



KONTROLA  
ZRAČNEGA  
PROMETA  
SLOVENIJE



# ANNUAL REPORT 2023

SLOVENIA CONTROL, Ltd.



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| BUSINESS  
REPORT

## INTRODUCTION

Air traffic control is the service that invisibly controls, manages and coordinates air traffic - every day, in all weathers, all over the world.

## COMPANY'S VISION, MISSION, VALUES

### Vision

Every day, Slovenia Control (hereinafter also referred to as: "the Company") provides safe and reliable air traffic management services as well as air navigation services to airspace users.

With highly qualified and motivated professionals, guided by an entrepreneurial spirit and for the benefit of our customers, Slovenia Control achieves excellence in the provision of air navigation and air traffic management services in Slovenian and regional airspace. These services are characterized by flexibility in capacity, affordability, cost-effectiveness, sustainability, and high quality.

### Mission

As a trusted organisation, the Company is fully committed to ensuring safety in the air traffic management and control (ATM) processes.

Slovenia Control is proactive and productive, continuously improving the Single European Sky (SES) aviation network with innovative solutions, together with our business and institutional partners.

The Company is committed to implementing its mission:

- to be a certified provider of air traffic management and air navigation services under the Single European Sky regulations, designated for the provision of safe, flexible in capacity, affordable, cost-effective, sustainable and quality air traffic management and air navigation services in Slovenian airspace and, where appropriate, beyond;
- to be prepared to provide air traffic management and air navigation services as an active partner within the functional airspace blocks on the Slovenian territory.

Our mission is carried out by highly qualified and motivated staff.

### Values and Fundamental Principles of Slovenia Control

The Company has identified and defined common values and core principles that guide all employees and are part of the Company's organisational culture and form the basis of the Company's mission and vision.

#### SAFETY

Achieving, delivering and continuously improving safety levels and targets is the Company's primary focus, with the aim of achieving excellence in the provision of safe, flexible in capacity, affordable, cost-effective, sustainable and quality services. Service safety is prioritised over other corporate values

#### RELIABILITY

Slovenia Control wants to be a reliable partner to our partners, our customers and interest groups.

## RESPONSIBILITY

The responsible behaviour of the Company's bodies and the attitude of its employees towards the provision of air navigation services are aimed at ensuring safe, regular and efficient air traffic.

## PROFESSIONALISM

This is achieved through competence, accuracy, care, diligence, conscientiousness and with responsibility to high standards of work process performance.

## DEDICATION TO SERVICE

Slovenia Control responds to the needs of stakeholders in a socially responsible and non-discriminatory manner, in line with the Company's mission.

## RESPECT

Slovenia Control acts by being fair, impartial, honest, trusting and friendly to colleagues, industry peers and stakeholders.

## TEAMWORK

This is achieved through non-discriminatory, interdependent and mutually reinforcing teamwork with colleagues, industry peers and stakeholders.

## KNOW-HOW

Slovenia Control is building on the general, professional and specialised knowledge of our employees. The organisation strives to develop a humane attitude towards work and people at work, and to train people to adapt quickly to change. The Company invests in training individuals to develop their careers and personal growth.

## COMPLIANCE AND INTEGRITY

This is achieved through a commitment to transparency and a strict policy of zero tolerance towards corruption, illegal activities, and unethical conduct by employees, management, and members of the supervisory board.

## SUSTAINABLE BUSINESS

This is achieved by operating the Company in accordance with the principles of sustainable development, without compromising the ability of future generations to meet their own needs, while ensuring an appropriate balance between business performance, environmental protection (rational use of energy, waste segregation and prevention of negative impacts on the environment) and social responsibility. Corporate social responsibility and sustainable business are integrated throughout the Company's organisation and are implemented in all its relations, involving all stakeholders who have any interaction with the Company.

## RESPECT FOR HUMAN RIGHTS

This is achieved by respecting human rights as enshrined in the Constitution and applicable law, and by promoting human rights in business, as set out in the relevant National Action Plan, together with the actions it sets out.

## COMPETITIVE ORIENTATION

Slovenia Control is committed to strengthening its cooperation with neighbouring countries and its role in the envisaged transformation of the airspace in the region. This is linked to the main objective of ensuring the safe, smooth and efficient flow of air traffic. In line with the European Union's statutory objectives on the cost-effectiveness of the provision of air navigation services in the Single European Sky, synergies in the provision of cost-effective services in the region are being strengthened in cooperation with air navigation service providers from neighbouring countries. The development of functional airspace blocks represents the realisation of one of the essential requirements of the Single European Sky (SES) legislation as a key mechanism which represents a framework established by Member States to enhance cooperation and integration. In turn, this leads to a more rational organisation of airspace and service provision in order to meet the expectations of airspace users. The Company actively contributes to the achievement of the European Commission's objectives in relation to the creation of functional airspace blocks in Europe within the Functional Airspace Block Central Europe (FAB CE). In this context, it participates in maintaining the competitiveness of its own know-how and high technological capabilities for the future provision of air traffic management and air navigation services in the Slovenian airspace.

## COMPANY DETAILS – SIGNIFICANT DATA

**The Company:**

KONTROLA ZRAČNEGA PROMETA SLOVENIJE, d. o. o.  
SLOVENIA CONTROL, Slovenian Air Navigation Services, Limited

**Abbreviated name:**

KZPS, d. o. o.  
SLOVENIA CONTROL, Ltd.

**Registered office:**

Zgornji Brnik

**Business address:**

Zgornji Brnik 130 n, 4210 Brnik – aerodrom

AFTN: LJLAYFAX

Registration number: 1913301

VAT Identification Number: SI18930492

**Transaction Accounts:**

Banka Intesa Sanpaolo d. d.: SI56 1010 0004 3347 840  
UniCredit Banka Slovenija, d. d.: SI56 2900 0005 5404 414  
Nova Ljubljanska banka, d. d.: SI56 0292 2025 4167 737  
SKB banka d. d.: SI56 0313 4100 0517 835

Registration body: Kranj District Court

Main activity: 52.230 Service activities incidental to air transportation

Ownership: 100% ownership by the Republic of Slovenia

Share capital: EUR 5,525,705.66

Number of employees: 243 (as at 31 December 2023)

**Contact details:**

Telephone number: 00 386 4 20 40 000

Fax: 00 386 4 20 40 001

E-mail: [info@sloveniacontrol.si](mailto:info@sloveniacontrol.si)

Website: <http://www.sdh.si>

**Corporate governance bodies:** the Founder, the Supervisory Board and the CEO

**Founded:**

The Founder and sole shareholder of the Company is the Republic of Slovenia. The rights of the Founder are exercised by Slovenian Sovereign Holding, acting on behalf and for the account of the Republic of Slovenia pursuant to the Slovenian State Holding Act.

**CEO:**

Srečko Janša

Rok Marolt assumed the position of the Company's CEO on 23 March 2023, succeeding Dr Franc Željko Županič who held the role until that date. On 5 April 2024, Srečko Janša, a Member of the Supervisory Board, took over the management of the Company as interim CEO in accordance with paragraph two of Article 273 of the Companies Act.

**Supervisory Board:**

Founder's representatives:

Peter Grašek, President

Marija Šeme, MBA, Deputy President

Dr Marko Hočevar, Member

Srečko Janša, membership in suspension

Employees' representatives:

Žiga Ogrizek, Member,

Boštjan Mišmaš, Member

**Supervisory Board's Audit Committee:**

Marija Šeme, MBA, President

Dr Marko Hočevar, Deputy President

Žiga Ogrizek, Member,

Urška Kiš, Certified Auditor, External Member

**Information on companies in which Slovenia Control holds an equity stake:****Company:**

FABCE, letalske storitve, d. o. o. (*in English: FABCE, Aviation Services, Ltd.*)

Registered office: Zgornji Brnik

Business address: Zgornji Brnik 130 n, 4210 Brnik – aerodrom

Share capital: EUR 36,000

Book value of the equity stake: EUR 16,000

Slovenia Control's equity stake: 1/6 of the Company's share capital, which amounts to EUR 36,000.

FABCE, Aviation Services, Ltd., was established on 17 October 2014. It was registered in the Slovenian Business Register kept by the Kranj District Court on 17 November 2014.

## COMPANY ACTIVITIES AND ORGANISATION

The Company delivers air traffic management Services (ATM) and air navigation services (ANS) within the Republic of Slovenia, adhering to national and European legislation, as well as European standards and recommendations set forth by the International Civil Aviation Organisation (hereinafter referred to as: ICAO) and Eurocontrol. This includes compliance with the Letters of Agreements (LoAs) with neighbouring air navigation service providers and international treaties to which the Republic of Slovenia is a signatory.

Under the Air Traffic Management/Air Navigation Services Provider Licence (Certificate) No. 37290-2/2021/23 - third edition dated 21 April 2022, issued by the Civil Aviation Agency of the Republic of Slovenia, the Company provides the following services: Air Traffic Services (ATS), Air Traffic Flow Management (ATFM), Airspace Management (ASM), and Communication, Navigation, and Surveillance services (CNS). Additionally, it provides Aeronautical Information Services (AIS), required by airspace users, the provision, upgrade, and maintenance of communication, navigation, and surveillance systems within the scope of the corresponding services (CNS), and the development of flight procedures (FDP) for the purposes of air traffic management and control. The Company ensures technical and operational capability and expertise for managing air traffic and providing air navigation services in a manner that is safe, uninterrupted, scalable, cost-effective, sustainable, and of high quality, continually adapting to the actual and potential future density of air traffic flows in the designated airspace.

Furthermore, the Company possesses the Air Traffic Controller Training Organisation Certificate No. 60404-15/2022/3, issued on 13 May 2022 by the Civil Aviation Agency of the Republic of Slovenia. Thus, Slovenia Control operates an air traffic controller training organisation, specifically, the Flight School, which is responsible for training and continuously developing the competence of all operational personnel engaged in providing ATM/ANS services.

The organisational structure of the Company is designed to support the safe, continuous, efficient, and sustainable provision of ATM/ANS services, which are provided by Slovenia Control, ensuring adequate flexibility and responsiveness to changes in the operational environment.

The internal structure of the Company is regularly reviewed and updated to align with changes in regulations, business environment demands, and developmental needs. The Company's core activity, air traffic management and control, is executed across three operational departments: Air Traffic Services Department (ATS), Communications, Navigation and Surveillance/Air Traffic Management Systems Department; and Aeronautical Information Services (AIS) Department.

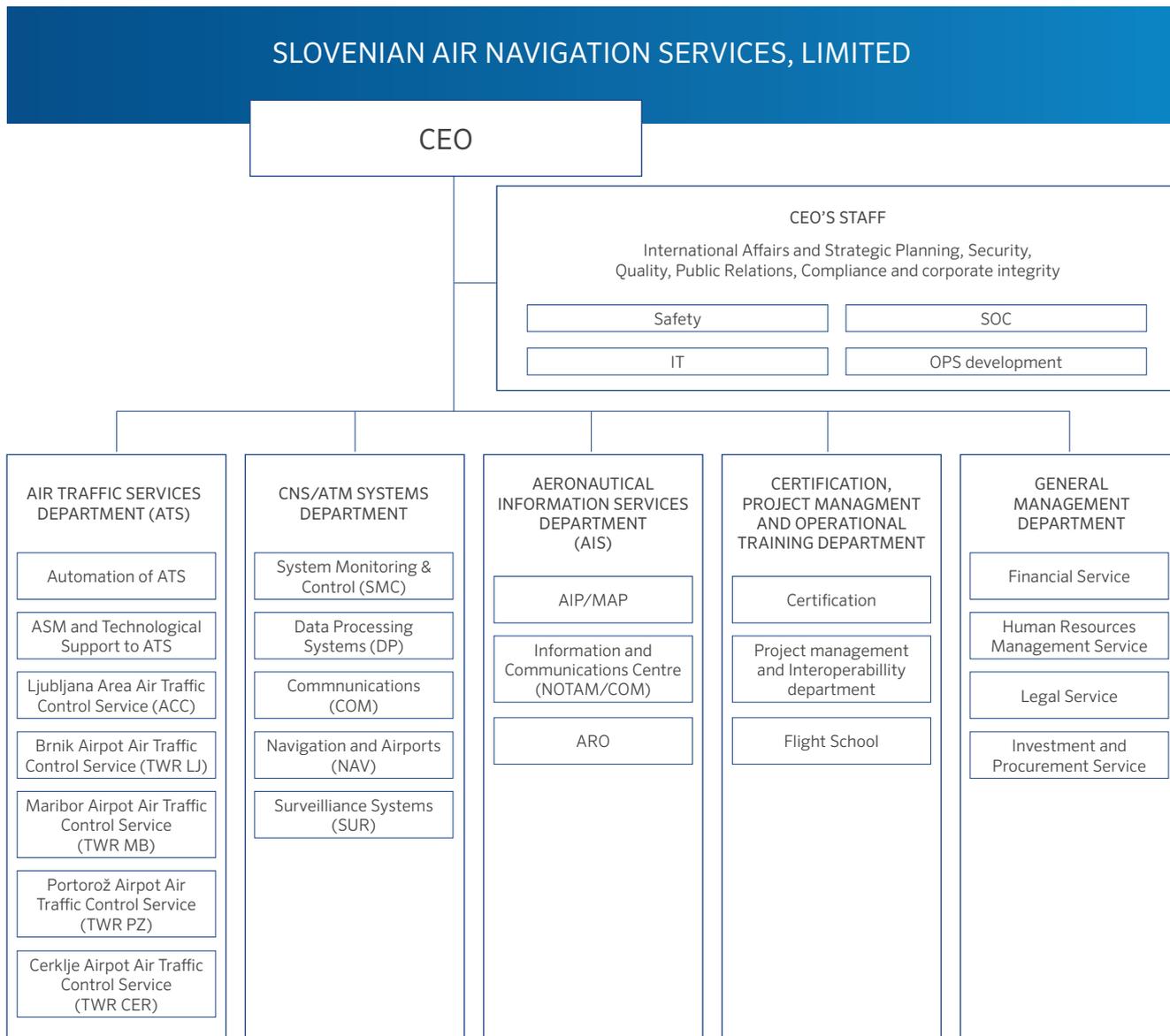
The Certification, Project Management and Operational Training Department is responsible for ATM/ANS Service Provider Certification, project management tasks and interoperability, as well as for the Operational Personnel Training Service – the Flight School.

Tasks related to human resources, legal affairs and financial accounting, investment and procurement are carried out within the General Management Department.

The Company's organisation has a specific role for functions related to air traffic safety management, international affairs and strategic planning, development, quality and security, information technology, cybersecurity, public relations, as well as compliance and integrity, which are carried out within the CEO's Staff office.

The activities are carried out at the Company's headquarters in the premises of the Air Traffic Control Centre - ATCC at Zgornji Brnik 130 n, Zgornji Brnik, Slovenia. Furthermore, additional activities are also carried out at the Ljubljana Jože Pučnik Airport, Maribor Edvard Rusjan Airport, Portorož Airport and Cerklje ob Krki Airport.

Figure 1: Organisational chart



In 2014, Slovenia Control founded a joint legal entity with air navigation service providers from Austria, the Czech Republic, Croatia, Hungary, and Slovakia – FABCE, Aviation Services, Ltd., (hereinafter referred to as: FABCE, Ltd.). This entity, registered in the Republic of Slovenia, was established to fulfil the requirements of the Single European Sky legislation and to enhance cooperation in joint project execution, consultancy, staff training, and procurement. FABCE, Ltd., was established on 17 October 2014, when the Articles of Association was signed by the air navigation service providers of Austria, the Czech Republic, Croatia, Hungary, Slovakia, and Slovenia. It was registered at the District Court in Kranj on 17 November 2014. The core business activity of FABCE, Ltd., as per the standard classification, is coded 70.220 - Business and other management consultancy activities. The company has a share capital of EUR 36,000, fully paid in cash, with equal shares held by all shareholders. The governance structure of FABCE, Ltd., includes the CEO, the Supervisory Board, and the General Meeting, the latter two comprising representatives from all six shareholders.

## CEO'S REPORT

The anticipated but markedly uneven post-pandemic recovery of air traffic in 2023, influenced by the ongoing military conflict in Ukraine, was characterized by substantial adverse impacts from weather, staff shortages, and strikes within the aviation sector. This effectively summarizes the trend of European air traffic for the year. While the EU-27 area recorded 8.86 million IFR (Instrument Flight Rules) flights with a traffic growth of 9.7%, the Baltic and Scandinavian countries, along with Poland, saw a significantly lower number of en-route flights due to the closure of Ukraine's airspace. Conversely, countries along the so-called „South-East Axis“ experienced higher growth rates in en-route flights as a result of altered traffic flows. This also contributed to the increase in traffic within the Slovenian airspace.

In 2023, the airspace of the Republic of Slovenia (FIR Ljubljana) accommodated 499,784 IFR flights, an increase of 10.4% compared to 2022 and 8.7% more than the pre-COVID record year of 2019. Similarly, the Dolsko sector, operating under the direct control of the Ljubljana Area Control Centre (ACC Ljubljana), registered a 9.8% rise in the number of IFR flights compared to 2022, with traffic volumes in this section of the airspace surpassing the levels of 2019 by 10.6%. Building on this momentum, the Ljubljana Area Control Centre in July, conducting 44,908 operations, once again surpassed the performance milestones set in July 2022 and achieved a 6.6% annual increase in sector hours per day, a success directly associated with effective human resource management and staff planning. However, it is crucial to note that seasonal variations significantly influenced the summer traffic season, with unstable weather playing a critical role in the operational workload of air traffic controllers.

In 2023, the volume of en-route traffic through Slovenian airspace, expressed in service units, was 13.7% higher than in 2022 and nearly 8.0% lower than in 2019, exceeding the forecast by 18.6%. During the approach and departure phase at Slovenian international airports (terminal phase), there was a 17.2% increase in the number of service units compared to 2022, which was 16.2% below the plan and 27.4% less than in 2019. This indicates a very modest and slow replacement of airline connections at the Ljubljana Jože Pučnik Airport following the cessation of operations by the Slovenian air carrier in autumn 2019.

Despite these challenges, the growth rates achieved in terms of the number of service units, particularly in the en-route phase, are reflected in the Company's successful performance, which exceeded plans. The company generated EUR 49.8 million in operating income, marking a 20.0% increase compared to 2022, with over EUR 49.04 million of this total derived from sales revenues. Within the sales revenue structure, the predominant share, 90%, was accounted for by income from en-route charges, which totalled just over EUR 44 million, representing a 22% rise from 2022. In 2023, income from terminal charges amounted to just under EUR 3.17 million, representing a 6% increase compared to 2022. Terminal charges accounted for 6% of the total sales revenue structure, while the remaining 4% was attributed to other sales revenues totalling EUR 1.87 million. The share of sales in the domestic market was just under 3%, with the foreign market (predominantly EU) accounting for over 97%, a ratio that remained unchanged from 2022. With EUR 44.37 million in operating expenses, the Company concluded the financial year with a profit of EUR 4.65 million.

In 2023, which is the fourth year of the third reference period (2020-2024) for monitoring Union-wide performance targets, Slovenia Control not only met but surpassed its safety performance target, termed „Effectiveness of Safety Management“ (EoS<sub>M</sub>). The ATMF delay indicator set for Slovenia was set at 0.09 minutes per flight, yet an exemplary actual value of 0.00 minutes per flight was achieved. However, the environmental performance target was not met. The target value for Slovenia for 2023 was set at 1.55%, but the actual outcome reached 1.73%. It is important to note that achieving the target value is heavily influenced by service users and factors affecting their decisions to opt for the shortest feasible routes, with weather playing a major role in the previous season.

Based on the Performance Plan adopted in 2022 for Slovenia, for the third reference period of 2020–2024, the Company will continue in 2024 to strive to meet Union-wide performance targets through the effective delivery of its services. In line with the objectives set by the European Commission for the new five-year reference period of 2025–2029, and in

collaboration with other stakeholders, the Civil Aviation Agency of Slovenia, the Slovenian Environment Agency, and the Ministry of Infrastructure of the Republic of Slovenia, the Company will contribute to the preparation of a new national implementation plan.

In response to the ongoing military conflict, heightened security conditions, and the increasing number of crisis points in the region, Slovenia Control proactively collaborated with relevant state authorities to draft the necessary legal frameworks for air traffic operations. Additionally, it was instrumental in designing and preparing proposals for temporary airspace structures to support the operations of the Slovenian Armed Forces and NATO. This effort will remain a critical aspect of civil-military cooperation throughout 2024.

Through active involvement in projects and activities at various levels, the Company strengthened its role in the international arena. This includes participation within the Functional Airspace Block Central Europe – FAB Central Europe (FAB CE) and its associated legal entity, FABCE, Aviation Services, Ltd., of which it is a shareholder. Slovenia Control also collaborates at the level of international organizations and interest groups such as Eurocontrol, ICAO, and CANSO. Key projects of FAB CE in the past year included airspace reconfiguration, focusing on the cross-border implementation of FRA (Free Route Airspace), and simplifying sectorisation in border areas. The primary aim was to optimise the trajectories of airspace users and enhance airspace capacity, and to coordinate the planning of communication, navigation, and surveillance infrastructure in FAB CE. These endeavours provide a foundation for more cost-efficient planning and execution of future investment and technological projects and infrastructure services which are necessary to uphold prescribed service levels and air traffic safety. The initiatives to optimise airspace (with heightened cross-border collaboration) and regional information-communication and CNS infrastructure are set to continue in 2024, aligned with the FAB CE strategy and the AAS (European Airspace Architecture Study).

Considering traffic forecasts and the heightened risks due to worsening economic and security conditions, exacerbated not only by the military conflict in Ukraine but also by escalating tensions in the Middle East, the Company, as a critical infrastructure operator and provider of essential services, will continue its efforts in 2024 to maintain uninterrupted operations and safe delivery of its services in Slovenian airspace, as well as to meet the regulatory requirements for air traffic management (ATM) and air navigation services (ANS) providers, including the training organisation. Achieving this is only possible with the necessary availability and appropriate number of authorised personnel. Therefore, ensuring an adequate number of operational and other professional staff, especially in light of a significant portion of the workforce nearing or reaching retirement eligibility within the next five-year period, will be one of the Company's more significant challenges, given the general shortage of personnel, particularly in the aviation sector, and the time and investment required to achieve the necessary qualifications and authorisations of this workforce. Slovenia Control will continue to develop and negotiate appropriate solutions, taking into account the role of social dialogue with employee representatives.

