	SB member and AC president	6,970	2,614	3,012	12,596	9,156	165
Borut Lackovič Žumer	SB member	6,970	0	1,870	8,840	6,269	670
Boštjan Mišmaš	SB member	6,970	0	1,700	8,670	6,300	0
Žiga Ogrizek	SB member and AC member	6,970	1,743	3,012	11,725	8,522	0
Urška Kiš	AC member	0	1,743	1,142	2,885	2,093	93

3.2.32 Proposed profit distribution

Pursuant to Article 24, Paragraph 3 of the Articles of Association, the CEO of the Company has proposed to utilize the Company's distributable profit. Pursuant to Articles 16 and 30, Paragraph 1 of the Articles of Association, the proposal for the appropriation of distributable profit is reviewed by the Supervisory

Board, and pursuant to Article 11 of the Articles of Association, the final decision on the appropriation of distributable profit is made by the founder.

In 2022, the Company generated a net profit of EUR 2,768,051. Pursuant to Article 230, Paragraph 1, indent 1 of the Companies Act, one part of the net profit for the financial year of EUR 1,200,034 is used to cover loss carried forward from previous years

Pursuant to Article 230, Paragraph 3 of the Companies Act, 50% of the net profit for the 2022 of EUR 784,008 is allocated to other revenue reserves, so that the net profit for the 2022 after appropriation amounted to EUR 784,009.

As at 31 December 2022, the Company reported a distributable profit of EUR 784,009.

It has been proposed to the Company founder to utilize the distributable profit, which comprises the remainder of the remaining net profit for 2022 after its appropriation, so that is its entirely allocated for the creation of other revenue reserves.

Since, in previous financial years, the Company allocated the entire other revenue reserves to cover the losses incurred in 2020 and 2021 due to the decline in air traffic caused by the COVID-19 epidemic, the Company proposes that the distributable profit be fully utilized for the creation of other revenue reserves.

3.2.33 Statement of Management Responsibility

In accordance with the provisions of Article 60(a) of the Companies Act, on 12 April 2023, Slovenia Control's CEO approved the publication of the Financial Statements and the accounting policies applied as well as the Notes to the Financial Statements.

The CEO of Slovenia Control is responsible for the preparation of the Annual Report so that it provides a true and accurate account of the financial position and performance of Slovenia Control in 2022.

The CEO confirms that applicable accounting policies and accounting estimates have been consistently applied in compliance with the principles of prudence and due diligence. The CEO further confirms that Financial Statements have been prepared using a going concern assumption and are compliant with applicable legislation and International Financial Reporting Standards.

The CEO is also responsible for adequate and orderly accounting and the adoption of appropriate measures for safeguarding property and other assets as well as for the prevention and detection of fraud and other irregularities and illegality.

The tax authorities may verify the operation of Slovenia Control at any time within five years from the tax calculation date which may consequently result in additional tax liability, default interest and penalty being imposed pursuant to the Corporate Income Tax Act, or in the charging of any other taxes and levies. The CEO is not aware of any circumstances that may give rise to any potential significant liability arising thereunder.

Zgornji Brnik, 12 April 2023

Rok Marolt
CEO