As the CEO, I took the helm of the company on 5 April 2024 with the aim of ensuring successful operations and achieving the goals set out in our business plans, thereby realising the Company's developmental strategy and its mission.

Zgornji Brnik, 6 May 2024

Srečko Janša  
CEO



# SUPERVISORY BOARD'S REPORT

## Composition and internal organisation of the Supervisory Board

Pursuant to Article 14 of the Articles of Association of Slovenia Control (hereinafter also referred to as: "the Company"), the Supervisory Board of the Company is composed of six members, four of whom are appointed by the Founder and two by the Works Council.

In 2023, the Supervisory Board was composed of the following members, including representatives of the Founder:

- Peter Grašek, President of the Supervisory Board;
- Srečko Janša, Deputy President of the Supervisory Board;
- Dr Marko Hočevár, Member;
- Marija Šeme, MBA, Member;

while the following members represent the Company's employees:

- Žiga Ogrizek, Member;
- Boštjan Mišmaš, Member.

The details of the Supervisory Board members and their attendance at meetings can be found in the table included in the Governance Statement, which forms an integral part of the Annual Report.

The members have acted independently in their decision-making and have completed declarations of independence, in which they affirmed their impartiality. There were no conflicts of interest in their activities in 2023, save for one member who withdrew from voting on the adoption of the business plans due to a potential conflict of interest arising from his role as a Director of the Directorate of Aviation and Maritime Transport at the Ministry of Infrastructure. The Supervisory Board members demonstrated their utmost professionalism, engaged actively in discussions on individual documents, and cooperated in a constructive manner. They sought additional information and clarifications on the materials discussed when necessary. Decisions were made within their respective competences, adhering to high standards of ethics and professional confidentiality. The work of the Supervisory Board was effectively supported by substantive proposals from the Audit Committee on areas within its remit.

The Supervisory Board has no other standing committees, nor did it appoint any ad hoc committees in 2023.

## Supervisory Board meetings in 2023

In 2023, the Supervisory Board held 11 meetings, seven of which were ordinary and four of which were correspondence meetings.

## Monitoring and supervising the Company's operations and other activities of the Supervisory Board

At the beginning of 2023, the Supervisory Board adopted the annual work plan, the annual training plan, and the budget for the Supervisory Board and the Audit Committee for 2023, all of which were carried out during the year.

Upon the completion of the CEO selection process in December 2022, the Supervisory Board recommended to the Slovenian Sovereign Holding, in its capacity as the Founder, that upon the expiration of the then-CEO Dr Franc Željko Županič's term, Rok Marolt be appointed as the Company's CEO. Pursuant to the Founder's Resolution, Rok Marolt commenced his five-year term as a CEO on 23 March 2023.

In 2023, the Supervisory Board devoted a substantial portion of its efforts to monitoring and overseeing the Company's operations. As part of its oversight of the financial situation, the Company regularly furnished the Board with periodic business operation reports. The Supervisory Board also assessed the financial status of the Company during the review of other matters with financial implications. The Supervisory Board received weekly forecasts and reports on the actual developments in air traffic, and the CEO provided updates on significant events impacting the Company's operations as a separate agenda item at each regular meeting.

Borrowing to ensure the Company's liquidity was conducted following a prior review and approval by the Supervisory Board. The Supervisory Board actively supervised the Company's investment activities and expenses by reviewing and granting approval for transactions exceeding EUR 250,000, as well as amendments to contracts for such transactions.

The scrutiny of operations and management included not only financial aspects but also the legality and compliance of operations, the achievement of business plans, risk management, and the implementation of the Supervisory Board's resolutions. The Supervisory Board paid particular attention to the VCS system outage in May 2023 and the measures taken to manage the realised risk of the system outage. The Supervisory Board did not identify any breaches of laws, the Articles of Associations, or other Company regulations or resolutions of the Founder. All resolutions of the Supervisory Board due in 2023 have been implemented.

Based on the proposal of the Supervisory Board's Audit Committee, the Supervisory Board adopted the Internal Audit Implementation Plan with external contractors for the 2023–2025 period. It was decided that in 2023, an internal audit of the information and cybersecurity area would be conducted by engaging an independent external expert. The Board approved the audit contract and reviewed the auditor's report along with their recommendations.

Following the Audit Committee's review, the Supervisory Board examined the compiled and audited Annual Report of the Company for 2022. Finding no objections, the report was approved. The Founder was informed of the approved annual report and the Supervisory Board's report for 2022. Upon approval of the Annual Report, the Supervisory Board decided that the CEO would receive variable remuneration for 2022, amounting to 30 percent of the CEO's basic salary payments made in 2022.

Based on air traffic forecasts from Eurocontrol and the Company's estimates, the Supervisory Board adopted the 2024 Annual Business Plan. The Supervisory Board also approved the revised Company Business Plan for 2024–2028, which aligns with the 2020–2024 Performance Plan for the Republic of Slovenia. This plan, in accordance with European Single European Sky (SES) regulations, sets binding performance targets that the Republic of Slovenia has established for the third reference period for monitoring Key Performance Indicators (KPIs) in air traffic services and air traffic management for 2020–2024. Due to the emergence of COVID-19 and the associated decline in air traffic in 2020 and 2021, the European Commission adopted a revised legal framework for the third reference period in 2020. Consequently, the Union-wide performance targets for the air traffic management network for the third reference period were revised and have been incorporated into the revised Company Business Plan for 2024–2028.

Additionally, the Supervisory Board was informed about the operations of FABCE, Aviation Services, Ltd., in which Slovenia Control holds an ownership stake.

### Evaluation of the Effectiveness of the Supervisory Board and Audit Committee

In 2023, an evaluation of the effectiveness of the Supervisory Board and Audit Committee for the previous year was not conducted due to the replacement of half of the Supervisory Board members in October 2022. The Supervisory Board decided that the evaluation would be conducted at the beginning of 2024, after a year of functioning in its revised composition.

## Functioning of the Audit Committee of the Supervisory Board

The Audit Committee of the Supervisory Board is composed of four members, three of whom are concurrently members of the Supervisory Board and one who is an external independent expert. In 2023, the Audit Committee was composed of members as indicated in the table found in the Governance Statement.

In 2023, the Audit Committee operated in accordance with the annual work plan and budget, which were adopted at the start of the year. Special attention was directed towards monitoring the Company's operations, particularly reviewing potential measures to manage the risk associated with the rising interest rates on long-term loans. Additionally, the committee acquainted itself with the potential for creating deferred tax assets based on tax losses carried forward and their consequent impact on the business results. The Audit Committee assessed the appropriateness of the Company operating without an organised internal audit and proposed to the Supervisory Board the adoption of a three-year internal audit plan. Following this plan, an internal audit focusing on information security and cybersecurity was conducted in 2023 by an external provider. The committee was involved in the selection process of the auditor, reviewed the audit report and the auditor's recommendations, and conducted two interviews with the auditors, which were also attended by the members of the Supervisory Board (the second interview was conducted in January 2024).

In 2023, the Audit Committee reviewed the draft Annual Report for 2022 and proposed to the Supervisory Board that the Founder be recommended to approve a resolution for the allocation of all profits towards the creation of other revenue reserves. It also reviewed the Company's Audited Annual Report for 2022 and recommended its adoption to the Supervisory Board. The committee examined the auditor's report and management letter, discussing the audit process reviewing the business results with the audit partner from BDO Revizija d. o. o. and assessing the auditor's performance.

The Audit Committee scrutinised the Company's quarterly business reports, which were forwarded to the Founder, with a focus on accounting, financial, and risk management perspectives. Additionally, it reviewed the preliminary cash flow plan for 2023 and projections up to 2029, monitoring their realisation. It familiarized itself with comprehensive reports on the costs incurred by the Company throughout the year, comparing them to corresponding periods in the previous year and the business plan.

The Audit Committee analysed the implementation of internal control and risk management activities, as well as the Company's compliance operations. It examined internal reporting procedures for irregularities and illegalities, reviewed reports on task execution for 2022, and familiarised itself with the Annual Work Plan for 2023 compiled by the Compliance and Integrity Officer.

Moreover, the Audit Committee verified the independence of the external auditor, BDO Revizija d. o. o., which provided no non-audit services to the Company in 2023, and reviewed the audit plan for that year.

## Operating Costs of the Supervisory Board and its Committees

The operating costs and payments to individual members of the Supervisory Board and the Audit Committee are presented in the Company's Financial Report.

## Review of the Company's Annual Report for 2023

Following the conclusion of the 2023 financial year, the Supervisory Board and the Audit Committee of the Supervisory Board reviewed the compiled and audited annual report of the Company for 2023. This report had been submitted for auditing to the appointed audit firm, BDO Revizija, d. o. o. The Company's Annual Report has been prepared in accordance with the Companies Act and the International Financial Reporting Standards (IFRS). The report outlines the conditions and results of the Company's operations in 2023 and comprises two parts: the Business Report and the Financial Report, including the appropriate Corporate Governance Statement.

The Business Report presents the Company's operations in 2023 and its financial position, including a description of the key risks to which the Company was exposed. It details significant events and impacts on operations in 2023 and post-financial year, summarising key business data and performance indicators for 2023, including data on operations without the impact of the adjustment mechanism. The report includes a presentation of developments and achievements in air traffic navigation services in 2023, along with an account of employee development. It highlights the importance of maintaining a well-trained operational staff, which is crucial for the Company's activities. Additionally, the Business Report contains a report on risk management challenges faced by the Company, the most significant investments made in 2023, a description of the Company's sustainable business practices, an analysis of air traffic, and key plans for 2024.

Regarding the review of the Financial Report, the Supervisory Board finds that it is presented in a clear and transparent manner. The financial statements provide a true and fair view of the Company's assets and liabilities, financial position, and its profit or loss. The report provides a detailed breakdown of the financial statements and appropriate interpretations for individual items in the financial statements. Furthermore, the Company has disclosed the effects of the adjustment mechanism and outlined the approach to creating deferred tax assets on the basis of tax losses carried-forward.

At its 162nd regular meeting, held on 15 May 2004, the Supervisory Board reviewed the audited Annual Report of the Company for 2023, as well as the report from the Audit Committee on both the Unaudited and Audited Annual Report for 2023.

The Supervisory Board has taken a positive position on the Auditor's Report for 2023 which was prepared by the audit firm BDO Revizija, d. o. o. The report includes an unqualified audit opinion. The Supervisory Board reviewed and agrees with the Corporate Governance Statement included in the Annual Report.

The Supervisory Board assessed the Company's performance in 2023 as successful. The Company exceeded its planned business results and concluded the financial year with a net profit. The Supervisory Board recommends to the Founder that the Company's retained earnings be used to create other revenue reserves. These reserves had been entirely utilised in previous years due to negative business results.

### Approval of the Audited Annual Report for 2023

Following a thorough review of the audited Annual Report of Slovenia Control for 2023 and the accompanying Auditor's Report, the Supervisory Board hereby declares that it has no objections to the said report. Accordingly, in accordance with Article 282 of the Companies Act and Article 30 of the Articles of Association of Slovenia Control, Ltd., the Supervisory board of the Company approves the Annual Report for 2023.

Peter Grašek  
President of Supervisory Board



# CORPORATE GOVERNANCE STATEMENT FOR 2023

Pursuant to Article 70, Paragraph 5 of the Companies Act, and Article 26, Paragraph 4 of the Company's Articles of Association as well as the provisions of the Corporate Governance Code for State-Owned Enterprises, the Company hereby issues its Corporate Governance Statement for 2023.

## 1. REFERENCE CORPORATE GOVERNANCE CODE AND RECOMMENDATIONS

As a 100% state-owned company, Slovenia Control complies with the Corporate Governance Code for State-Owned Enterprises as its reference code. In 2023, the Company operated in accordance with the most recent version of the above mentioned Code (hereinafter referred to as: "the SSH Code"), which was adopted in June 2022 by Slovenian Sovereign Holding (hereinafter also referred to as: "SSH").

The Company also complies with the SSH Recommendations and Expectations, as applicable from time to time. In 2023, the Company also adhered to the version of the SSH Recommendations and Expectations, which SSH adopted in June 2022, subsequently updated in May 2023, and further supplemented in August 2023.

Both of the above documents are key documents relating to asset management, which are issued by SSH. They are published on the following website: [www.sdh.si](http://www.sdh.si).

The Company strives to adhere to the SSH Code and the SSH Recommendations and Expectations to the fullest extent possible and in a reasonable manner, taking into account its ownership structure, size, and activities. Any deviations from these documents are disclosed in the following section on a „comply or explain“ basis. Where a particular recommendation is not relevant to the Company, the deviation from such recommendation is not indicated.

Certain aspects of the Company's governance are also outlined in the Governance Policy of Slovenia Control, which is publicly accessible on the following website: [www.sloveniacontrol.si](http://www.sloveniacontrol.si).

## 2. DEVIATIONS FROM THE SSH CODE AND RECOMMENDATIONS

### a) Deviations from the SSH Code

#### **Succession Policy (points 6.2.5 and 6.2.6 of the SSH Code)**

The Succession Policy for the management, adopted by the Supervisory Board, stipulates the criterion of having at least one candidate for succession, rather than a minimum of two. Additionally, the Supervisory Board does not commence the selection process for internal succession candidates immediately after the commencement of the current management's term, but rather a year and a half before the current CEO's term expires. These deviations are reasonable and appropriate given the size and operations of the Company. Moreover, they align with the latest applicable version of the Code from December 2023, which has been in effect since 1 January, 2024 and is somewhat more lenient in this regard. The Code now stipulates that the Supervisory Board should, *as far as possible, endeavour* to include at least two candidates in the final selection (but is no longer obliged to ensure this). The selection process for candidates must begin *in a timely manner before the termination of the term of office* of the current management member, rather than immediately after the commencement of the current management's term.

#### **Competence Profile of the Supervisory Board (point 6.5.1 of the SSH Code)**

The Supervisory Board reviewed the competence profile in December 2022, when it adopted the new Diversity Policy and the competence profile for the Supervisory Board of Slovenia Control. The document does not mandate an annual review by the Supervisory Board but rather a review as needed. This is due to the fact that the relevant competencies and diversity objectives of the Supervisory Board do not change annually. This deviation is also in accordance with the latest version of the Code from December 2023, effective from 1 January 2024, which no longer requires an annual review of

the competence profile. Instead, it advises that the Supervisory Board should review the competence profile particularly before planned regular appointments or changes within the Supervisory Board and update it as necessary, a practice the Company adheres to.

#### **Statement of Independence (point 6.7.1 of the SSH Code)**

The members of the Supervisory Board and the external member of the Audit Committee complete their Statement of Independence on an annual basis. These statements are reviewed by the Supervisory Board members. For data protection reasons, the Company publicly discloses on its website whether members have declared themselves dependent or independent, but does not publish the statements themselves.

#### **Employee Development Plans (Point 7.4 of the SSH Code)**

The Company carries out specialised activities that require its operational staff to hold appropriate work permits, which must be maintained through periodic knowledge assessments. Consequently, the Company has established a career development system in compliance with Slovenian and EU regulations, alongside an employee remuneration system. Looking ahead, the Company aims to further develop talent identification and development, as well as the career progression of its employees.

#### **Company Strategy (Point 7.5 of the SSH Code)**

In compliance with Slovenian legislation, European Single European Sky regulations, and the Articles of Association, the Company has not prepared a separate strategy but instead has developed a long-term business plan for the next five years. This plan includes the Company's strategic directions and objectives.

### **b) Deviations from SSH Recommendations and Expectations**

#### **Optimisation of Labour Costs – Publication of Binding Collective Agreements (Recommendation No. 4)**

Collective agreements binding on the Company are published on the Company's internal website so that their contents can be made known to all those affected by the collective agreements. In addition, in accordance with Article 28 of the Collective Agreements Act, the Collective Agreement for Air Traffic Management and Control is also published in the Official Gazette of the Republic of Slovenia, No. 83/2023.

#### **General Meetings – Accessibility of Materials (Recommendation No. 6)**

The Company does not publish materials for the general meeting or any explanations for the Founder on its website, as its sole Founder and shareholder is the Republic of Slovenia. The Founder's rights are exercised by SSH, to whom the Company duly provides access to the materials.

#### **Sustainable Business (Recommendation No. 7)**

The Company has adopted strategic directions and goals for sustainable business practices and considers these aspects in management decisions, reporting on them accordingly. The Company will strive to further develop the evaluation of the impacts of its operations and risk management in this area.

#### **Remuneration Policy for Management Bodies (Recommendation No. 9)**

In 2023, the Company did not have a unified remuneration policy for the management body as a single document. The CEO's remuneration was determined and 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, and the related Decree Determining the Maximum Ratios for Basic Salaries and the Amount of Variable Remuneration for Directors. These were also consistent in type and amount with Recommendation No. 9. The Company prepared a draft remuneration policy for the management body, which the Founder approved on 24 April 2024, in accordance with Article 16 of the Articles of Association.

**Remuneration Policy for Supervisory Bodies (Recommendation No. 10)**

The attendance fees for members of the Supervisory Board have been set at a lower level than recommended, despite the latest increase in the recommended fees made in May 2023. This decision was made by the Company's Founder, who is responsible for setting the remuneration of Supervisory Board members.

### 3. COMPLIANCE AND CORPORATE INTEGRITY SYSTEM

The Company's compliance and corporate integrity system is based on the strict adherence to the following legal documents and instruments: the applicable and binding Slovenian and European legislation, professional standards and recommendations of international organisations in the field of the Company's activities, the SSH Code, guidelines and recommendations from SSH, the Company's Articles of Association and the adopted Company's Corporate Governance Policy, as well as the internal Company's policies and regulations.

The Company's compliance system includes activities to ensure that the Company and its employees act in accordance with relevant regulations, binding standards, and recommendations, manage conflicts of interest, and prevent and respond to illegal and unethical conduct. The appointed Compliance and Integrity Officer of the Company is autonomous and independent in his activities. He follows the guidelines of the SSH Code in a reasonable manner, while taking into account the ownership structure, size and activity of the Company. The Compliance and Integrity Officer performs his activities in accordance with the approved annual work plan and submits an annual report on the work performed to the management of the Company.

In managing conflicts of interest and preventing and addressing illegal and unethical conduct, the Company has adopted a Code of Ethics. In accordance with the SSH Code and SSH Recommendations and Expectations, the Code of Ethics outlines the Company's core values and fundamental principles, promotes responsible and respectful social dialogue between the Company's management and employees, and mandates that employees communicate respectfully with each other and uphold individual dignity. It also emphasises employees' responsibility towards the Company, requiring them to be loyal in both their professional and private lives, and to avoid situations that could compromise their independence, impartiality, and objectivity, or negatively impact their personal reputation or that of the Company. Employees must also act professionally, honestly, independently, and with integrity in their external interactions. The Code of Ethics further details the Company's efforts to improve working conditions for employees. Additionally, the Code of Ethics governs the Company's external relations with its Founder, service users, partners, and public officials, as well as the Company's responsibilities to the broader community, the public, and the media. By adhering to these ethical principles and maintaining integrity, the Company ensures a high level of ethical conduct, enabling the implementation of higher ethical standards, greater awareness, and the promotion and respect of values. These values encourage employees to maintain a responsible attitude towards the Company, its service users, partners, and other stakeholders, to achieve high business goals, and to pursue personal growth and development. In June 2023, due to observed deficiencies in the practical application of the Code of Ethics and in consideration of new SSH Recommendations and Expectations, the Company adopted amendments to the Code of Ethics and conducted an online presentation, emphasising communication. The Code of Ethics is publicly available on the Company's website and accessible to employees on the internal web pages.

The Compliance and Integrity Officer maintains the Company's gift registry. The Company is required to submit the gift registry for public officials, their family members, and protocol gifts to the Commission for the Prevention of Corruption by 31 March for the previous year. In 2023, the Company's CEO and members of the Supervisory Board did not receive any gifts exceeding the value of 50 Euros.

Furthermore, the Company's Corporate Governance Policy also outlines commitments to identifying conflicts of interest and ensuring the independence of the CEO and members of the Supervisory Board. It includes measures for handling conflicts of interest, such as completing the Statement of Independence by the Supervisory Board members, informing Supervisory Board members in case of conflicts, and excluding conflicted Supervisory Board members from voting.

The Company also ensures and continually verifies compliance of its processes and documentation with relevant applicable regulations and standards through its quality management system. Internal documentation is regularly aligned and updated to meet internal and external requirements, and interaction between processes is continually improved. In accordance with the international standard ISO 9001:2015, the Company has in place a risk management system. This system is reviewed at periodic meetings of the Risk Management Working Group, through internal quality audit reviews which are conducted at least once a year, and annual external audits by an accredited certification body in accordance with the aforementioned ISO standard.

The certification system aims to maintain the compliance of the air traffic management and air navigation service provider with common requirements, thereby ensuring the validity of the certificate of competence to provide these services. This compliance adheres to Implementing Regulation 2017/373/EU laying down common requirements for providers of services and their oversight, which sets uniform rules for the certification and oversight of service providers, and define compliance requirements and acceptable means of their compliance. The system established on this basis ensures systematic verification, assurance, and monitoring of the service provider's compliance with relevant Slovenian and European legal frameworks for the Single European Sky and international standards.

The Company has implemented the Rules on Internal Whistleblowing System for reporting irregularities and illegalities. In line with the Reporting Persons Protection Act, the Company adopted the new Rules on Internal Whistleblowing System and appointed a Whistleblower Protection Officer. The Compliance and Integrity Officer also serves as the Whistleblower Protection Officer. The Compliance and Integrity Officer has prepared an explanation of this regulation for employees, detailing how to use internal reporting channels, presenting the whistleblower protection system, external reporting procedures, and the relevant authorities under the Reporting Persons Protection Act. In 2023, the Compliance and Integrity Officer did not receive any internal reports of alleged irregularities or illegalities. In accordance with the requirements of the Commission for the Prevention of Corruption and the Reporting Persons Protection Act, the Compliance and Integrity Officer reported to the aforementioned Commission on internal reports as, under the Reporting Persons Protection Act, the reporting is mandatory, even if no reports were received during the year.

In December 2023, following the recommendation from SSH and in accordance with the provisions of the Integrity and Prevention of Corruption Act, the Company adopted an Integrity Plan. This plan identifies risk areas in the following fields: procurement of goods and services, compliance with legislation, conflicts of interest, receipt of gifts, data protection and inside information; staffing, ethics, and reporting of illegalities as well as whistleblowing protection. It outlines measures (both ongoing and one-off) for managing these risks, assigns responsibilities, and sets deadlines for their implementation.

#### 4. DESCRIPTION OF THE MAIN FEATURES OF THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS

The Company manages its risks and has in place a system of internal controls. The purpose of the internal control system is to ensure effective and efficient operation, reliability of financial reporting, and compliance with applicable laws and other external and internal regulations.

The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), and the Companies Act. The data in the financial statements is based on the bookkeeping records and books of account maintained in accordance with IFRS. They provide a true and fair view of the state of the Company's assets and of the results of its operations for 2023. The financial statements, together with the notes thereto, are prepared on a going concern basis.

The fundamental accounting assumptions used in the preparation of the financial statements are: accrual accounting, going concern, and the qualitative characteristics of the financial statements, which are mainly: understandability, relevance, reliability, and comparability. The accounting policies follow the basic accounting principles of prudence, substance over form, and materiality. The Company ensures the accuracy, completeness, and fairness of its financial reporting through a number of controls, such as: reconciliation of items with customers and suppliers, control of completeness of data capture, control of segregation of duties and responsibilities, control of restriction of access to accounting records, and control of supervision checks. The accounting process is IT-enabled, and all these controls are therefore also linked to control systems embedded in IT. The risks related to IT and the remaining risks are described in more detail in the Risk Management chapter. An internally organised Risk Management Working Group is in place to manage risks.

The Company also ensures the accuracy, completeness, and fairness of its financial reporting by meeting the requirements of the international standard ISO 9001:2015.

In 2023, in accordance with the Companies Act, Slovenia Control was classified as a medium-sized company and, as such, does not have an internal audit function in place. As a result, internal audit services are outsourced where necessary. Additional control over risk management, the internal control system, and financial reporting, as well as internal and external audit, is provided by the Audit Committee of the Supervisory Board. The Company operates in a strictly regulated environment, in compliance with Slovenian and European legislation, European standards, standards and recommendations of international organisations in the field of civil aviation, and international treaties which are binding on the Republic of Slovenia. The Company ensures continuous compliance with the relevant legal framework by means of an established system of internal and external monitoring of compliance with the requirements for an air navigation service provider. In addition to the internal control and risk management system, the Company's system for ensuring continued compliance with the common requirements for the provision of air navigation services is effectively supported by the safety management system, the quality management system in accordance with the international standard ISO 9001:2015, as well as with the function of the Compliance and Integrity Officer and the security system.

## 5. INFORMATION ON THE COMPANY'S GENERAL MEETING

The sole Founder of the Company is the Republic of Slovenia, which, in accordance with the Slovenian Sovereign Holding Act, exercises its powers through Slovenian Sovereign Holding which also adopts amendments to the Company's Articles of Association.

The key powers of the Founder, which are set out in more detail in the Companies Act and the Articles of Association, and which are exercised by the Founder through the adoption of resolutions, are mainly as follows:

- deciding on the adoption, amendment and modification of the Articles of Association;
- deciding on changes to the Company's share capital;
- deciding on the appropriation of profit;
- deciding on the method of loss absorption based on a proposal from the Supervisory Board and the management;
- adopting the Annual Report if it is not approved by the Company's Supervisory Board or if the CEO and the Supervisory Board delegate the decision on the adoption of the Annual Report to the Founder;
- deciding on the distribution and disposal of shareholdings;
- appointing and dismissing the CEO based on a proposal from the Supervisory Board;
- appointing and dismissing members of the Supervisory Board who represent the interests of the Founder;
- deciding on measures and overseeing the work carried out by the Supervisory Board;
- pursuing claims for damages against members of the Supervisory Board for any potential breach of their duties;
- appointing the auditor based on a proposal from the Supervisory Board;
- deciding on the remuneration of the members of the Supervisory Board, etc.

In 2023, the Founder adopted decisions concerning the following matters:

- regular appointment of the Company's CEO;
- taking note of the Company's Audited Annual Report for 2022, as adopted by the Supervisory Board;
- taking note of the report on the work of the Supervisory Board for 2022;
- deciding on the appropriation of profit;
- taking note of the earnings of the CEO and the Supervisory Board in 2022.

## 6. INFORMATION ON THE COMPOSITION AND FUNCTIONING OF THE MANAGEMENT AND SUPERVISORY BODIES

In accordance with the provisions of the Companies Act and the Act on the Provision of Air Navigation Services, a two-tier system of corporate governance, which consists of one director and a Supervisory Board, is in place. In accordance with the Articles of Association, the CEO manages and organises the work and business of the Company, while the Supervisory Board oversees the management of the Company's operations.

The CEO is appointed by the Founder, based on a proposal from the Supervisory Board, for a term of five years. On 22 March 2023, the five-year term of Dr Franc Željko Županič ended. On 23 March 2023, Rok Marolt began his five-year term as CEO, but his tenure ended prematurely due to resignation on 4 April 2024. Information about the Company's CEOs for 2023 is presented in the table below.

Name and Surname	Position	First Appointment to the position	End of tenure /mandate	Gender	Citizenship	Year of birth	Qualification	Expert profile	Membership in supervisory bodies in not affiliated companies
<b>Dr Franc Željko Županič</b>	CEO	20 March 2008	22 March 2023	Men	Slovenian	1962	Doctor of Security Sciences	management and organisation of business activities, aviation	/
<b>Rok Marolt</b>	CEO	23 March 2023	4 April 2024	Men	Slovenian	1966	Graduate in Economics (dipl. ekonomist), Specialist in Management	aviation	/

In accordance with the Articles of Association, the Company's Supervisory Board is composed of six members, four of whom are representatives of the Founder and two of whom are representatives of the employees, for a term of four years. The Supervisory Board (SB) has established an Audit Committee of the Supervisory Board (AC), which has four members, one of whom is an external independent expert. The detailed composition of the Supervisory Board and the Audit Committee in 2023 is presented in the table below, and their activities during the reporting period are described in the Supervisory Board's Report for 2023.

Name and Surname	Peter Grašek	Srečko Janša	Marija Šeme, MBA	Dr Marko Hočevar	Žiga Ogrizek	Boštjan Mišmaš	Urška Kiš
<b>Position</b>	SB President	SB Deputy President	AC Member and AC President	SB Member and AC Deputy President	SB Member and AC Member	SB Member	external AC Member
<b>First Appointment to the position in SB</b>	14 October 2022 SB President from 18 October 2022	14 October 2022 SB Deputy President from 18 October 2022	24 November 2020	14 October 2022	1 July 2004	1 July 2020	/
<b>End of tenure/mandate in SB</b>	14 October 2026	14 October 2026	24 November 2024	14 October 2026	30 June 2024	30 June 2024	/
<b>Appointment to the position in SB</b>	/	/	17 December 2020	18 October 2022	19 February 2020	/	7 December 2022
<b>End of tenure/mandate in AC*</b>	/	/	17 December 2024	18 October 2026	19 February 2024	/	7 December 2026
<b>Representative of shareholders/employees</b>	Representative of shareholders	Representative of shareholders	Representative of shareholders	Representative of shareholders	Representative of employees	Representative of employees	External independent AC Member
<b>Attendance at SB meetings</b>	11/11	11/11	11/11	11/11	11/11	11/11	/
<b>Attendance at AC meetings</b>	/	/	9/9	9/9	9/9	/	8/9
<b>Gender</b>	Men	Men	Female	Men	Men	Men	Female
<b>Citizenship</b>	Slovenian	Slovenian	Slovenian	Slovenian	Slovenian	Slovenian	Slovenian
<b>Year of birth</b>	1952	1961	1978	1962	1973	1978	1980
<b>Educational Qualifications</b>	University Degree in Law ( <i>univ. dipl. pravnik</i> )	University Degree in Electrical Engineering ( <i>univ. dipl. inženir elektrotehnike</i> )	University Degree in Economics ( <i>univ. dipl. ekonomistka</i> ), MBA	PHD in Economics	University Degree in Economics ( <i>univ. dipl. ekonomist</i> )	University Degree in Political Sciences ( <i>univ. dipl. politolog</i> )	economics and Degree in Economy ( <i>univ. dipl. ekonomistka</i> )
<b>Expert profile</b>	aviation, corporate governance	aviation	management of capital assets finance	finance, accounting	aviation	aviation	finance audit
<b>Independence under Article 23 of SSH Code (YES/NO)</b>	YES	YES	YES	YES	YES	YES	YES
<b>Existence of conflict of interest in financial year (YES/ NO)</b>	NO	NO	NO	NO	NO	NO	NO
<b>Membership in bodies of supervision in other companies</b>	/	/	Elektrooptika d. d. Elektro Maribor d. d.		FABCE, Ltd.	/	/

\*The term of office for a member of the Audit Committee is four years, but no longer than until their discharge or the end of their mandate in the Supervisory Board.

## 7. DESCRIPTION OF DIVERSITY POLICY

The diversity policy for the management and supervisory bodies is outlined in the document “Diversity Policy and Competence Profile of the Supervisory Board of Slovenia Control, Ltd.,” which the Supervisory Board updated and adopted in December 2022. This policy applies solely to the representation on the Supervisory Board, as the Company has a single-member management body. Additionally, the policy serves as guidance for the Founder and the Works Council, who have the authority to appoint members of the Supervisory Board. The document is published on the Company’s public website.

The general aim of the diversity policy is to achieve greater heterogeneity and complementarity of knowledge and experience, thereby enhancing the effectiveness of the Supervisory Board as a whole. This contributes to better quality in fulfilling its responsibilities and to the Company’s business success. The policy encourages diversity in the Supervisory Board membership in terms of professional background, experience, age, gender, and continuity. The objectives of the diversity policy were largely achieved in 2023. This includes the goal of professional diversity, which is defined as the complementarity of knowledge and skills among Supervisory Board members, where each member has at least one of the competencies and, collectively, all members possess all the competencies outlined in the policy. Additionally, the objective of ensuring that at least two-thirds of Supervisory Board members have experience in the Company’s field of operation and at least half have experience in corporate governance was met, as members have significant experience in aviation and management. As there were no changes in Supervisory Board members in 2023, the continuity goal was also achieved. This goal ensures that no more than half of the members are replaced simultaneously. Furthermore, the age diversity goal was met in 2023, which aims for an appropriate proportion of younger and older members, with at least one-third of members under 50 years old and one-third over 50 years old. The only diversity policy goal not achieved in 2023 (as in previous years) was the gender diversity goal, which aims for a balanced representation of both genders, with at least one-third of Supervisory Board members being of each gender. In the current composition of the Supervisory Board membership, consisting of six members, female representation is 1/6 (instead of at least 1/3), and male representation is 5/6.

Adherence to legislation, the Code, SSH recommendations, the Governance Policy, and the Company’s internal regulations in corporate governance are crucial for careful, economical, and responsible management. The Company strives for compliance with applicable Code and the Founder’s recommendations, as well as for the implementation and promotion of good corporate governance practices.

Zgornji Brnik, 6 May 2024

Srečko Janša  
CEO





# 1 KEY EVENTS AND IMPACTS ON THE BUSINESS IN 2023 AND BEYOND

## 1.1 KEY EVENTS AND IMPACTS ON THE BUSINESS IN 2023

### January

- On 12 January 2023, the Company successfully passed the external certification audit of its management system according to the international standard ISO 9001:2015 without any non-conformities, thereby maintaining the validity of its quality management system certificate (SI009178, valid until 18 January 2025). The external audit was conducted by the accredited certification body Bureau Veritas, d. o. o., Ljubljana.
- On 24 January 2023, based on a proposal from the Supervisory Board, SSH, in its capacity as the Founder and sole shareholder of the Company, appointed Rok Marolt as CEO for a five-year term, commencing on 23 March 2023.
- In January 2023, the basic training for air traffic controller - beginners was completed for 13 candidates to obtain the necessary licences. The Company employed these candidates at the beginning of November 2022, with six (6) candidates assigned to the Ljubljana Area Air Traffic Control Service, one (1) candidate to the Brnik Airport Air Traffic Control Service, and six (6) candidates to the Cerklje Airport Air Traffic Control Service. These candidates were employed to provide air navigation services at Cerklje ob Krki Airport on the basis of a contract concluded with the Ministry of Defence.
- The Company concluded Addendum No. 5 to the Agreement on the Pension Plan with the Works Council, whereby the employer and the Works Council agreed that the employer would retroactively pay the premiums for the voluntary collective supplementary pension scheme for eligible employees for 2023 at the end of 2023. In the event of an employee's retirement during 2023, the premiums for the voluntary collective supplementary pension scheme for the period from 1 January 2023 to the date of retirement will be paid retroactively in a one-off amount, no later than by the date of the employee's retirement.

## February

- In accordance with the proposal of the Audit Committee of the Supervisory Board, the Company adopted the new Rules on Internal Whistleblowing System for reporting irregularities and illegalities in February 2023, which came into effect on March 2023. The new regulation governs the procedure for handling reports of violations by the CEO and members of the Supervisory Board.
- The CEO attended the CANSO EC3 (Europe's ATM CEO Committee) meeting in Brussels. This was the first meeting with the new Director-General of Eurocontrol, Mr Raúl Medina, being present. The meeting discussed key issues facing the air traffic management (ATM) industry at a critical time when traffic levels are returning to pre-COVID-19 levels.
- From 22 February to 5 March 2023, the "FIS Nordic World Ski Championships Planica 2023" took place in Slovenia. In relation to this event, the Ministry of Infrastructure issued a decision to restrict flying in the event area, with professional opinions provided by our Company.
- On AIRAC 23FEB2023, PBN procedures were implemented at the Portorož Airport.

## March

- In March, the Civil Aviation Agency of the Republic of Slovenia issued decisions for PBN Ljubljana, to be implemented on AIRAC 15JUN2023.
- The General Meeting of FABCE, d. o. o., at its 20th correspondence session on 3 March 2023, approved the Annual Plan 2023-2024 of FABCE, Ltd.
- Between 11 March and 12 March 2023, the "Vitranc Cup" event was held, and between 29 March and 2 April 2023, the "Planica 2023" event took place. In relation to these events, the Ministry of Infrastructure issued decisions to restrict flying in the event areas, with professional opinions provided by our Company.
- On 18 March 2023, a regional exercise titled "Aviation Accident Exercise at the Maribor Edvard Rusjan Airport 2023" was conducted, in which representatives of the Company also participated.
- On 23 March 2023, Rok Marolt assumed the position of the Company's CEO for a five-year term of office.
- On 29 March 2023, the CEO hosted the 44th meeting of the Directors-General of FAB CE Air Navigation Service Providers (CEOC) at the Company's headquarters, where the directors discussed strategic issues related to the third and fourth reference periods (RP3/RP4), the SES2+ legislative proposal and SESAR DP, air traffic forecasts in the region, and reports from FAB CE committees. The CEOC also considered and approved the plans for two new projects in the field of airspace management for unmanned aerial vehicles, an updated safety management manual, an agreement on the notification and protection of the frequency spectrum of surveillance systems, and the "FABCE Airspace Plan".
- On 30 and 31 March 2023, the Company hosted the "Eurocontrol tools in support of AFUA Implementation" workshop at its headquarters, organised by the Civil Aviation Agency of the Republic of Slovenia and Eurocontrol.

## April

- On 4 April 2023, at the request of the Directorate of Aviation and Maritime Transport of the Ministry of Infrastructure of the Republic of Slovenia, the CEO attended a meeting with representatives of the Directorate. The meeting focused on the development activities of the Company within the framework of the National Spatial Plan for Ljubljana Jože Pučnik Airport.
- At the 153rd regular session held on 19 April the Supervisory Board reviewed and approved the audited Annual Report of Slovenia Control for 2022. The Supervisory Board endorsed the audit report by the audit firm BDO Revizija, d. o. o., for 2022, and reviewed and agreed with the proposal for the appropriation of profit. The Supervisory Board recommended to the Founder that they acknowledge the audited Annual Report and approve the proposal for the appropriation of profit, whereby the profit as at 31 December 2022, amounting to EUR 784,009 and consisting of the remaining net profit for the year 2022, be entirely allocated to other revenue reserves. The Supervisory Board also took note of the 2022 report of the Audit Committee of the Supervisory Board.
- At the end of April, the Company prepared the materials entitled „Founder's Acknowledgement of the Annual Report and the Supervisory Board's Report for 2022“, the proposal for the appropriation of profit, and the disclosure of the CEO's earnings.

## May

- From 6 May to 14 May 2023, the Company participated in the organisation of the “XXXII Slovenian Gliding Championship and the International Competition Murska Sobota Open”, and on 27 May, the Company was involved in the organisation of the 20th stage of the cycling race “Giro d’Italia”.
- On 22 May 2023, at 5:47 AM, there was a major outage of the main Voice Communication System (VCS). This outage affected all air-to-ground (communication with aircraft) and ground-to-ground (communication with neighbouring centres and airports) communications, resulting in a complete loss of communication via the VCS between operational staff within the Air Traffic Control Centre (ATCC). Air traffic controllers used the fallback voice communication system to clear the airspace and implemented air traffic restrictions in the airspace of the Republic of Slovenia. Following the implementation of appropriate measures, the VCS resumed full operational capacity at 7:19 AM. Air traffic controllers then began to gradually lift the air traffic restrictions over the Republic of Slovenia.
- On 22 and 23 May 2023, the Company hosted a meeting of the FAB CE Steering Committee in Bled. The meeting covered strategic topics such as recovery plans, traffic forecasts, the impact of the armed conflict in Ukraine on traffic, the SESAR Deployment Programme, and activities within various committees (TEC, OPS, HR, and SAF).
- On 31 May and 1 June 2023, the CEO hosted the 45th meeting of the CEOs of FAB CE Air Navigation Service Providers (CEOC) in Bled.

## June

- Between 5 June and 9 June 2023, the international military exercise “Adriatic Strike 2023” took place. For this exercise, the Ministry of Infrastructure issued an order to restrict flights in several temporarily reserved airspaces. The Company’s expert services were involved in the preparation and execution of the military exercise.
- The CEO adopted new Rules on Internal Whistleblowing System and a new Code of Ethics, both of which came into effect on 15 June 2023. The Rules on Internal Whistleblowing System was updated in accordance with the Reporting Persons Protection Act. The Code of Ethics was revised in line with the updated SSH Recommendations and Expectations (May 2023) and with the purpose to address deficiencies observed in practice. The Code of Ethics is also published on the Company’s website.
- On 7 June 2023, the FAB CE Social Dialogue Forum was held at the Company’s headquarters, attended by representatives of the representative unions of all FAB CE air navigation service providers (ANS CZ, Austrocontrol, BHANSA, Croatia Control, Hungaro Control, LPS, and Slovenia Control) and the Project Manager/CEO of FABCE, Ltd. The forum was co-chaired by the Company’s CEO and a representative of the FAB CE employee associations.
- On 13 June 2023, the Company organised a consultation for all aviation stakeholders regarding the implementation of the PBN procedure concept at the Maribor Edvard Rusjan Airport and Cerklje ob Krki Airport. In accordance with the timeline of the approved national plan „Performance Based Navigation Transition Plan – Slovenia,“ PBN procedures were implemented at Ljubljana Jože Pučnik Airport on 15 June 2023.
- On 15 June 2023, the Company’s CEO attended the Provisional Council of Eurocontrol in Brussels.
- On 19 and 20 June 2023, a meeting of the CANSO EC3 group took place in Brussels, attended by a representative of the Company.
- At its regular board meeting held on 20 June 2023, the Management Board of SSH adopted the Decision No. 322/24/23, by which SSH, in its capacity as the Founder of the Company, acknowledged the audited Annual Report of Slovenia Control for 2022, the Report on the Work of the Supervisory Board, and took note of the earnings of the CEO and Supervisory Board members for 2022. By way of the aforementioned decision, SSH decided that the profit for the year ending 31 December 2022, amounting to EUR 784,009 and consisting of the remaining net profit for 2022, shall remain undistributed and be carried forward.
- In June, the Company collaborated with the Civil Aviation Agency of the Republic of Slovenia and the Ministry of Infrastructure of the Republic of Slovenia in preparing data and interpretations regarding the Company’s operations in 2021 in connection with the oversight of the cost base in the en-route phase for 2021, which is conducted by the European Commission. In this regard, on 23 June 2023, representatives of the Company participated in a joint meeting with representatives of the said agency and the ministry with the audit firm Ernst & Young.

- On 28 and 29 June 2023, a representative of the Company attended the 120th session of the Enlarged Committee for Route Charges, organised by Eurocontrol in Brussels, where the actual costs for 2022 and preliminary cost bases for en-route services for 2024 were discussed.
- On 21 June 2023, the Company concluded the “Agreement on the Provision of Air Traffic Navigation Services for Certain Flights of Aircraft for 2023-2024” with the Ministry of the Interior of the Republic of Slovenia.

## July

- During the week of 3 July and 9 July 2023, the Ljubljana Area Air traffic Control Service set a new weekly record with 10,242 IFR operations (the previous weekly maximum was 9,963 operations). On 23 July 2023, a new record for the number of daily operations was set, with air traffic controllers handling 1,643 IFR operations. Additionally, in July 2023, the monthly maximum record for the number of operations was exceeded with 44,908 IFR operations, surpassing the previous record of 43,043 IFR operations set in July 2022.
- The Republic of Slovenia received an official warning regarding compliance with the obligations under Commission Implementing Regulation 2021/116/EU on the establishment of the Common Project One (CP1). The Company participated in the preparation of the official response.
- On 31 July 2023, the Collective Agreement for the Air Traffic Management and Control Sector was published in the Official Gazette of the Republic of Slovenia, No. 83/2023, and came into effect on 1 August 2023. The CEO and union representatives signed the said collective agreement on 24 July 2023, on the basis of the consent of the Government of the Republic of Slovenia, given at its 60th regular session held on 20 July 2023, in accordance with Article 5 of the Act on the Provision of Air Navigation Services.
- In accordance with the agreed timeline, proposals for changes in the airspace, along with the required appendices related to the implementation of PBN procedures at the Maribor Edvard Rusjan Airport (LJMB) and the Cerklje ob Krki Airport (LJCE), were submitted to the Civil Aviation Agency of the Republic of Slovenia. The PBN procedures at these airports were implemented on 24 January 2024.

## August

- During the week of 7 August to 13 August 2023, air traffic controllers at the Ljubljana Area Air Traffic Control Service surpassed the maximum weekly traffic volume from July 2023 with 10,248 IFR operations.
- Due to the severe natural disaster with floods affecting much of the Republic of Slovenia, particularly the Carinthia region, on 8 August 2023, the Minister of Infrastructure issued an order to restrict flights in the airspace of the Republic of Slovenia, specifically in the temporarily reserved airspace “Koroška” (TRA Koroška), for protection and rescue activities related to the floods. This restriction remained in effect until 18 August 2023.

## September

- The Company prepared the draft Annual Business Plan for 2024 and the draft Business Plan for 2024 - 2028, which were reviewed by the Supervisory Board at its 155th regular meeting on 11 September 2023. The draft business plans, along with other materials, were forwarded to SSH, in accordance with operational guidelines and the SSH Recommendations and Expectations.
- On 12 and 13 September 2023, the CEO and the Head of Safety attended the 3rd Aviation Safety Conference organised by the Civil Aviation Agency of the Republic of Slovenia.
- From 20 to 22 September 2023, Company representatives participated in a meeting/workshop at Eurocontrol regarding the CAPAN study. The final results of the study will serve as the basis for determining sector capacity in 2024.
- Representatives from the Air Traffic Services Department were involved in activities related to the expansion of the Free Route Airspace (FRA) SECSI FRA project, which encompasses the airspaces of eight countries in the region (Austria, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia, Albania, and Slovenia), and includes the airspace of Italy (FRA IT). This integrated airspace would become one of the largest FRA areas in Europe.

## October

- From 8 to 11 October 2023, representatives from the operational services attended the preparatory coordination meeting for the international exercise VOLCEX 2023, organised by ICAO in Reykjavik, which focused on response measures in the event of a major volcanic eruption and the presence of volcanic ash.
- The Cerklje Air Traffic Control Service took part in the "LETALO 2023" fire and rescue exercise.
- The Company prepared the proposal for the Annual Business Plan for 2024 and the Business Plan for 2024-2028, which were reviewed and approved by the Supervisory Board at its 156th regular meeting on 11 October 2023. In accordance with Article 8 of the Act on the Provision of Air Navigation Services, the business plans were submitted to the Ministry of Infrastructure of the Republic of Slovenia for approval and to SSH, for information.
- In the Official Gazette of the Republic of Slovenia, No. 106/2023, dated 13 October 2023, the Order on the Designation of Airspace Structures LJ TSA1 MERYL and LJ TSA2 MERYH was published. Following this order, the Company and the Slovenian Armed Forces established a procedural manual for the operational use of these two airspace structures.
- On 24 and 25 October 2023, the Company's CEO attended the 46th meeting of the CEOs of FAB CE Air Navigation Service Providers (FAB CE CEOC) held in Bratislava.

## November

- Pursuant to Article 6 of the Decree on terminal charges for the provision of air navigation services, the Government of the Republic of Slovenia adopted Decision No. 37200-3/2023/3 of 9 November 2023. By way of this decision, the sum of EUR 750,000 was allocated for 2024 to enhance air connectivity and foster a favourable business environment with the purpose of reducing the unit rate for terminal air navigation services.
- Following the completion of the public recruitment process for air traffic controller - beginners, the Company employed 12 candidates on 12 November 2023. These candidates successfully passed the selection process and commenced training to obtain their air traffic controller licences.
- On 21 November 2023, the Company participated in the international exercise VOLCEX23, which simulated a volcanic eruption in Iceland and the presence of volcanic ash.
- Representatives of the Company and the Civil Aviation Agency of the Republic of Slovenia attended the regular November session of the Enlarged Committee for Route Charges, held on 21 and 22 November 2023 at Eurocontrol headquarters in Brussels. During the session, the cost bases and unit rates of Member States' en-route services for 2024 were discussed in consultation with representatives of air navigation service users. The unit rates for en-route services for 2024 were approved by the Eurocontrol Enlarged Commission on 28 November 2023.
- On 27 and 28 November 2023, the CEO attended the CANSO meeting and the Eurocontrol Provisional Council session in Brussels.
- On 29 November 2023, the CEO, along with colleagues, attended a meeting with representatives of the Maastricht Upper Area Control Centre (MUAC), Eurocontrol, as part of the "ATM Data as a Service MeDUSA" project.
- In November 2023, the final report on the oversight of Slovenia's en-route cost base for 2021 was issued. This oversight was conducted by the audit firm Ernst & Young, under the authority of the European Commission. The report concluded that there were no discrepancies with binding European regulations or deviations that would have a financial impact on service users.
- Between 24 November 2023 and 11 December 2023, the Company conducted a survey to measure organisational climate and employee satisfaction, aimed at identifying the state of relations and satisfaction among Slovenia Control's staff. The survey results were shared with all employees and the Supervisory Board.
- In November 2023, the Civil Aviation Agency of the Republic of Slovenia, based on the Company's applications for the implementation of PBN procedures at Maribor and Cerklje ob Krki airports, issued decisions approving these changes in Slovenian airspace. The deadline for implementing the PBN procedures at both airports is 25 January 2024, in accordance with the "Performance Based Navigation Transition Plan – Slovenia".
- On 30 November 2023, the 30th meeting of the FAB CE Council took place, attended by a representative of the Company.

## December

- Pursuant to Article 6 of the Decree on terminal charges for the provision of air navigation services, and the Government of the Republic of Slovenia's Decision No. 37200-3/2023/3 of 9 November 2023 regarding state intervention to reduce the unit rate for terminal services, on 4 December 2023, the Company signed the Agreement on the Provision of Funds for the Purpose of Reducing Terminal Air Navigation Services Charges for 2024 with the Ministry of Infrastructure of the Republic of Slovenia.
- Pursuant to Article 12 of the Act on the Provision of Air Navigation Services, and in accordance with Commission Implementing Regulation 2019/317/EU as well as the Decree implementing the Commission Implementing Regulation 2019/317/EU, on 12 December 2023, the Minister of Infrastructure adopted the Decision on the approval of the cost base and the unit rate for en-route services for 2024 in the amount of EUR 67.04.
- Pursuant to Article 12 of the Act on the Provision of Air Navigation Services, and in accordance with the Decision of the Government of the Republic of Slovenia No. 37200-3/2023/3 of 9 November 2023 2021 on the provision of funds to enhance air connectivity and foster a favourable business environment, as well as the Decree on terminal charges for the provision of air navigation services, on 18 December 2023, the Minister of Infrastructure approved the total cost base for determining unit rates for terminal air navigation services for the Republic of Slovenia for 2024, and the unit rate per service of EUR 317.58.
- Until the end of the year, the Company's expert services worked closely with the Ministry of Infrastructure, the Ministry of Defence, and the Civil Aviation Agency of the Republic of Slovenia to coordinate the draft Decree on the provision of air navigation services for operational air traffic (OAT).
- On 28 December 2023, in compliance with the instructions of the Commission for the Prevention of Corruption, the Code of Corporate Governance for State-Owned Enterprises, and other applicable legislation, the Company prepared and adopted an Integrity Plan. The Integrity Plan of Slovenia Control is publicly available, along with information about the Company and its responsible persons.

## 1.2 KEY EVENTS AFTER THE REPORTING PERIOD

### January

- On 11 January 2024, the external recertification audit review of the management system according to the international standard ISO 9001:2015 was conducted at the Company by the accredited certification body Bureau Veritas, d. o. o., Ljubljana. As a result, the Company retained the validity of its quality management system certificate (SI009178, valid until 18 January 2025).
- On AIRAC 25JAN2024, the first package of PBN procedures was implemented at LJMB and LJCE.

### February

- At the beginning of February 2024, the Company granted its consent to the proposed operating hours of Ljubljana Jože Pučnik Airport for the summer traffic season 2024, which runs from 31 March 2024 to 26 October 2024. The Company proposed that during this period, airport air traffic control services (TWR Brnik) be provided from 06:01 to 23:00 local time. For the period from 23:01 to 06:00 local time, when the airport operator Fraport Slovenia, d. o. o., imposes local flight restrictions, the Company proposed the night closure of the Brnik Aerodrome Control. On 29 February 2024, the Company also granted its consent to the proposed operating hours of Portorož Airport for the summer traffic season 2024, from 08:30 to 20:00 local time.
- From 5 to 9 February 2024, the international military exercise "Sky Guardians 2024" took place at various locations in the airspace of the Republic of Slovenia.
- On 15 February 2024, the Government of the Republic of Slovenia adopted a new National Civil Aviation Security Programme, which includes the national security policy for civil aviation in Slovenia.

## March

- On 15 March 2024, representatives from the Air Traffic Services Department attended a stakeholder consultation to coordinate the operating hours of Maribor Edvard Rusjan Airport for the summer traffic season 2024.
- From 19 to 21 March 2024, a major aviation event, "Airspace World 2024", took place in Geneva, with Company representatives in attendance. This event unites all industry stakeholders, including air navigation service providers, airlines, suppliers, new technology experts, and ATM specialists.
- On 21 March 2024, the cross-border free route airspace project between the SECSI FRA and Italian FRA areas, known as FRA IT, was successfully implemented.

## April

- On 2 April 2024, the Supervisory Board of the Company reached an amicable agreement with the Company's CEO, Rok Marolt, to terminate his term early, effective from 4 April 2024, following his resignation. Until a new CEO is appointed through a public recruitment process, from 5 April 2024, Srečko Janša, a Member of the Supervisory Board, assumed the management of the Company as interim CEO, for a period up to one year. During this time, Srečko Janša will not serve as a Member of the Supervisory Board.



## 2 KEY FIGURES AND PERFORMANCE INDICATORS

Slovenia Control is financed by revenues from en-route and terminal charges paid by airlines. The cost of services provided is charged to the airlines by the European Organisation for the Safety of Air Navigation (Eurocontrol), which in turn remits the funds to the Company.

In accordance with the following legal documents and papers: (i) Multilateral Agreement on Air Route Charges; (ii) Commission Implementing Regulation 2019/317/EU; (iii) the Decree implementing Implementing Regulation 2019/317/EU; (iv) Commission Implementing Regulation 2020/1627/EU, and (v) the Eurocontrol's Guidelines, as well as (vi) the Principles for establishing the cost base for en route charges and the calculation of the unit rates, the costs incurred by the following organisations: the Company, the Slovenian Civil Aviation Agency (as the national supervisory authority) and the Slovenian Environment Agency (for aviation meteorology services), are taken into account in the common cost base of the Republic of Slovenia for the purpose of establishing the cost base. The identified costs relating to the provision of air navigation services consist of labour, material and other operating costs, amortisation and depreciation and costs of capital incurred in the provision of air navigation services during the en-route phase. They are financed by the en-route charges. Considering the Decree on terminal charges for the provision of air navigation services, these principles also reasonably apply to the determination of a cost base for terminal air navigation services. In this case, the identified costs of terminal air navigation services are financed by terminal charges. The unit rates are determined on the basis of the projected costs and traffic volumes for the following year. Any deviations of actual from the planned income are taken into account in the calculation of the unit rate two years later, according to a certain key, taking into account the risk sharing mechanism and incentive schemes (the so-called 'adjustment mechanism').

For 2023, the en-route unit rate of EUR 65.23 was calculated for the Republic of Slovenia, while it stood at EUR 61.11 in 2022. The unit rate for terminal air navigation services at all three international airports for 2023 was set at EUR 273.76. In 2022, the terminal unit rate was EUR 277.14.

The service charge for each IFR flight, which is not exempt from paying the fee, is determined by multiplying the unit rate for en-route or terminal services by the number of service units in the en-route or terminal phase.

The number of en-route service units is calculated using the following formula:

$$\text{Number of en-route service units} = \frac{\text{distance}}{100} \times \left( \frac{\text{MTOW}}{50} \right)^{0,5}$$

The number of terminal service units is calculated using the following formula:

$$\text{Number of terminal service units} = \left( \frac{\text{MTOW}}{50} \right)^{0,7}$$

where:

distance is the shortest distance in kilometres between the entry and exit points in FIR Ljubljana;

MTOW is the maximum take-off weight of the aircraft.

In 2023, the volume of en-route traffic in Slovenian airspace (FIR Ljubljana), expressed in service units, was 18.6% above the planned level, 13.7% higher than in 2022, and 8.0% higher than in 2019. In the approach and departure (terminal) phases at Slovenian international airports, the number of service units was 16.2% below the plan, 17.2% higher than in 2022, but still 27.4% lower than in 2019. Given the actual growth in traffic volume in service units compared to 2022, the Company operated successfully in 2023, and exceeded the planned results.

After the decline in air traffic in 2020 and 2021 due to the COVID-19 pandemic and the resulting negative financial performance, the Company ended the financial year 2023, as well as 2022, with a positive financial outcome. In 2023, the Company generated 20% higher income than in 2022 and 17% higher income than in 2019. The Company generated EUR 49,806,332 in operating income in 2023, of which sales revenues amounted to EUR 49,043,327. Revenues from en-route charges totalled EUR 44,003,928, which is 22% more than in 2022 and 19% more than in 2019. Revenues from terminal charges amounted to EUR 3,168,691 in 2023, which is 6% higher than in 2022 but 6% lower than in 2019. In 2023, other sales revenues totalled EUR 1,870,708 in 2023, representing an 11% increase compared to 2022 and a 41% increase compared to 2019. Of the sales revenues, 90% came from en-route charges, 6% from terminal charges, and 4% from other sales revenues. The share of domestic market sales was just under 3%, while sales in foreign markets (primarily the EU) accounted for over 97%. Other operating income amounted to EUR 763,005, primarily consisting of wage compensation from the Health Insurance Institute of Slovenia (ZZZS) amounting to EUR 300,164, and revenues from the reversal of provisions based on actuarial calculations amounting to EUR 337,127.

In 2023, the Company regularly settled its obligations to suppliers, employees, and state institutions and had no outstanding overdue liabilities as at 31 December 2023.

Key business data and indicators are summarised in Table 1 below. The Company's performance in 2023 was better than in the previous year, as reflected in significantly higher operating profit (Earnings Before Interest and Taxes - EBIT), higher operating profit before depreciation and amortisation (Earnings Before Interest, Taxes, Depreciation, and Amortisation - EBITDA), higher net profit, and improved indicators.

**Table 1:** Analysis of Financial Position

In EUR	2023	2022	2019	Index 2023/2022	Index 2023/2019
Operating income	49,806,332	41,375,190	42,723,051	120	117
EBIT	5,431,827	3,182,043	5,492,948	171	99
EBITDA	8,360,808	6,702,263	9,743,440	125	86
Net profit	4,651,720	2,768,051	4,585,114	168	101
Non-current assets	22,970,914	22,757,972	27,345,080	101	84
Current assets	13,584,617	9,342,395	10,610,872	148	130
Equity	12,397,024	8,276,083	24,736,997	150	50
Non-current liabilities	10,101,328	12,068,719	2,714,496	84	372
Current liabilities	8,780,662	9,383,004	7,972,333	96	113
Indicators	2023	2022	2019	Index 2023/2022	Index 2023/2019
EBIT margin	10.91%	7.69%	12.86%	142	85
EBITDA margin	16.79%	16.20%	22.81%	104	74
Return on equity (ROE)	45.00%	41.89%	19.66%	107	229
Return on assets (ROA)	13.55%	8.96%	12.64%	151	107
Financial Leverage	2.95	3.88	1.53	76	192
Number of employees	2023	2022	2019	Index 2023/2022	Index 2023/2019
End of Year	243	233	228	104	107

Note: EBIT and EBITDA calculations

EBIT = (Contract sales revenue + Other operating income) - Operating expenses;

EBITDA = EBIT + Write-downs (Depreciation and amortisation + Revaluation operating expenses relating to intangible assets and property, plant and equipment + Net impairment of receivables).

When analysing the Company's operations in 2023, it is essential to consider that the Company exceeded the planned traffic levels, resulting in better-than-expected performance. However, the positive impact of this performance will be tempered by the adjustment mechanism, which will affect the Company's results in 2025.

As a result of the method used to set the charges for an individual year, which depends on several factors, including the number of planned en-route flights and approach/departure operations, as well as the projected inflation or actual en-route flights and approaches/departures and inflation – this is known as the adjustment mechanism, Slovenia Control experiences a variation in income (surplus or deficit) each year. The difference from a given year (n) is accounted for in the charge determination two years later (n + 2).

The Company is a public law entity established to perform activities in the public interest without industrial or commercial character, providing infrastructure and services for air carriers. It is subject to public procurement regulations, both

generally and in the infrastructure sector, as stipulated by the Public Procurement Act. This requirement is also reflected in the Decree on the informative list of contracting authorities and mandatory information in notices for small value procurement procedures.

In 2023, the Company conducted 336 public procurement procedures. Nineteen of these were concluded without awarding a contract, while 317 were successfully completed, with a total estimated value of EUR 10,712,696 excluding VAT. None of the public procurement procedures in 2023 were subject to pre-review, review, or judicial proceedings under the Legal Protection in Public Procurement Procedures Act.

Data from records maintained in accordance with the Public Procurement Act show that 212 successful public procurement procedures and six unsuccessful ones were conducted in the general sector. In the infrastructure sector, 105 successful and 11 unsuccessful procedures were carried out. Among these procedures, 108 were for the procurement of goods (59 in the general sector and 49 in the infrastructure sector), two (2) related to construction works, and 207 for services, with a total estimated value of EUR 7,318,051. These services are categorised as follows: 25 intellectual services in the value of EUR 751,910, including educational services; 38 maintenance services for the upkeep of the Company's facilities, equipment, and systems, valued at EUR 2,903,282, and 144 other services essential for the Company's operational and non-operational activities, valued at EUR 3,662,859.

The Company will continue its meticulous planning of procurement procedures, maintain detailed records, and consistently execute public procurement processes to uphold high standards of integrity, efficiency, and transparency in its future operations.

## 2.1 PERFORMANCE INDICATORS

Pursuant to Commission Implementing Regulation 2019/317/EU, EU Member States are required to prepare a performance plan for air navigation services. In accordance with EU regulations on the Single European Sky, the Performance Plan is a binding document for a Member State. The Performance Plan summarises the mandatory and additional performance targets to be achieved by EU Member States in the provision of air navigation services during a given reference period. The primary purpose of the Plan is to outline the strategies and means for achieving the envisaged performance targets in key areas such as safety, capacity, environment, and cost-efficiency for navigation service providers and the national supervisory authority. The Performance Plan must also include all financial and other data which are required by legislation for the duration of the reporting period. These data must be consistent with the information in the business plans prepared by air navigation service providers and national supervisory authorities, as well as with the cost bases of a Member State. The Performance Plan must align with the performance targets set by the European Commission for each reference period.

The year of 2023 marked the fourth year of the third reference period (RP3), which spans from 2020 to 2024. During this period, Union-wide performance targets and indicators were set for all four key performance areas: capacity, cost-efficiency, safety, and environment. In accordance with Commission Implementing Regulation 2019/317/EU, the Republic of Slovenia prepared the Draft Performance Plan (PPP) 2020-2024 for the third reporting period in 2019 and submitted it to the European Commission, in accordance with Article 12 of Commission Implementing Regulation 2019/317/EU.

Due to the emergence of COVID-19 and the subsequent decline in air traffic during 2020 and 2021, the European Commission adopted Implementing Regulation 2020/1627/EU in 2020. This regulation established a temporarily modified legal framework for the third reference period, addressing the extraordinary circumstances in the aviation sector and implementing temporary measures in response to the COVID-19 pandemic. In accordance with this regulation, on 2 June 2021, the European Commission adopted Implementing Decision 2021/891/EU. Member States were required to submit

new Performance Plans for the remainder of the third reference period to the European Commission for assessment by 17 November 2021. Consequently, the Republic of Slovenia submitted a new draft Performance Plan 2020-2024, which the European Commission assessed and found to be compliant with the revised Union-wide performance targets for the reference period (RP3) from 2020 to 2024.

The Performance Plan 2020-2024 for the Republic of Slovenia set out the guidelines and methods for achieving the envisaged performance targets in key areas for all air navigation service providers, which include the Company, the Aviation Meteorology Service of the Slovenian Environment Agency, and the national supervisory authority for air navigation services, i.e., the Civil Aviation Agency of the Republic of Slovenia.

The binding targets and performance indicators in the key performance areas, as set in accordance with the Performance Plan 2020-2024 for the Republic of Slovenia, are defined as follows:

- in the area of capacity, "the average en-route air traffic flow management (ATFM) delay per flight" is considered and measured as a binding performance indicator at the Ljubljana Area Control Centre (Ljubljana ACC);
- in the area of cost-efficiency, the value of the "determined unit rate for en-route air navigation services (ANS) in real terms, EUR 2017" within the Ljubljana Flight Information Region (FIR Ljubljana) is considered and measured as a binding performance indicator;
- in the area of safety, the "Effectiveness of Safety Management" (EoS<sub>M</sub>) is identified as a key performance indicator;
- in the area of environmental, for the third reference period 2020-2024, the binding performance indicators were set as the "average horizontal en-route flight efficiency of the actual trajectory" and the "average horizontal en-route flight efficiency of the last filled flight trajectory".

The target delay reference values for the area of capacity are set by Eurocontrol. For the Republic of Slovenia, the delay target for 2023 was set at 0.09 minutes per flight, excluding delays caused by adverse weather conditions. The delay targets established for the reference period 2020-2024 for the Republic of Slovenia, including the target for 2023, were in line with or significantly better than the Union-wide targets. The actual value of this indicator for the Republic of Slovenia in 2023 was 0.000 minutes per flight, surpassing the target value of the indicator. Including delays due to adverse weather, the actual delay value for Slovenia was 0.03 minutes per flight.

Commission Implementing Regulation 2019/317/EU sets the trend for the average unit rate for air navigation services across Europe. The Performance Plan 2020-2024 for the Republic of Slovenia targets a reduction in the average real unit rate for en-route air navigation services by 10.8% per annum during the third reference period (RP3, 2020-2024), based on 2014 prices. This translates to an annual increase of 10.4% in 2023 compared to 2019 prices. In the adopted Performance Plan, the Company and the Republic of Slovenia achieved price efficiency, with a unit rate for en-route air navigation service set at EUR 65.23 in nominal terms in 2023, taking into account the effects of the adjustment mechanism.

The environmental target for the third reference period is set at the national level and was defined as 1.55% for the Republic of Slovenia in 2023. This means that the actual flight trajectories within the Republic of Slovenia could only exceed optimal en-route trajectories by 1.55%. Achieving this target requires the air navigation service provider to ensure the availability of the shortest routes (Free Route Airspace – FRA) and the users of these services to choose to use them. The Republic of Slovenia did not meet the 2023 target, as the achieved value was 1.73%. However, this shortfall was due to the choices made by service users in their flight plans, rather than any failure on the part of the service provider. The Company provided service users with the shortest possible route for overflights of the airspace of the Republic of Slovenia through the implementation of Free Route Airspace (FRA). Nevertheless, users decide whether to utilise or plan these shortest possible routes, and the reasons for not choosing the shortest route vary (weather, wind, unit rate, avoidance of delays (slots), etc.).

The only key performance indicator for safety (Safety KPI) at the international level, whose achievement is prescribed and measured by EASA, and for which 2023 represents the fourth year of the reference period, is the Effectiveness of Safety Management (EoS<sub>M</sub>). In 2023, the EoS<sub>M</sub> indicator was measured again, similarly as in 2022, by using a revised methodology that closely aligns with and harmonises with the commonly defined and widely used „Standard of Excellence“ (SoE) methodology by Eurocontrol and CANSO. The oversight by the Civil Aviation Agency of the Republic of Slovenia confirms that the Company achieved the expected levels of maturity for individual assessment areas in 2023.



## 3 AIR TRAFFIC SERVICES IN 2023

Ensuring the safe, orderly, and expeditious flow of air traffic is the primary task of Air Traffic Services which are carried out within the Air Traffic Services Department (hereinafter referred to as: "ATS").

### 3.1 ANALYSIS OF AIR TRAFFIC

In accordance with the Act on the Provision of Air Navigation Services, the Company provides air navigation services in the Slovenian airspace (FIR Ljubljana) on behalf of the Republic of Slovenia. The scope of responsibility where the Company provides air navigation services is defined not only by the Act on the Provision of Air Navigation Services but also by Letters of Agreement (LoAs) entered into by and between neighbouring Area Control Centres (ACCs), which delineate the boundaries of responsibility for service provision in the respective airspaces. According to LoAs, the Ljubljana Area Control Centre (hereinafter referred to as: LACC) is thus responsible for providing services in airspace other than that of FIR Ljubljana.

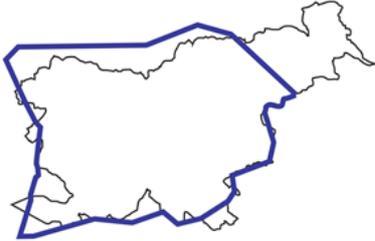
FIR Ljubljana is the national airspace over which the Republic of Slovenia has exclusive sovereignty in accordance with the Chicago Convention. For this airspace, the Republic of Slovenia charges fees for services rendered in all phases of flight (en-route, terminal) as per international treaties, regardless of who the actual service provider is.

**Figure 2:** FIR Ljubljana

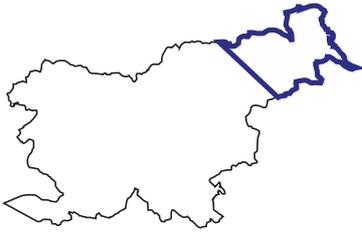


In the en-route phase, the Ljubljana Area Control Centre is responsible for providing air navigation services in the Dolsko sector, which also includes one part of the Austrian, Italian and Croatian airspace, and predominantly manages en-route air traffic control in the major part of Slovenian airspace. Services in smaller portions of Slovenian airspace are also provided by neighbouring service providers, most notably in the Mura sector, where Vienna Area Control Centre is responsible for service provision.

**Figure 3:** Dolsko sector



**Figure 4:** Mura Sector



In addition to the en-route services, the Company also provides terminal services in the Ljubljana, Maribor and Portorož terminal zones. It ensures aerodrome and approach air traffic control services at three international airports: Ljubljana Jože Pučnik Airport, Maribor Edvard Rusjan Airport, and Portorož Airport, as well as aerodrome and approach air traffic control services at Cerklje ob Krki Airport. Thus, the Company is responsible for providing services in the Dolsko sector during the en-route phase and in all terminal zones.

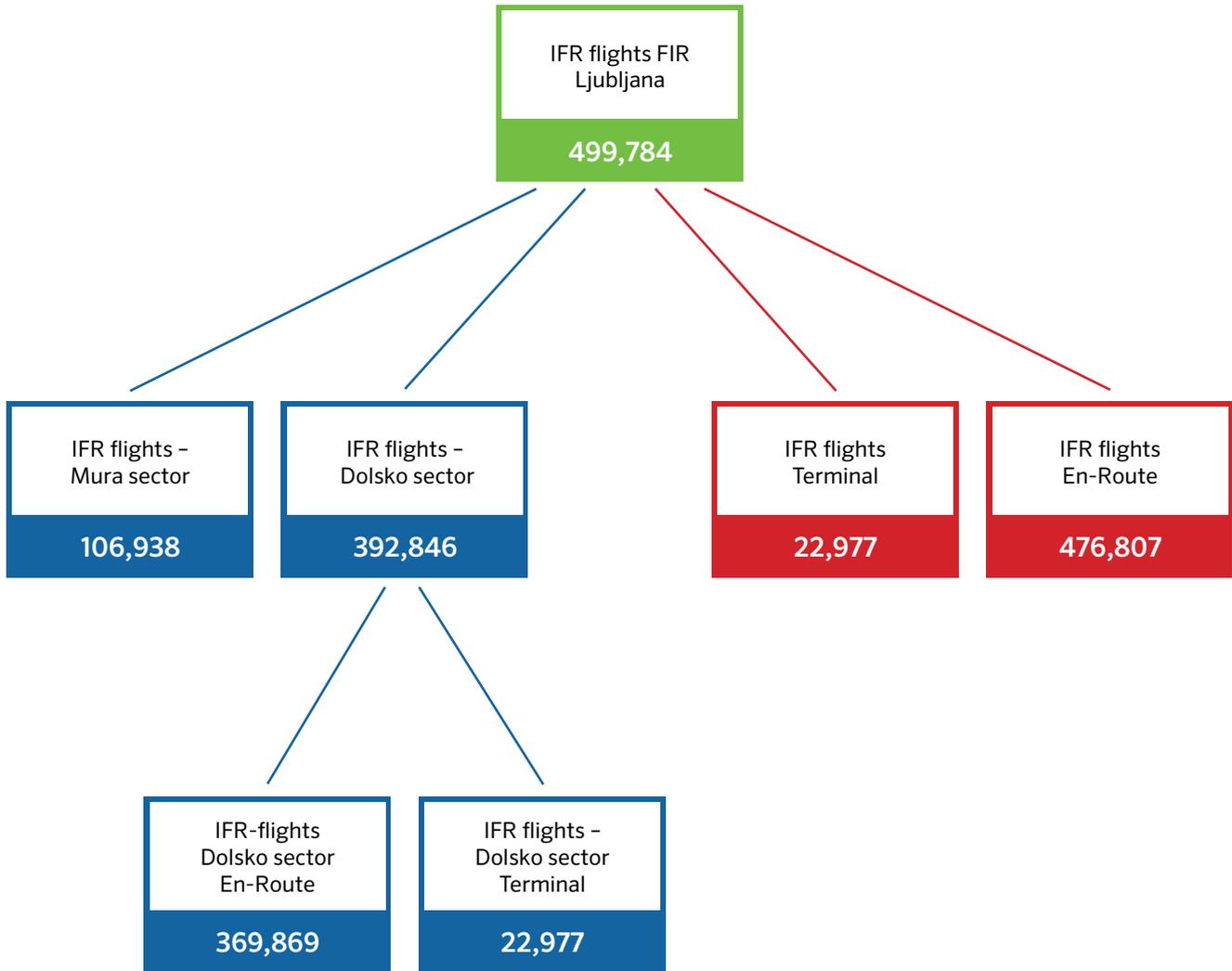
**Figure 5:** Terminal zones in FIR Ljubljana



The analysis of air traffic examines the trends in the number of IFR flights and how these trends correlate with the number of service units, which affect the level of the Company's revenue in both the en-route and terminal phases. The sources of the data used for this analysis are the Company's records and data from Eurocontrol STATFOR and CRCO.

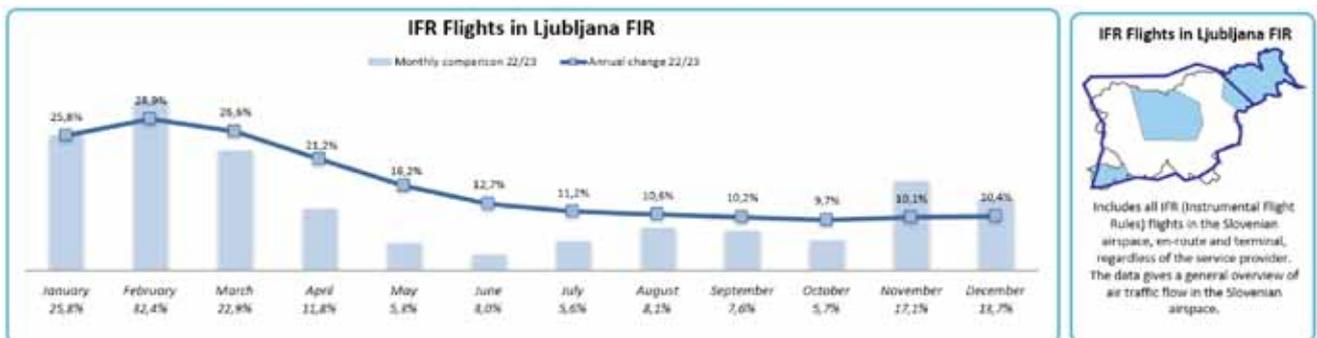
In 2023, a total of 519,146 flights were recorded in the airspace of the Republic of Slovenia (FIR Ljubljana), of which 19,362 were VFR flights (Visual Flight Rules) and 499,784 were IFR flights (Instrument Flight Rules). IFR flights are divided according to the phase of the flight into either en-route or terminal flights, and according to the part of the airspace in which the flights are conducted. Two different categorizations of IFR flights are presented in the figure below.

**Figure 6:** Distribution of IFR flights by phase of flight and by airspace



In 2023, air traffic in Slovenian airspace, both in terms of the number of flights and service units, was most affected by the situation in Ukraine and the shift of traffic towards the South. In 2023, compared to 2022, the number of IFR flights in the Republic of Slovenia increased by 10.4%, while at the European level, IFR flights increased by 9.7%.

**Figure 7:** IFR Flights in FIR Ljubljana



Source: Eurocontrol (STATFOR), Company 2024

Table 2 presents the trend in the number of all IFR flights in the Republic of Slovenia for the 2019–2023 period. For comparison, the growth rates of IFR flights in the EU-27 are also provided. The stated values refer to all IFR flights in FIR Ljubljana (en-route and terminal phases), regardless of the air navigation service provider and the flight phase.

**Table 2:** Number of IFR flights in the Republic of Slovenia in the 2019 – 2023 period

Year	Number of IFR flights in RS	Growth rate of IFR flights in RS	Growth rate of IFR flights in EU
2019	459,597	+8.6%	+1.2%
2020	195,283	-57.5%	-56.4%
2021	278,811	+42.8%	EU27 + 24.2%
2022	452,894	+62.4%	EU27 + 53.5%
2023	499,784	+10.4%	EU27 + 9.7%

Source: Eurocontrol (STATFOR), Company 2024

In the Dolsko sector, where services are provided by the Company through the Area Control Centre, the number of all IFR flights (both en-route and terminal phases) increased by 9.8% in 2023 compared to 2022.

**Figure 8:** IFR Flights in the Dolsko Sector



Source: Eurocontrol (STATFOR), Company 2024

Table 3 presents the trend in the number of all IFR flights in the Dolsko sector for the 2019 – 2023 period.

**Table 3:** Number of all IFR Flights in the Dolsko Sector for the 2019 – 2023 Period

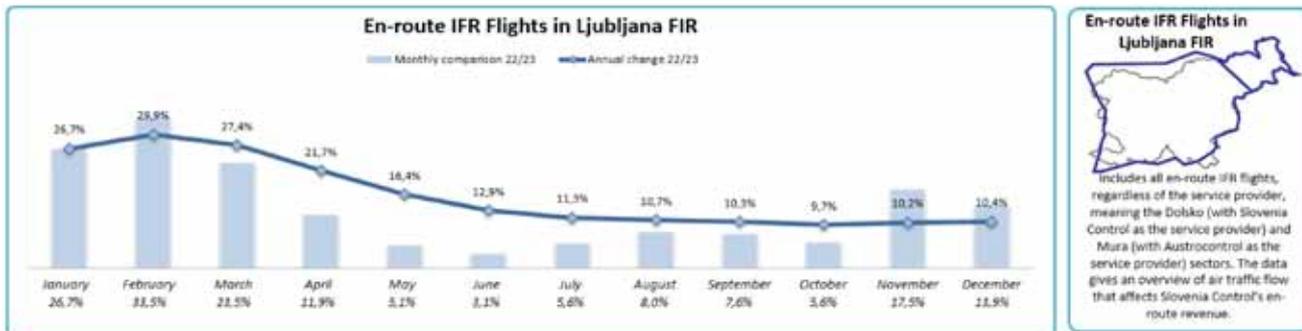
Year	Number of IFR Flights in the Dolsko Sector	Growth Rate (in percentage)
2019	355,234	+7.2%
2020	150,397	-57.6%
2021	221,151	+47.0%
2022	357,903	+61.8%
2023	392,846	+9.8%

Source: Eurocontrol (STATFOR), Company 2024

### 3.1.1 En-route traffic

In the en-route phase, the number of IFR flights increased by 10.4% in 2023 compared to 2022.

**Figure 9:** IFR Flights route phase in FIR Ljubljana



Source: Eurocontrol (STATFOR), Company 2024

Table 4 presents the trend in the number of IFR flights in the en-route phase in the FIR Ljubljana for the 2019 – 2023 period.

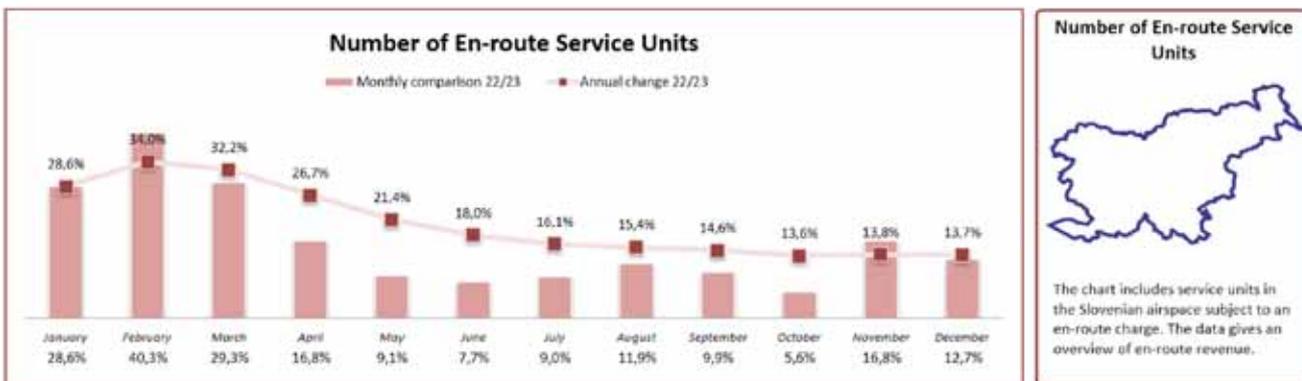
**Table 4:** Number of en-route IFR flights in FIR Ljubljana for the 2019 – 2023 period

Year	Number of en-route IFR flights in FIR Ljubljana	Growth Rate (in percentage)
2019	428,323	+10.3%
2020	182,671	-57.4%
2021	262,466	+43.7%
2022	431,822	+64.5%
2023	476,807	+10.4%

Source: Eurocontrol (STATFOR), Company 2024

Traffic data for the en-route phase in FIR Ljubljana also show an increase in the number of service units compared to 2022, specifically by 13.7%, which represents an 8.0% higher number of service units compared to 2019.

**Figure 10:** Service units in the en-route phase of FIR Ljubljana



Source: Eurocontrol (CRCO), Company 2024

Table 5 presents the trend in the number of service units in the en-route phase for the 2019 – 2023 period.

**Table 5:** Number of en-route service units for the 2019 – 2023 period

Year	Number of service units in the en-route phase	Growth Rate (in percentage)
2019	627,329	+9.7%
2020	263,994	-57.9%
2021	369,971	+40.1%
2022	595,456	+60.9%
2023	677,207	+13.7%

Source: Eurocontrol (CRCO), Company 2024

The trend in the number of IFR flights and the trend in the number of service units are not always consistent, as the number of service units in the en-route phase depends on the distance flown and the weight of the aircraft. The distances flown in the Dolsko sector are longer than in the Mura sector.

**Figure 11:** En-route IFR flights in the Dolsko sector



Source: Eurocontrol (STATFOR), Company 2024

**Figure 12:** En-route IFR flights in the Mura sector



Source: Eurocontrol (STATFOR), Company 2024

In 2023, compared to 2022, the number of IFR flights in the en-route phase increased by 9.8% in the Dolsko sector and by 12.6% in the Mura sector, while in FIR Ljubljana overall, it increased by 10.4%. The number of service units in the en-route phase in FIR Ljubljana was 13.7% higher in 2023 compared to 2022 and 8.0% higher compared to 2019.

Table 6 presents the trend in the number of IFR flights for the 2019 – 2023 period in the en-route phase in the Dolsko and Mura sectors.

**Table 6:** Number of en-route IFR flights in the Dolsko sector and in the Mura sector for the 2019 – 2023 period

Year	Number of en-route IFR flights in the Dolsko Sector	Growth Rate (in percentage)	Number of IFR Flights in the Mura Sector	Growth Rate (in percentage)
2019	323,960	+9.2%	104,363	+13.6%
2020	137,785	-57.5%	44,886	-57.0%
2021	204,806	+48.6%	57,660	+28.5%
2022	336,831	+64.5%	94,991	+64.7%
2023	369,869	+9.8%	106,938	+12.6%

Source: Eurocontrol (STATFOR), Company 2024

### 3.1.2 IFR traffic under the control of the Company

The following data include only IFR traffic for which the Company was responsible, specifically referring to traffic in the Dolsko sector. The data used were obtained from the databases kept by the Company and Eurocontrol (STATFOR).

The Ljubljana Area Control Centre, which provides services in the Dolsko sector, recorded a 9.8% increase in traffic in 2023 compared to 2022. A total of 392,846 flights were operated in the Dolsko sector in 2023, with an average of 1,076 IFR operations per day. The following milestones were reached in comparison with past achievements (number of IFR operations).

**Table 7:** Milestones in the number of IFR flights in the Dolsko sector for the 2019 – 2023 period

Year	Maximum values in previous years			
	The highest number of IFR operations per hour was recorded on 27 August 2023 between 09.00 in 10.00 UTC	The highest number of IFR operations per day was recorded on 23 July 2023	The highest number of IFR operations during the week was recorded from 7 August 2023 to 13 August 2023	The highest number of IFR operations in a year was recorded in July 2023
2019	110	1,551	9,613	41,931
2020	76	960	5,211	22,915
2021	102	1,344	8,100	35,561
2022	114	1,569	9,963	43,043
2023	118	1,643	10,248	44,908

Source: Eurocontrol (STATFOR), Company 2024

The Ljubljana Area Control Centre may divide the airspace in which it provides a service into a maximum of five vertical sectors. This prevents overloading of air traffic controllers and ensures adequate flow capacity in the airspace. The number of sector hours per day is the sum of the operating hours of all five sectors. This figure is directly related to the human resources available in the Ljubljana Area Control Centre.

In 2023, a total of 17,436 sector hours were recorded. An average of 47.8 sector hours per day were recorded in 2023, representing a 6.7% increase compared to the previous year. In 2023, the Ljubljana Area Control Centre recorded a maximum of 65 sector hours per day in total. All data on the number of sector hours are collected in the table below.

**Table 8:** Number of sector hours for the 2019 – 2023 period

Year	Total number of sector hours	Growth Rate (in percentage)	Maximum daily number of sector hours	Growth Rate (in percentage)	Average number of sector hours per day	Growth Rate (in percentage)
2019	15,999	+2.1%	65	-1.5%	43.8	+2.1%
2020	10,790	-32.6%	47	-27.7%	29.5	-32.6%
2021	13,023	+21.0%	56	+19.1%	35.7	+21.0%
2022	16,358	+25.6%	63	+12.5%	44.8	+25.5%
2023	17,436	+ 6.6%	65	+ 3.2%	47.8	+ 6.7%

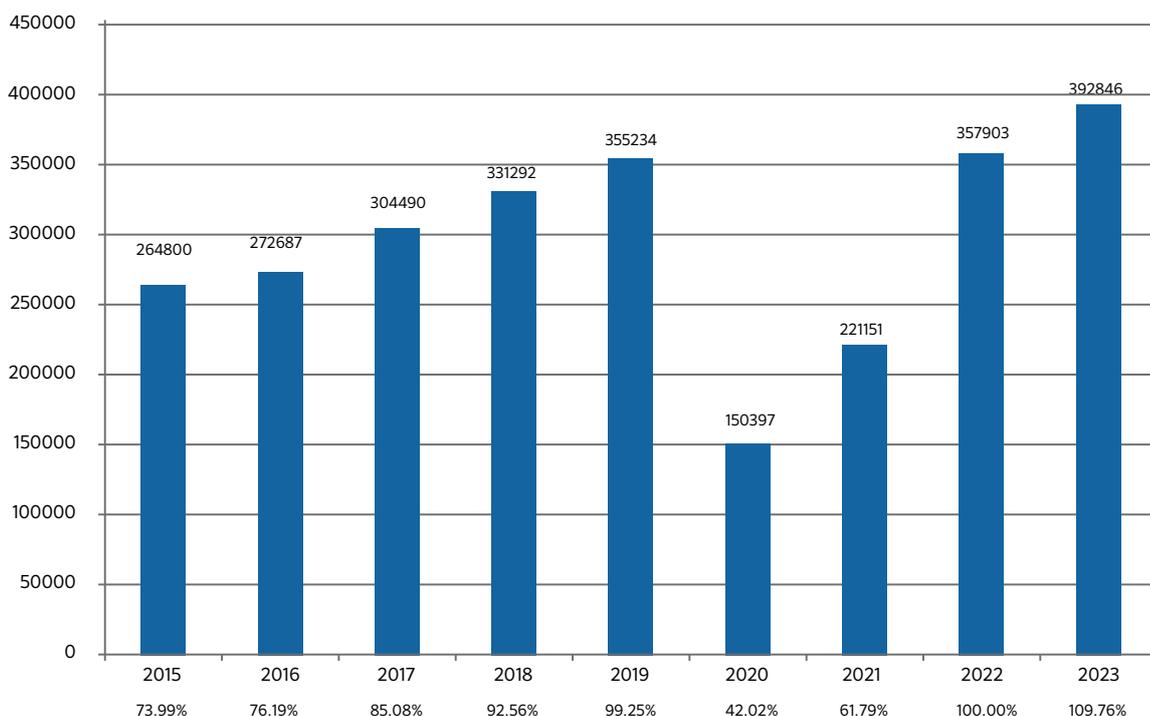
Source: Eurocontrol (STATFOR), Company 2024

In 2023, the Ljubljana Area Control Centre conducted 19,362 VFR operations, which is a 1.2% increase compared to 2022. Data on the number of VFR flights for the period 2019 – 2023 are collected in the table below.

**Table 9:** Number of VFR flights for the 2019-2023 period

Year	Number of VFR flights	Growth Rate (in percentage)
2019	17,744	+10.0%
2020	14,443	-18.6%
2021	18,775	+29.9%
2022	19,134	+1.9%
2023	19,362	+1.2%

The Company anticipated a 6.33% increase in traffic by IFR flights in the Dolsko sector in 2023 compared to 2022. The actual traffic volume was 9.8% higher than in 2022.

**Figure 13:** Traffic from 2015 to 2023

Source: Company 2024

The comparison in Figure 13 is presented relative to 2022, which is set at 100%.

## FLIGHT LEVEL DATA

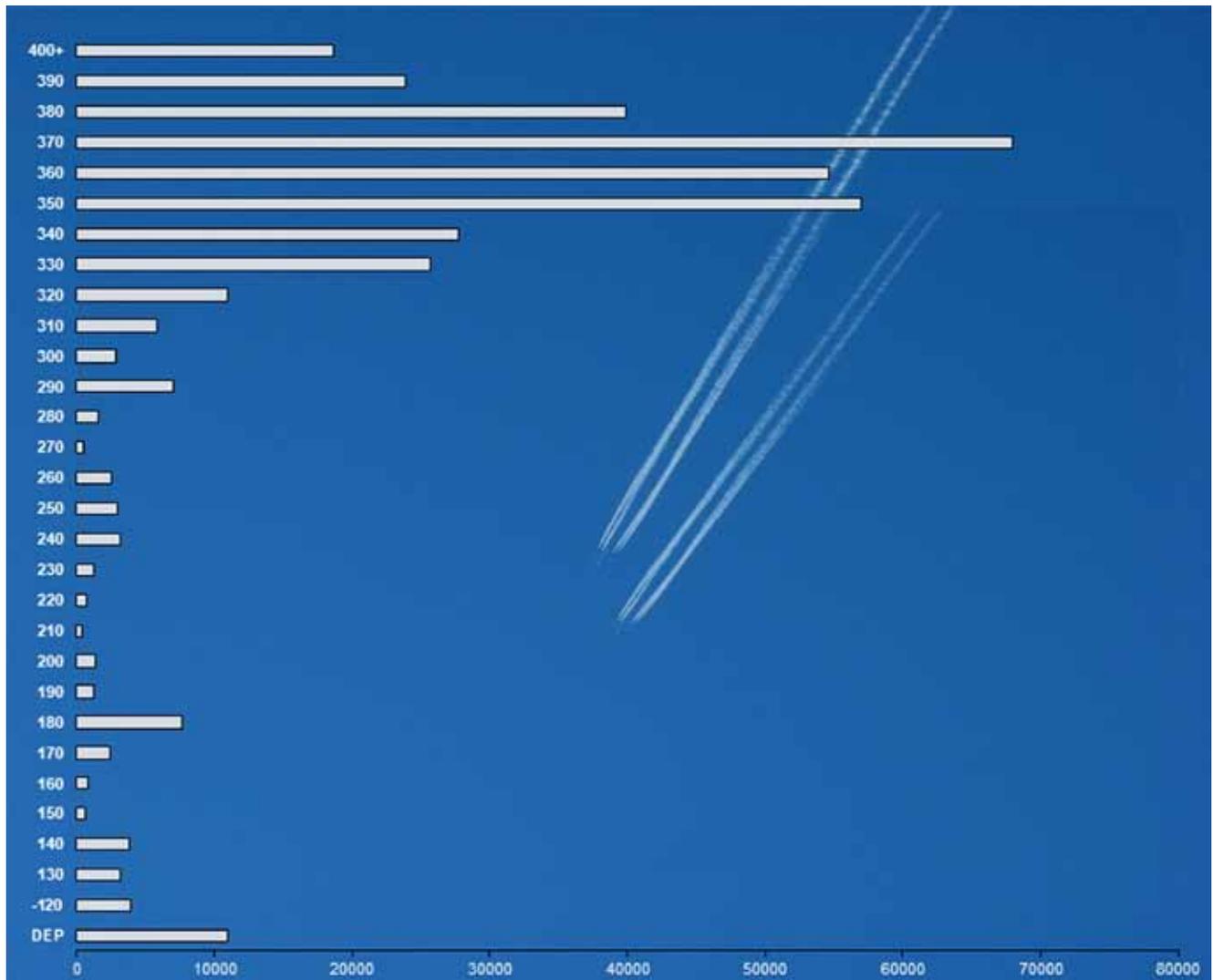
The flight level data are sourced from the Company’s database. All changes up to the automatic transmission of the flight notification to the neighbouring air traffic control centre are taken into consideration.

The DEP row (Figure 14) includes all IFR operations started at domestic airports. For the sake of clarity, the data are grouped under FL120 and above FL400. The altitude distribution of the aircraft is most tellingly illustrated by the fact that 17.37% of all IFR traffic was concentrated at a single flight level (FL370).

Above FL280: 87.45% (2022: 87.29%; 2021: 85.48%; 2020: 83.84%; 2019: 84.04%)  
 Below FL280: 12.55% (2022: 12.71%; 2021: 14.52%; 2020: 16.16%; 2019: 15.95%)

A comparison with previous years shows that the increase in traffic is more pronounced in the upper segment.

**Figure 14:** Traffic by Flight Levels in the Dolsko Sector in 2023

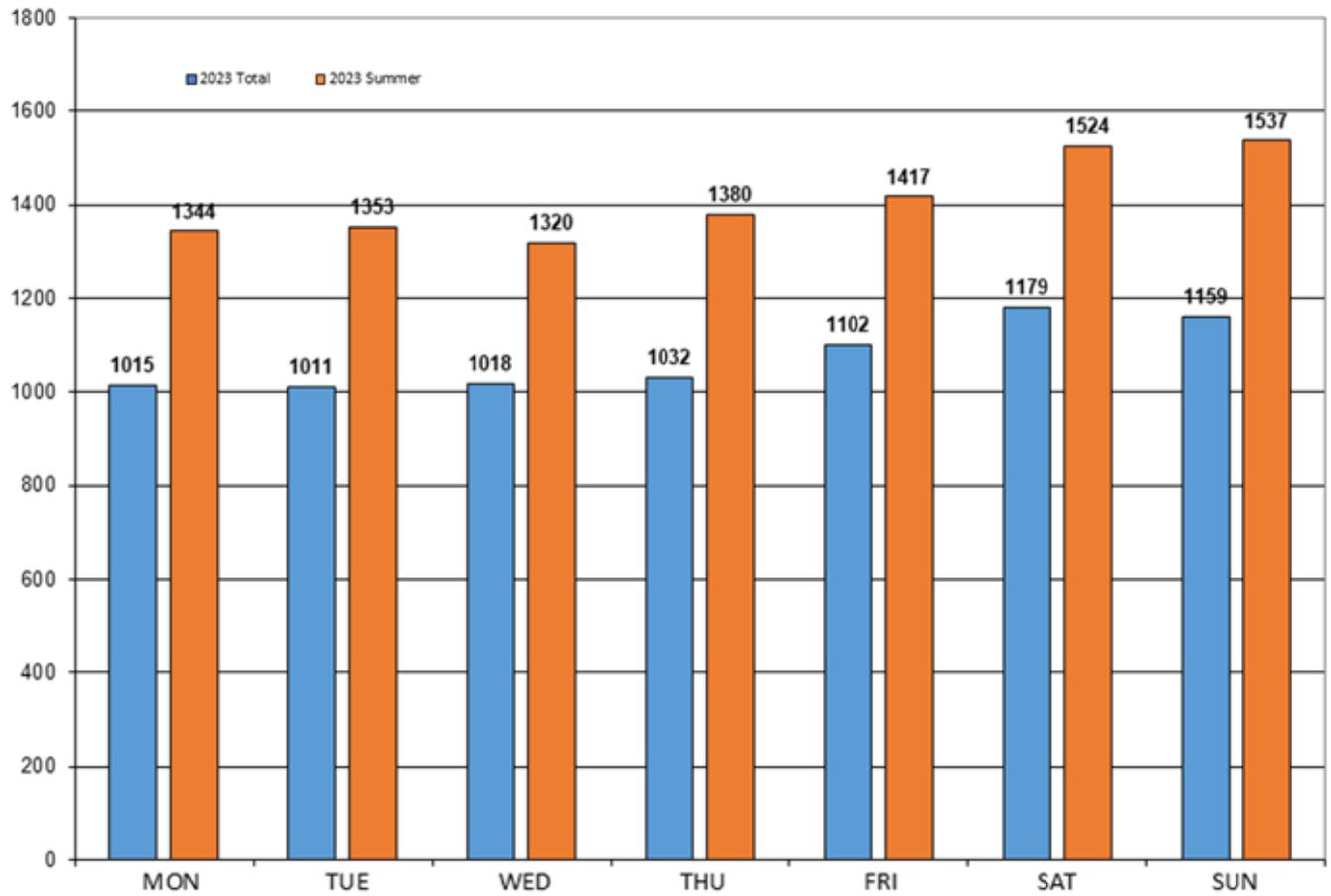


Source: Company 2024

### TRAFFIC BREAKDOWN BY DAY

In the Dolsko sector, IFR flights are distributed by days of the week as shown in Figure 15. The blue bars show the average number of flights for the entire year 2023. The orange bar shows the distribution of IFR flights in the Dolsko sector by days during the summer season (1 July – 15 September), averaged over 11 weeks, with a minimum of 1,183 IFR flights per day and a maximum of 1,643 flights per day.

**Figure 15:** Average number of IFR flights in the Dolsko sector by days of the week (summer season and year-round)



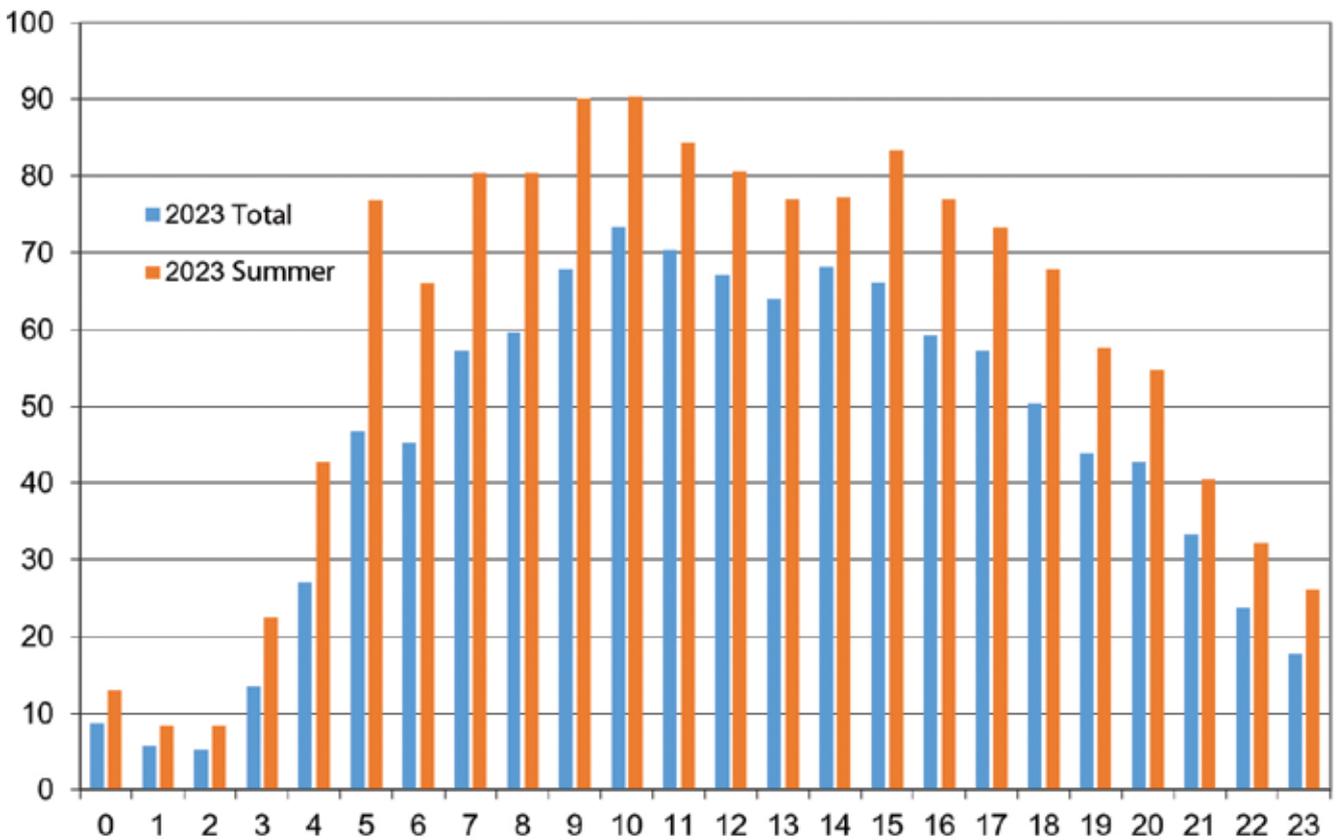
Source: Company 2024

### AVERAGE NUMBER OF IFR FLIGHTS IN THE DOLSKO SECTOR BY HOURS OF THE DAY

In terms of hours, traffic in 2023 was distributed as shown in the graph below (blue bars in Figure 16). It should be noted that this is an average value, and the pattern varies between days of the week. The change in local time (March – October), when airports open and passengers travel, also affects the year-round picture.

Traffic by hours in the summer season is shown by the orange bars in Figure 16. The graph shows the hourly average, not the total number of operations. The figure is for informational purposes only, as traffic varies by day of the week and cannot be used to infer traffic trends.

**Figure 16:** Traffic by hours (UTC)



Source: Company 2024

### 3.1.3 Terminal Traffic

In the terminal phase, there was a slight increase in traffic in 2023, but the volume of IFR traffic was still significantly lower than in 2019, as shown in Table 10 below.

**Figure 17:** IFR flights in the terminal phase



Source: Eurocontrol (STATFOR), Company 2024

The table below shows the trend in the number of IFR flights in the terminal phase for the 2019 – 2023 period.

**Table 10:** Number of IFR flights in the terminal phase for the 2019 – 2023 period

Year	Number of IFR Flights in the terminal phase	Growth Rate (in percentage)
2019	31,274	-10.0%
2020	12,612	-59.7%
2021	16,345	+29.6%
2022	21,072	+28.9%
2023	22,977	+9.0%

Source: Eurocontrol (STATFOR), Company 2024

Data on traffic in 2023 by individual Aerodrome Control Centres are collected in Table 11.

**Table 11:** Data on traffic for individual Aerodrome Control Centres (TWR)

	TWR Portorož	TWR Maribor	TWR Brnik	TWR Cerklje ob Krki
<b>Number of IFR operations in 2023</b>	2,550	2,585	19,880	351
Average number of IFR operations per day	7	7.1	54.4	1.5
Maximum number of IFR operations per day	26	28	95	13
<b>Number of VFR operations in 2023</b>	13,141	35,011	9,764	7,658
Average number of VFR operations per day	35.9	95.9	26.8	32.8
Maximum number of VFR operations per day	174	399	90	111

Source: Company 2024

The number of service units in the terminal phase increased by 17.2% in 2023 compared to 2022, which still represents a 27.4% decrease in the number of service units compared to 2019. The number of service units in the terminal phase is, of course, highly dependent on the number of IFR flights in the terminal phase. The table below shows the trend in the number of service units in the terminal phase for the 2019 – 2023 period.

**Figure 18:** Terminal service units



Source: Eurocontrol (CRCO), Company 2024

**Table 12:** Number of terminal service units for the 2019 – 2023 period

Year	Number of service units in the terminal phase	Growth Rate (in percentage)
2019	12,601	-9.7%
2020	3,910	-69.0%
2021	5,052	+29.2%
2022	7,801	+54.4%
2023	9,145	+17.2%

Source: Eurocontrol (CRCO), Company 2024

### 3.1.4 Summary of Air Traffic Analysis

In 2023, air traffic continued to grow across all segments. The total IFR traffic in Slovenian airspace (FIR Ljubljana) increased by 10.4%, with a 9.8% rise in the Dolsko sector and a 12.6% increase in the Mura sector. By comparison, the number of IFR flights in Europe (EU27) in 2023 was 9.7% higher than in 2022. In the terminal phase, despite a 9% growth in the number of IFR flights in 2023, traffic was still 26.5% lower than in 2019. This decline can be attributed to the cessation of operations by the national airline in autumn 2019, which resulted in a 10% decrease in traffic compared to 2018. Consequently, the number of IFR flights in 2023 was 33.9% lower compared to 2018. These figures indicate poor air connectivity for Slovenia and slow recovery post the COVID-19 crisis.

The growth trend in IFR traffic was also reflected in the increase in service units, both in the en-route phase (2023/2022: +13.7%) and the terminal phase (2023/2022: +17.2%), following the traffic trend in terms of IFR flight numbers.

### 3.1.5 Analysis of Restrictions and Delays

The Company ensured the appropriate staffing of sectors based on traffic needs. In 2023, the Area Control Centre required 32 restrictions due to weather conditions, 13 due to the military exercise Adriatic Strike, and one restriction due to technical problems (VCS system outage). A total of 13,020 minutes of air traffic delays were generated, averaging 0.03 minutes or 2 seconds per flight. The published sector configurations and operational personnel planning were optimal.

Additionally, a CAPAN analysis was conducted, based on which sector capacities will be adjusted in 2024. The last adjustment was made in 2015.

### 3.1.6 Key Activities and Improvements in Air Traffic Services

The significant activities and improvements undertaken by the Company or the Air Traffic Services Department in 2023, concerning procedures and technical improvements, are summarised below.

#### PROCEDURES

- In 2023, operational documents such as instructions and agreements (between units of the Air Traffic Control Services and neighbouring – foreign air traffic controls) were regularly updated.
- Representatives from the Department actively participated in the project for the cross-border Free Route Airspace “South East Common Sky Initiative Free Route Airspace” – SECSI FRA. The main focus was on the integration of the SECSI FRA area with the Italian FRA area – FRA IT, which was successfully implemented in March 2024, specifically on the AIRAC date 21MAR2024.
- With the aim of understanding the traffic flow trends over the territory of the Republic of Slovenia, monthly analyses were conducted on:
  - conditions and adaptation to new traffic flows caused by the military conflict in Ukraine;
  - trends in military aircraft traffic flows providing support to Ukraine;
  - economic indicators in countries where most carriers fly over Slovenian territory;
  - trends in major traffic flows – airport city pairs (e.g., London – Greek islands, Munich – Antalya, etc.).
- In relation to the political situation and the war zone in Ukraine and other crisis areas in the Middle East, the following data were monitored:
  - data on the volume and change in traffic flows due to the closure or prohibition of flight connections with Russia and Ukraine, and the volume and deviations of traffic flows in the Republic of Slovenia and the immediate surroundings;
  - data from travel agencies regarding the occupancy of holiday capacities around the Middle East, the Mediterranean, and the Red Sea.
- The cross-border coordination and cooperation in the analysis of the 2023 season were carried out, with an emphasis on circumstances related to Russia’s military intervention in Ukraine and stormy weather, as well as the resulting deviations of main traffic flows in the region.
- PBN procedures were implemented for Portorož Airport (LJPZ) and Brnik Airport (LJLJ).
- On the basis of the completion of final documentation and flight checks, the Company received decisions from the Civil Aviation Agency for the publication of PBN procedures for Maribor Airport (LJMB) and Cerklje ob Krki Airport (LJCE), aiming for publication in January 2024.
- Meetings with the Ministry of Defence and the Civil Aviation Agency of the Republic of Slovenia continued and were concluded regarding the implementation of the final instrument procedures (SID, STAR, and Approach) for Cerklje ob Krki Airport (LJCE).

#### TECHNICAL IMPROVEMENTS

- In 2023, upgrades and corrections to operational software were implemented, ensuring safe and reliable management of air traffic.
- Technical enhancements and ongoing corrections to the FDPS system were carried out.
- A major project to alter the FDPS architecture is underway, initiating the transition to service-oriented operation model.
- An OLDI line with LHBP was implemented.
- We assisted our Italian colleagues with joint test sessions to develop their FDPS and upgrade functionalities, enabling the integration of FRA IT and SECSI FRA.
- The RDD system was upgraded with minor adjustments, enhancing its intuitive and swift usage, and improving situational awareness for users.
- New tower monitors for the aerodrome control centres at Cerklje, Maribor, and Portorož were well received; upgrades for the TWR Brnik are still pending.

- Following the successful implementation of access to current TAF and METAR data, an application for accessing current NOTAM messages in the EAD database with appropriate filtering and search functionality is under development.
- The implementation of the new Comsoft STCA is ongoing, currently operating off-line; SAT will be repeated. Further testing installation for the simulator from the manufacturer is awaited, followed by operational installation.
- A new version of DMGR is being developed through FDS, which will allow for faster data distribution between operational systems and consequently quicker workstation performance.
- The development of the MONA system is complete, with testing and documentation adjustments in progress; operational installation is scheduled for 2024.
- In accordance with changes to operational systems, the corresponding usage instructions were updated, and appropriate extracts of changes were prepared for operational amendments. All main instructions and user manuals were issued as new versions in a clean copy format.
- The simulator was routinely updated, ensuring stable operation for both the radar and tower components.

## 3.2 FLEXIBLE USE OF AIRSPACE (FUA)

For many years, the Republic of Slovenia has been implementing the concept of Flexible Use of Airspace (FUA) in collaboration with the Ministry of Defence and other airspace users. There are agreements in place regarding the reservation, utilisation, and release of airspace for special purposes (Special Use of Airspace).

In 2023, the Airspace Management Committee of the Republic of Slovenia did not hold its regular annual consultation with users but continued to work towards its strategic goals. The Committee collaborates with the Airspace Management Cell of the Republic of Slovenia (hereinafter referred to as: "AMC" or the "Airspace Management Cell"), coordinating all activities on an ongoing basis.

In 2023, the AMC urged the Airspace Management Committee to develop a protocol for airspace management in Slovenia and to set strategic priorities for airspace reservations in the country. Accordingly, the Company, together with the Ministry of Defence, the Force Command of the Slovenian Armed Forces, and the Ministry of Infrastructure, initiated the reorganisation of airspace structures LJ TSA1 MERYL and LJ TSA2 MERYH.

The AMC successfully participated in the planning and execution of military exercises and activities in 2023, including:

- "Adriatic Strike 2023";
- "Training Days NATO C17 SVN";
- "Air Week 2023 SVN";
- "NATO interceptor overflights due to the situation in Ukraine";
- "NATO AWACS – LJCE";
- and several smaller activities of the Slovenian Armed Forces.

It was noted that the flexible use of airspace (FUA) did not proceed smoothly during military exercises in 2023. Therefore, the AMC will strive to maximise the implementation of the FUA principle in the future to improve air traffic flow.

The AMC also continued its cooperation with the Ministry of Infrastructure, the Slovenian Armed Forces, and the Civil Aviation Agency of the Republic of Slovenia to find permanent solutions for the implementation of procedures for Operational Air Traffic (OAT) in Slovenia.

Involving both civilian and military stakeholders in the processes of flexible use of airspace in the Republic of Slovenia is of utmost importance. Consequently, the Company will continue to actively collaborate with the Airspace Management Committee of the Republic of Slovenia and the AMC in the future.



## 4 SAFETY IN AIR TRAFFIC

Air safety management is of paramount importance for the Company. Consequently, the Company has established a strategy to underscore this critical aspect in managing and controlling air traffic.

The Safety Management System (SMS) within the Company complies with the requirements of Implementing Regulation 2017/373/EU, facilitating the implementation of the Single European Sky programme, as well as national regulations. Consequently, the Company is recognised as a certified provider of air navigation services, including safety management, and it consistently achieves the target maturity level for air navigation service providers. EASA continuously monitors this through key performance indicators.

The Safety department, led by the Safety Manager, is integrated within the CEO's Staff office, with the Safety Manager reporting directly to the CEO. A Safety Council and Safety Group have been established, with members and employees assigned specific tasks and responsibilities related to air traffic safety. Investigation committees and responsible persons for conducting safety impact assessments are appointed as needed, based on the CEO's decisions.

The foundation for effective safety management is provided in the adopted Safety Policy, which includes the principles of a Just Culture. Special attention is given to the Just Culture within the Company as it enhances the efficiency and quality of reporting and the exchange of safety data. This facilitates high-quality analyses, the dissemination of insights, and conclusions to all partners involved in air traffic safety. Just Culture means that operational and professional staff, as well as other employees responsible for air traffic safety (such as professional staff, air traffic controllers, technical staff, engineers, etc.), are not punished for actions or decisions that are commensurate with their training and experience. However, wilful violations, gross negligence, or destructive acts are not tolerated.

The Safety Policy defines the responsibility of individuals and the Company's management for air traffic safety. It also highlights the significant commitment and decision by the management to prioritise the safe provision of air traffic services over economic and financial interests.

Reporting on safety events demonstrates a well-established reporting system, successfully maintained since 1999, initially based on voluntary reporting. Since reporting has become mandatory, the number of reports has stabilized.

**Table 13:** Number of completed reports by organisational units for the 2019 – 2023 period

Organisational unit:	2023	2022	2021	2020	2019
ACC Ljubljana	89	95	47	44	95
TWR Brnik	54	42	44	29	65
TWR Maribor	53	59	51	39	35
TWR Portorož	13	16	9	9	13
TWR Cerklje ob Krki	13	12	22	6	5
CNS	7	15	6	10	14
AIS	5	1	3	1	1
<b>TOTAL</b>	<b>234</b>	<b>240</b>	<b>182</b>	<b>138</b>	<b>228</b>

Source: Company 2024

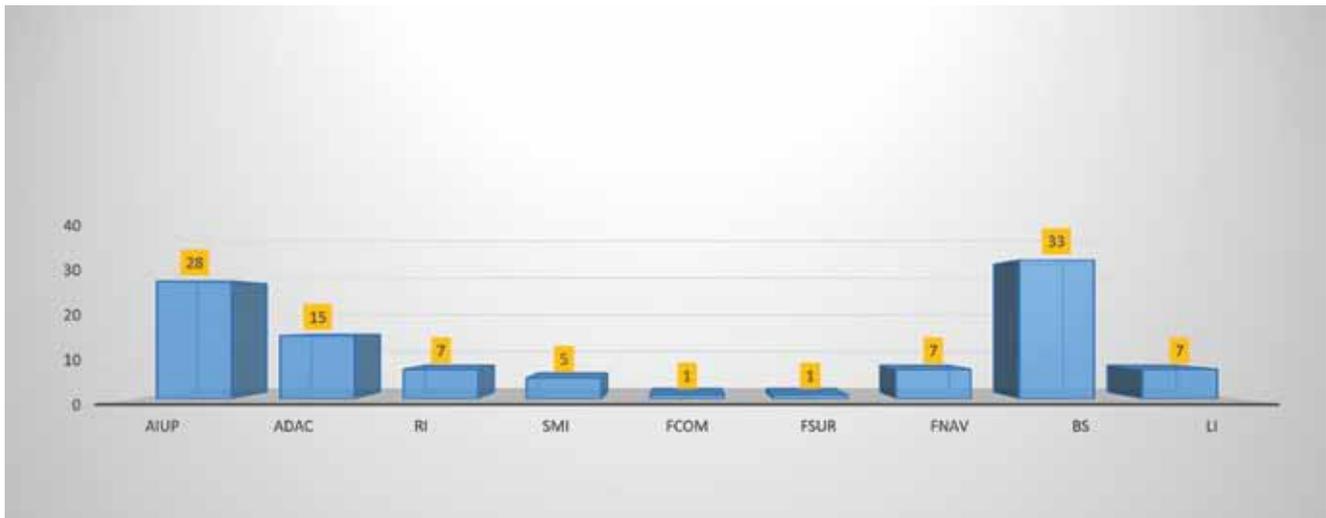
It is vital to emphasise that the number of incident reports does not signify a “dangerous” organisation, but rather reflects a well-developed culture of reporting any potential inadvertent deviations, mistakes, or errors by pilots and other personnel in the ATM chain. The reports are collected by the Safety department and are duly forwarded to the supervisory authority, i.e. the Civil Aviation Agency of the Republic of Slovenia, within the prescribed legal timeframe. Each incident is meticulously reviewed and processed by experts from various sectors operating within the Safety Group. Incident reporting is presented by individual units within the company.

Safety incident trends are analysed by areas in accordance with the guidelines of specific Eurocontrol working groups, in which the Safety department actively participates (SAF OPS). The trends and activities identified by other European countries also receive significant attention within the Company, ensuring their mitigation or elimination in future operations.

**Table 14:** Number of Reports by Trend in 2023

Trend		Number of Reports	
AIUP	Airspace Infringement	376A10b	28
ADAC	Deviation from ATC Instructions	376A9	15
RI	Runway Incursion	376A7b	7
SMI	Separation Minima Infringement	376A2	5
FCOM	Degradation of Communication Function	376B3	1
FSUR	Degradation of Surveillance Function	376B4	1
FNAV	Degradation of Navigation Function	376B6	7
BS	Bird Strike	376A5a	33
LI	Laser Illumination	376C3d	7

Source: Company 2024

**Figure 19:** Number of Reports by Trend in 2023

Source: Company 2024

In 2023, the activities of the Safety department included collaboration with the following institutions and bodies: the Civil Aviation Agency of the Republic of Slovenia (CAA);

- various departments and services within the Company related to the implementation of safety management system processes and activities;
- the Ministry of Infrastructure of the Republic of Slovenia;
- the Ministry of Defence of the Republic of Slovenia;
- the Slovenian Armed Forces, Military Aviation Authority;
- the Slovenian Armed Forces, 15th Regiment - Aviation Brigade;
- the European Union Aviation Safety Agency (EASA);
- the European Organisation for the Safety of Air Navigation (Eurocontrol);
- the Civil Air Navigation Services Organisation (CANSO);
- airlines operating in Slovenian airspace and some foreign carriers for the exchange of incident data;
- safety management organisations of neighbouring countries and participating countries in the FAB CE project.

In parallel with ensuring and improving air traffic safety, the Company strives to cultivate the highest possible level of safety culture among all employees. Our safety management objectives are:

- mitigating and reducing the risk of aviation accidents, incidents, or safety events to the lowest reasonable and practically achievable level;
- prioritising safety above commercial, environmental, social, and other societal factors in the provision of air navigation services;
- emphasising the personal awareness and responsibility of all employees for safety in the provision of air navigation services;
- defining safety responsibilities at all management levels, with commitment and cooperation from all employees to achieve satisfactory performance in air navigation services;
- adopting a proactive approach to safety management in the provision of air navigation services, aiming for continuous improvement;
- applying the principles of Just Culture in the processes of reporting and investigating safety events and in the related corrective or mitigating measures.

As in previous years, the Business Plan for 2023 highlights and defines three key safety objectives aimed at ensuring the effectiveness of the safety management system processes and maintaining a high level of individual and organisational safety culture. These key safety objectives are:

- Safety Assurance;
- Safety Achievement;
- Safety Promotion.

Achieving the activities within the operational safety objectives and enhancing safety is evident from the fact that the safety management system complied with the requirements of Implementing Regulation 2017/373/EU, as well as other Single European Sky legislation and national regulations. In addition, based on annual assessments and continuous monitoring of key safety indicators conducted by EASA, the system attained the target level of the Effectiveness of Safety Management (EoS<sub>M</sub>) for air navigation service providers.

Within the operational goal of “Ensuring Safety”, the following fundamental activities were undertaken to achieve this objective:

- effective execution of safety management system processes, in accordance with the “Safety Management Manual” (SMM), which was also updated multiple times in 2023;
- reviewing existing safety management system documents in line with new regulatory requirements and defined best practices in air traffic safety management;
- training employees in managing safety risks when implementing changes to the functional air traffic management system within the Company;
- participating in and directing activities in the preparation of safety assessments for planned changes to the functional air traffic management system within the Company.

The results of these efforts are demonstrated in the fact

- that no safety incidents of types AA or A with a direct impact on air navigation services were reported during the event reporting process.

The promotion of safety and the involvement of the Company’s representatives are reflected in the following activities:

- active participation in Eurocontrol’s SAF OPS group (Safety of Operations);
- active participation in Eurocontrol’s ST group (Safety of Operations);
- participation in the SAF SubC group, FAB CE, focusing on safety management;
- engagement in the working bodies of the international organisation CANSO: CESAF, CESAF-AB, CANSO/ICAO RASG;
- involvement in other Eurocontrol working groups:
  - Safety Tools Users Group (SMTUG),
  - Prevention of Runway Incursion,
  - Prevention of Runway Excursion,
  - Prevention of Level Bust,
  - Top5 ATM Safety Operation Priorities (addressing the five most critical risks in EU airspace);
- monitoring and implementing ATM safety initiatives at the European level:
  - Call Sign Similarity,
  - Prevention of Airspace Infringement,
  - Participation in Eurocontrol’s ES2 programme.

In 2023, the Company also supported a comprehensive reorganisation of airspace in the Republic of Slovenia. This initiative aims to significantly enhance the safety of service provision by appropriately modernising and adapting individual airspace volumes and simplifying the classification of airspace classes. This reorganisation is particularly important in the lower airspace, where there has been an increase in incidents involving violations and unauthorised intrusions by individuals flying under visual flight rules into controlled airspace in recent years.



## 5 USER CONSULTATION

The Company continually adapts the provision of air navigation services to meet the needs of its users. Emphasis is placed on the dynamic coordination between civil and military airspace users, particularly within the flexible use of airspace system.

The Company actively and in a coordinated manner participates in regular consultations and coordination with commercial airspace users (primarily represented by interest groups) and other air navigation service providers within the Union-wide (free) route network.

Consultations, coordination, and preparations for the implementation of cross-border integration and cooperation between the SECSI FRA and FRA IT areas were conducted with neighbouring air navigation service providers. The cross-border free route airspace brings added value in the form of reduced greenhouse gas emissions and lower fuel consumption, constituting a major step towards the goal of a zero-carbon society. Additionally, it reduces travel times and enhances mobility. In terms of airspace structuring, these broader changes contribute to a meaningful alignment of the airspace structures of the participating countries, including Slovenia. At the same time, these changes are part of the wider adjustments expected to follow the objectives of the Single European Sky.

Through the Eurocontrol Working Group (RNDSG), which brings together all European countries, continuous traffic monitoring was conducted in collaboration with users, focusing on rationalising and adjusting airspace restrictions. Vertical profile restrictions were adjusted, particularly for approaches to busier airports in our vicinity, such as Munich, Vienna, and Split.

Activities continued in preparation for the anticipated airspace modernisation below flight level 245 (FL245). Discussions focused on drafting a document for the integration of instrument procedures into the airspace, considering generally accepted rules (ICAO, EU, Eurocontrol, etc.) and the geographical and user structure of Slovenian airspace. In addition to the publication of procedures for Ljubljana Airport (LJLJ), and with the aim of publishing new PBN procedures, the Company's technical services completed the necessary documentation for approach and departure procedures for Maribor Jože Pučnik Airport (LJMB) and Cerklje ob Krki Airport (LJCE) in January 2024.

Before the summer season, the Company organised professional seminars and briefings for general aviation users through aviation clubs, covering the organisation and use of airspace in Slovenia.

The Company and its representatives also participated in formal consultations with service users and interest groups regarding national cost bases and service charges at the regular June and November sessions of the Enlarged Committee for Route Charges, within the framework of Eurocontrol and the European Commission.

In 2023, the Company also produced and published an updated VFR chart of Slovenia at a scale of 1:250,000.



## 6 HUMAN RESOURCES MANAGEMENT

Human resources activities are focused on achieving the Company's goals as set out in its five-year plan and annual business plans, with particular emphasis on the strategic goal of employee development. The development of employees, especially in terms of their professional expertise, forms the third pillar alongside technical and operational capabilities. This ensures that the Company, as an air navigation service provider, can perform its tasks in a safe, efficient, continuous, and sustainable manner, meeting any demand from airspace users.

### 6.1 EMPLOYEE TRENDS AND STRUCTURE

As at 31 December 2023, the Company employed 243 staff members. In 2023, the Company hired 24 new employees, including 12 air traffic controllers - beginners. Employment ended for 14 individuals, seven of whom retired.

**Figure 20:** Employee Numbers from 2019 to 2023

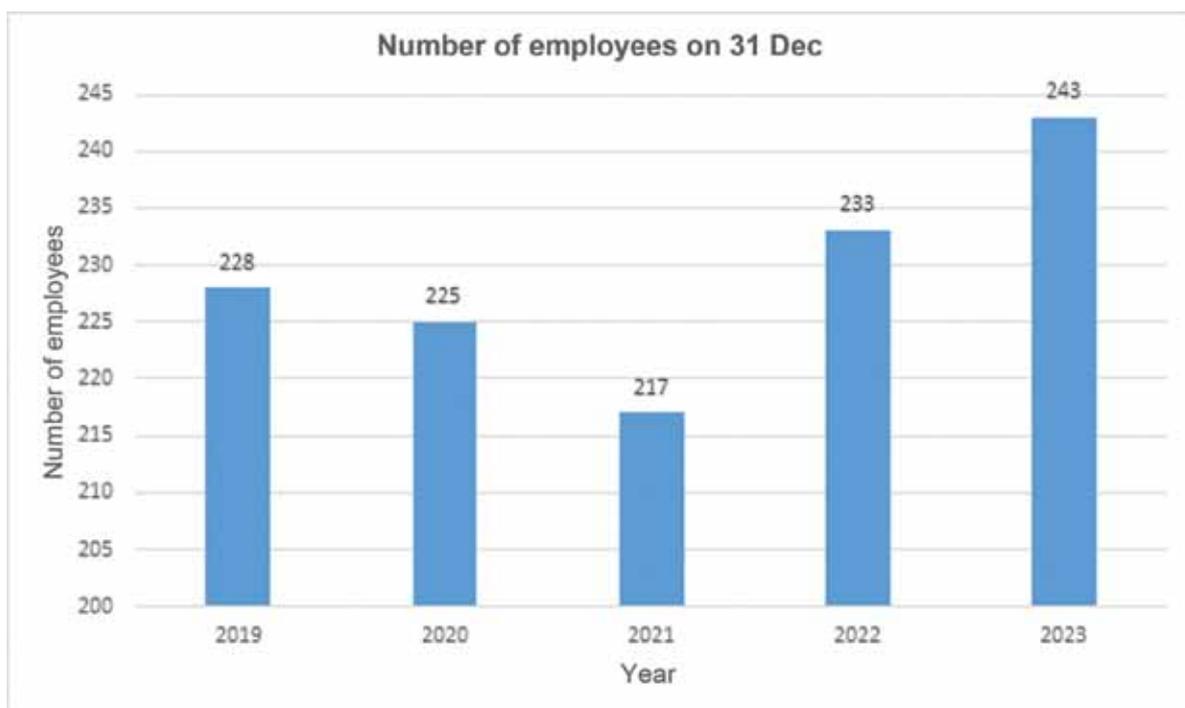


Table 15 presents the structure of the Company's workforce by job group as of 31 December 2023.

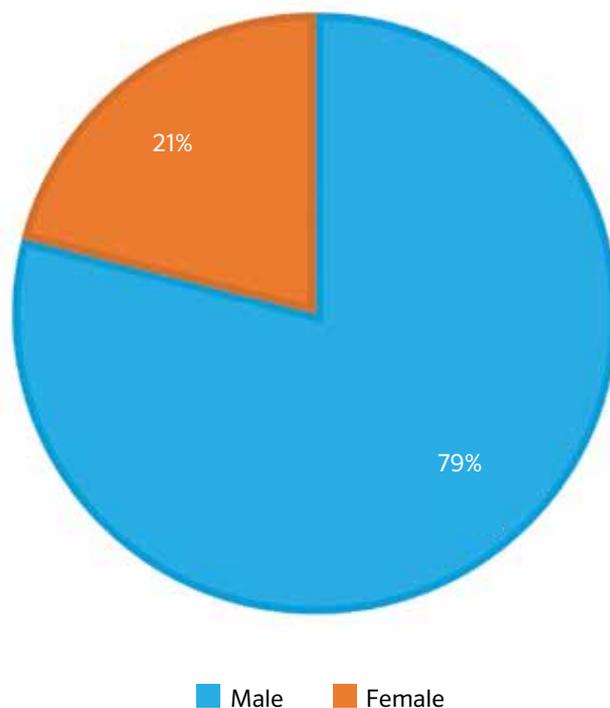
**Table 15:** Employee structure

Employee structure	31 Dec 2023	31 Dec 2022
Job group requiring a licence – licensed personnel		
• Air Traffic Services Group – Air Traffic Controllers	109	110
• Air Traffic Services Group – Operators (FDT + FIS)	21	13
• Communication, Navigation and Surveillance Services Group	34	35
• Aeronautical Information Services Group	20	20
<b>Total Licensed Personnel</b>	<b>184</b>	<b>178</b>
Non-licensed Personnel	59	55
<b>Total Employees</b>	<b>243</b>	<b>233</b>

### EMPLOYEE STRUCTURE BY GENDER

In 2023, the Company employed 21% women (51 women, an increase of four from 2022) and 79% men (192 men, an increase of six from 2022).

**Figure 21:** Employee Structure by Gender as of 31 December 2023



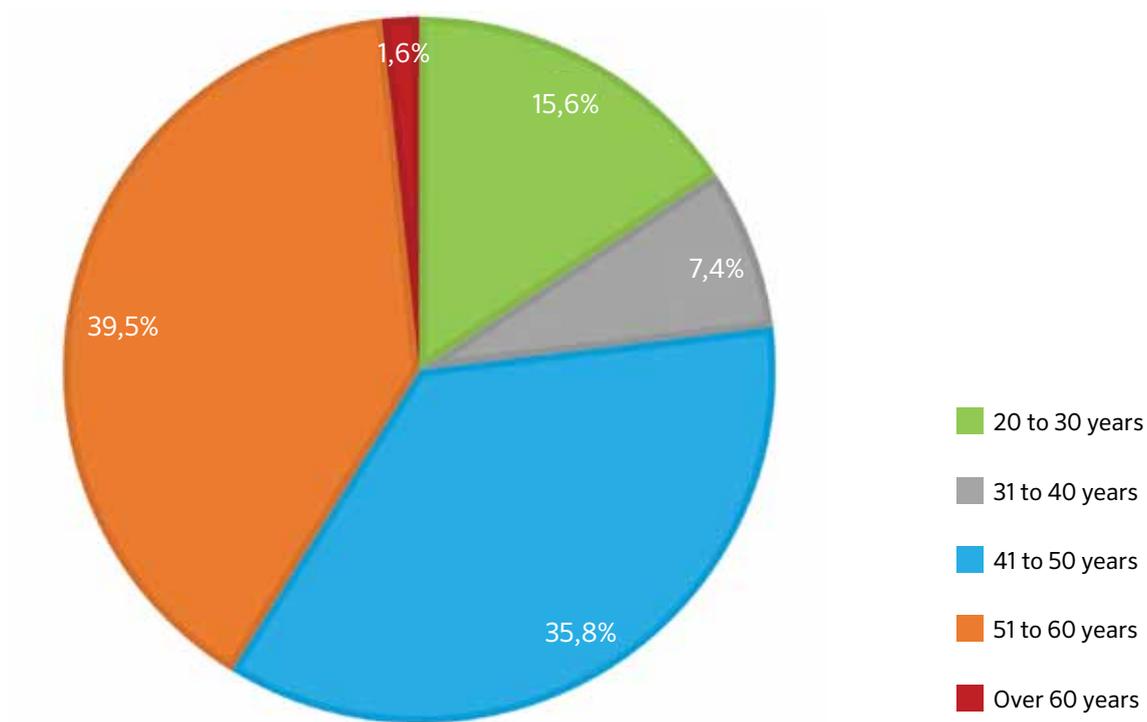
### AGE STRUCTURE OF EMPLOYEES

In 2023, the average age of employees was 45.6 years (compared to 46.5 years in 2022). The largest age group, representing 39.5% or 96 employees, is aged between 51 and 60 years. The next largest group consists of employees aged between 41 and 50 years, making up 35.8% or 87 employees. There are 56 employees aged up to 40 years, and four employees are over 60 years old.

**Table 16:** Age Structure of Employees

Age of Employees/As at	31 Dec 2023
20 to 30 years	38
31 to 40 years	18
41 to 50 years	87
51 to 60 years	96
Over 60 years	4
<b>Total</b>	<b>243</b>

**Figure 22:** Age Structure of Employees



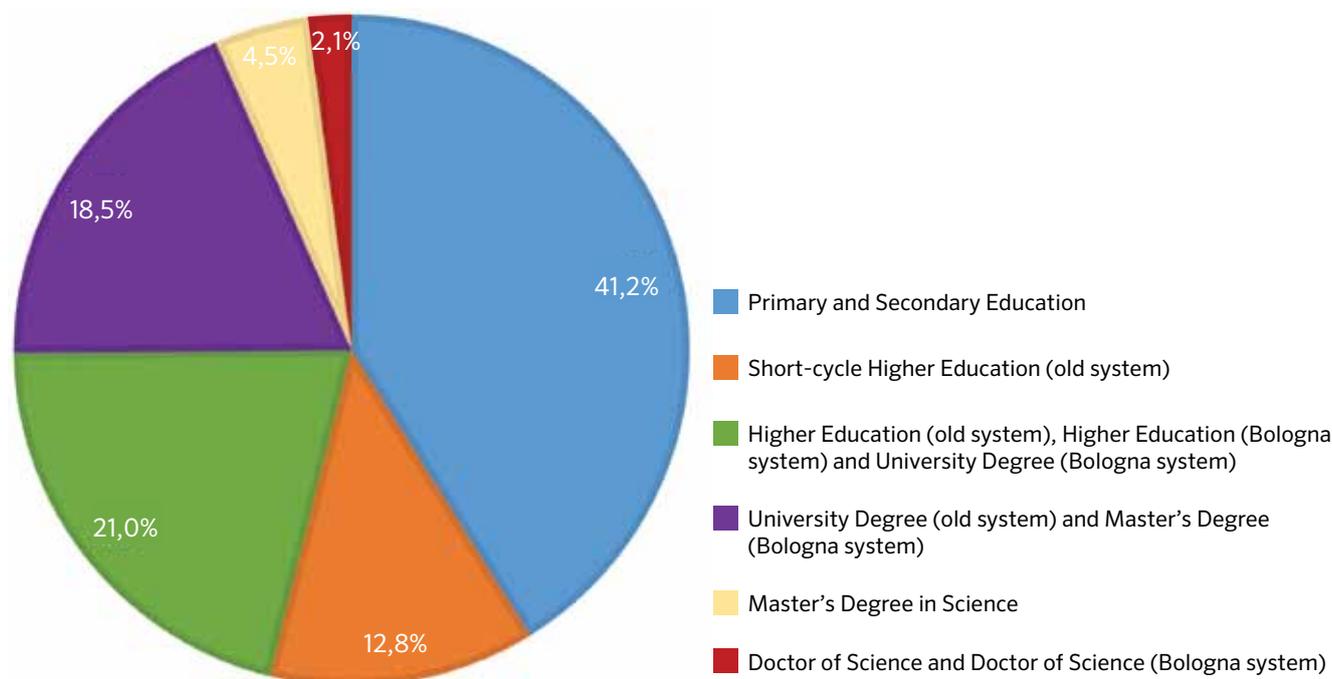
### EDUCATIONAL STRUCTURE OF EMPLOYEES

In 2023, the majority of employees had primary and secondary education, comprising 41.2% of the workforce. Employees with higher education (old system), higher education qualification (Bologna system) and university education qualification (Bologna system) represented 21% of the workforce, while those with a university degree (old system) and Master’s degree (Bologna system) accounted for 18.5%. Employees with a short-cycle higher education (old system) education made up 12.8%. A smaller percentage of employees held the highest levels of education, with 4.5% having a Master’s degree in Science and 2.1% holding a PhD.

**Table 17:** Educational Structure of Employees

Education/As at	Level	31 Dec 2023
Primary and Secondary Education		100
Short-cycle Higher Education (old system)	VI/1	31
Higher Education (old system), Higher Education (Bologna system) and University Degree (Bologna system)	VI/2	51
University Degree (old system) and Master’s Degree (Bologna system)	VII	45
Master’s Degree in Science	VIII/1	11
Doctor of Science and Doctor of Science (Bologna system)	VIII/2	5
<b>Total</b>		<b>243</b>

**Figure 23:** Educational Structure of Employees



## 6.2 EMPLOYEE DEVELOPMENT

Human resources are a crucial factor in the Company’s success, safety, and continuity of its primary activities. High-quality, professionally trained staff, with their knowledge, skills, creativity, work experience, and motivation, are regarded as the Company’s most valuable asset. Consequently, the Company’s HR policies focus on the continuous acquisition and retention of relevant competencies through ongoing training and education.

### TRAINING, EDUCATION, AND SKILL ENHANCEMENT

The Company adheres to the commitments outlined in its Employee Development and Training Strategy. This strategy sets the strategic goal of investing in training, education, and skill enhancement for employees. Based on the adopted Training and Education Plan, the Company provided the planned training and skill enhancement programmes in 2023, particularly focusing on the training of operational staff to obtain and maintain work licences, as reported in section 6.2 below.

## STRENGTHENING ORGANISATIONAL CULTURE

Organisational culture, as a shared system of values, beliefs, and behaviours within the organisation, connects employees and is a significant factor in the Company's success. The Company promotes teamwork and collaboration among employees, which positively contributes to increased motivation and loyalty in achieving business objectives and implementing the Company's strategy, as well as transferring knowledge and experience. At the end of 2023, the Company conducted an organisational climate survey among employees. Based on the survey results, the Company will develop measures and activities aimed at improvements that will positively impact employee satisfaction in areas where the results indicate a downward trend.

## STRENGTHENING COMMUNICATION

Within the Company, various formal and informal channels for communication and employee information dissemination are well developed. Senior managers and heads of departments and leaders at all levels remain accessible throughout the year for discussions with employees. During these discussions, employees can present their proposals, express criticisms, and discuss their expectations related to their work, as well as their personal and professional development. In addition to the aforementioned communication methods, for employees in the Air Traffic Services, Communication, Navigation and Surveillance (CNS/ATM), Aeronautical Information Services and support roles in air traffic control, regular annual consultation meetings are also held within each department. The Company maintains communication with employees through social dialogue with the Works Council and representative trade unions. Communication and information dissemination occur through meetings, which also utilized digital tools and video conferencing systems, as well as through the internal portal, email, the Company website, and informal gatherings.

## ENSURING WORKPLACE SAFETY AND EMPLOYEE HEALTH

In 2023, the Company organised periodic training sessions for employees on occupational safety and health, fire safety, safe work at heights, working with electrical currents, and handling dangerous flammable substances. Additionally, it conducted training for responsible persons on extinguishing initial fires and evacuating buildings. The Company carried out inspections and tests of work equipment and provided appropriate personal protective equipment to employees working in positions that require such gear, in accordance with the adopted Safety Statement with Risk Assessment.

Regular, targeted periodic medical examinations were provided for employees as part of the preventive health measures outlined in the health component of the risk assessment of workstations. Moreover, the Company organised vaccinations against tick-borne encephalitis for employees. To facilitate the balance between professional and personal life, the Company, where the work process allows, offers the possibility of hybrid working. This enables employees to work from home for part of their working hours.

## STRENGTHENING INTERGENERATIONAL COLLABORATION

The Company recognises the significance of intergenerational collaboration, which not only enhances the knowledge of younger employees but also improves well-being and increases job satisfaction across the workforce. This contributes to a more dynamic and competitive working environment, positively impacting the Company's operations. To this end, the Company fosters connections between generations, facilitating the transfer and exchange of knowledge and experiences within the workplace, and promoting mutual support across generations. This is exemplified through the implementation of mentorship programmes for newly hired employees and a comprehensive training system for operational staff, organised within the Flight School.

The Company is also committed to enhancing initiatives aimed at succession planning and development for key roles, with a primary focus on identifying employees' talent, facilitating knowledge transfer, and their inclusion in developmental programmes and workshops to enhance leadership skills.

## 6.3 TRAINING AND CERTIFICATION OF OPERATIONAL STAFF

Delivering air traffic management (ATM) and air navigation services (ANS), regardless of airspace demand levels, necessitates a highly skilled operational Air Traffic Services (ATS) team. This includes Fight Procedure Design (FPD), Communication, Navigation, and Surveillance (CNS) personnel – referred to as Air Traffic Safety Electronics Personnel (ATSEP) and Aeronautical Information Services (AIS) staff – known as aeronautical information management (AIM) personnel. The specialised training required for the Company’s operational staff is rarely comparable to the general labour market due to its specific nature. This specialisation becomes even more critical and demanding considering the ongoing technological advancements in the provision of ATM/ANS services. The elevated level of expertise required of the Company’s operational staff is so unique that it is not readily available on the national labour market. Consequently, the Company’s Operational Personnel Training Service –the Flight School must ensure staff are adequately trained to achieve operational status with the necessary authorisation, and thereafter must demonstrably maintain this level of expertise to the high standards required for retaining the authority to execute operational tasks and duties.

In 2023, a total of 21,683 hours of training were delivered, comprising 30,351 hours of internal training, 10,465 hours of overseas training, and 867 hours of English language courses for air traffic controllers.

Figure 24: Flight School Activities in 2023



In 2023, the Operational Personnel Training Service – Flight School fulfilled its core mission to train operational personnel, executing 60 diverse training sessions and activities tailored to the needs of all three operational sectors. Moreover, external providers organised and delivered an additional 62 training sessions for all sectors and services, including 35 at the Aviation Learning Centre (ALC) organised by Eurocontrol.



## 7 ENSURING COMPLIANCE AND QUALITY

The Company demonstrated its adherence to the requirements for Air Traffic Management (ATM) and Air Navigation Services (ANS) providers as outlined by the European legal framework of the Single European Sky, specifically under Commission Implementing Regulation 2017/373/EU. This regulation sets forth the common European requirements for air navigation service providers, along with various other equivalent and subordinate international and national binding acts. For any discrepancies identified during regular and inspection audits conducted by the national regulatory authority, the Civil Aviation Agency of Slovenia (CAA), thorough analyses of the root causes were carried out. These analyses shaped all corrective actions that were subsequently implemented, including the elimination of the causes of non-compliance, thereby preventing their recurrence. The extensive and detailed nature of the common requirements for air traffic management (ATM) and air navigation services (ANS) providers necessitates that the Company enhance its internal compliance monitoring processes. Accordingly, the Certification, Project Management and Operational Training Department has, since 2019, been planning and executing relevant organisational activities and comprehensive training for staff, which are crucial for augmenting the process of internal compliance monitoring. In addition, in 2022, the imperative to bolster staffing for the compliance monitoring process within the Certification department was recognised. This action aims to facilitate a more efficient execution of the internal compliance monitoring process and to establish alignment with the evolving requirements. The staff augmentation process was completed in the latter half of 2023.

In 2023, the Company undertook internal compliance assessments, devised, and implemented processes designed to more precisely define responsibilities for the implementation and adherence to the relevant requirements for ATM/ANS service providers. This also included developing processes and procedures aimed at promptly informing and/or identifying responsible individuals within the company during the adoption of modified or new requirements for ATM/

ANS service providers. These endeavours in 2023, including ensuring compliance with the pertinent requirements, were crucial for maintaining the validity of the existing Certificate No. 37290-2-/2021/23 dated April 2022. This certification authorises the provision of Air Traffic Management (ATM) and Air Navigation Services (ANS), and within this scope, the provision of Air Traffic Services (ATS), Air Traffic Flow Management (ATFM), Airspace Management (ASM), Communication, Navigation, and Surveillance Services (CNS), Aeronautical Information Services (AIS), and Flight Procedure Design Services (FPD).

Throughout 2023, the Civil Aviation Agency of Slovenia (CAA), as the national regulatory body, conducted regular and inspection audits. The CAA carried out 17 inspection audits to evaluate the competence of the company's operational staff and executed 26 regular audits to demonstrate compliance with the requirements for ATM/ANS service providers, aiming to sustain the validity of the existing Certificate No. 37290-2-/2021/23, dated 21 April 2022, which authorises the provision of Air Traffic Management (ATM) and Air Navigation Services (ANS). Under this certification, the company is permitted to offer Air Traffic Services (ATS), Air Traffic Flow Management (ATFM), Airspace Management (ASM), Communication, Navigation, and Surveillance Services (CNS), Aeronautical Information Services (AIS), and Flight Procedure Design Services (FPD). During the inspection audits in 2023, the CAA identified no discrepancies, whereas during the regular audits in 2023, a total of 39 discrepancies were identified. The Company performed detailed root cause analyses for all these discrepancies, setting rectification deadlines that in some instances extended into 2024 due to the systemic nature of the changes required within the company. These discrepancies necessitated a prolonged period for planning and executing corrective measures beyond the standard three-month rectification timeline. All plans for corrective measures were successfully ratified by the CAA, and the Company effectively rectified 27 discrepancies by the end of 2023.

Activities related to quality assurance in accordance with ISO 9001:2015 were executed as planned in 2023. An external certification audit in line with ISO 9001 was conducted in January 2023, in collaboration with Bureau Veritas Certification. Following a successful certification audit, the validity of the Company's certificate was extended until 18 January 2024. At the time of preparing this Annual Report, an external audit conducted in January 2024 further extended the certificate's validity to 18 January 2025.

Throughout 2023, the Company continued its efforts associated with managing the documentation control system. This extensive project involves activities across the entire organisation. A dedicated team established to revamp the documentation management system convened regularly. Effective documentation management requires ongoing monitoring and adaptation to meet process needs, thereby ensuring continual process improvement.

The Company undertook preventive and corrective measures linked to the quality management system. By the end of 2023, the functions of quality monitoring and management were integrated into the Certification department with the aim of establishing a more integrated management system and to optimise resource utilisation. A correlation matrix was developed, aligning the requirements of Commission Implementing Regulation 2017/373/EU and the ISO 9001:2015 standard, which now serves as the foundation for conducting combined internal audits that were previously carried out separately.



## 8 INFRASTRUCTURE SECURITY

As regards civil aviation security, in accordance with the Annual Security System Quality Control Plan for 2023 and the National Aviation Security Programme of the Republic of Slovenia, the Company conducted 14 internal audits throughout 2023. These audits focused on physical security, technical security, and security culture. Through these internal audits, the Company ensures the effective and successful implementation of tasks related to the protection of civil aviation from acts of unlawful interference, thereby reducing potential deviations from established standards, practices, and procedures. In November 2023, the Civil Aviation Agency of the Republic of Slovenia carried out a quality control audit of civil aviation security, which did not identify any significant shortcomings.

As regards the protection of critical infrastructure, in accordance with Article 24 of the Critical Infrastructure Act, the Company prepared the 2022 annual report of the critical infrastructure manager on ensuring the continuous operation of critical infrastructure, and submitted it to the responsible authority of this sector.

As part of business continuity management, inspections were conducted according to the annual plan, and individual recommendations were made based on these inspections. Additionally, a new business continuity policy was defined, and a business impact analysis (BIA) was carried out.

In the field of defence planning, the records of employees assigned on duty were regularly updated. The list of necessary material resources was revised and corrected in accordance with the Material Duty Act and submitted to the competent defence authority. The Ministry of Defence provided the Company with guidelines for further work and expectations for economic operators in the defence sector.

For fire protection, projects were prepared for gas extinguishing systems at the DEA locations at Maribor Edvard Rusjan Airport, the radar location at Ljubljanski Vrh, and the energy plant that supplies power to the Brnik tower, located in a container under the Brnik tower (LV Brnik).

An internal audit of the implementation of the Classified Information Act and related regulations was conducted within the Company, which did not reveal any significant shortcomings. The Company also actively participated in developing a solution for processing classified information within the ICT systems.

In the area of physical security, based on the risk assessment data obtained from the Ministry of the Interior, a review of the Security Plans was prepared. Throughout the year, the Company maintained an appropriate level of knowledge among the physical security personnel, resulting in the updating and refining of individual physical and fire protection procedures, as well as training security personnel in handling technical equipment. The technical security system was enhanced with specific solutions to improve system efficiency and facilitate the detection of potential deviations from order in the protected area or other harmful events. The Inspectorate of the Republic of Slovenia for Internal Affairs conducted an inspection and found no deviations from legislative requirements or best practices in providing security in accordance with the Decree on mandatory organisation of security and the Private Security Act.



## 9 IT AND CYBER SECURITY

In 2023, following directives from the Company's Supervisory Board, an internal audit of information and cybersecurity was carried out with the assistance of an external provider.

The scope of the cybersecurity audit included:

- evaluating the suitability of the organisation's structure and activities in information and cybersecurity from 2021 to 2023 (up to the commencement of the audit);
- assessing compliance with legislation binding on the Company within the realm of information security and cybersecurity, particularly the Information Security Act, the Critical Infrastructure Act, and Implementing Regulation 2017/373/EU;
- Conducting a compliance review and gap analysis
  - according to ISO/IEC 27002:2022 - Information security, cybersecurity, and privacy protection - Information security controls,
  - Directive 2022/2555/EU, and
  - Implementing Regulation 2023/203/EU, which could impact aviation security.

The audit undertook a comprehensive review of information security and cybersecurity across the entire Company, covering security policies, a register of security risks, incident management, and other related processes, procedures, and activities.

On 15 December 2023, the Company presented an interim report to the Supervisory Board and its Audit Committee. Subsequently, on 23 January 2024, the final report from the audit provider was delivered alongside an Action Plan for aligning with the audit's recommendations. This plan detailed the measures, responsible departments/services, and de-

adlines for aligning with the auditor's recommendations. In formulating the baseline measures, the Company adhered to both the risk assessment of each measure and the findings related to the information environment, whilst ensuring that the measures and established deadlines were realistically attainable. Each measure is interdependent, with the implementation of one being a precondition for addressing or rectifying a specific finding.

Following best practices, the Company will carry out quarterly monitoring and report to the Supervisory Board on the progress of the said Action Plan. It is anticipated that the measures will be continually refined through their implementation, with the goal of thoroughly executing the measure or enhancing the overall process of the information security management system or business continuity management system.

Beyond security priorities, the primary strategic direction of the IT department is to enhance operations and equip employees with solutions that not only ensure compliance with statutory requirements but also boost productivity. The Company persistently integrates new electronic process flows and solutions as part of its digital business operations support, whilst endeavouring to achieve the utmost level of resilience against incidents and failures of information assets and their dependent components.

Given the prudent management of equipment life cycles and the degree of wear and tear on some information assets, the Company carried out a consolidation of equipment in line with needs, technological advancements, and new developments. Consequently, a significant amount of outdated hardware was replaced after being efficiently utilised throughout its life cycle. Notable replacements included personal computing equipment (laptops and associated hardware) and server hardware for both data centres. This consolidation and replacement of outdated equipment will continue into 2024.

In terms of ensuring connectivity and the connection of information assets at key locations, cost and performance optimisations were undertaken, and an additional level of reliability was provided through the use of mobile technologies. As a financially and operationally independent solution from telecommunications providers, a plan for a wireless microwave network between critical locations was implemented together with the security sector to ensure connectivity and adequate bandwidth for all users within the Company. This plan was partially executed between 2017 and 2019, with the remainder completed in 2022 due to some control system migrations. The system continues to expand based on actual needs.

The Cybersecurity department (IT) strategically prepares and implements measures to ensure security and cyber resilience against incidents. In light of the dynamic nature of this field, the department introduces new solutions and monitors developments in the cyber domain. The Company, from a cybersecurity standpoint and in accordance with legislation, informs the relevant authorities in the event of potential incidents.



## 10 INTERNATIONAL COOPERATION

### 10.1 FUNCTIONAL AIRSPACE BLOCK CENTRAL EUROPE (FAB CE) PROJECT

The Company, through its representatives who, together with those from the Ministry of Infrastructure, represent the Republic of Slovenia in line with European Union regulations on the Single European Sky, actively and successfully engaged in the Functional Airspace Block Central Europe (FAB CE) project throughout 2023. The active cooperation between the Company's representatives and the state's representatives has proven exceptionally effective over the years and must continue at this high level in the future.

The implementation and further development of FAB CE among air navigation service providers are facilitated through a joint legal entity – FABCE, Aviation Services, Ltd., in which the Company holds a share. Its activities currently encompass project management, expert consultancy, public procurement, and administrative services in support of collaborative projects among air navigation service providers.

In 2023, the following projects and activities were undertaken within FAB CE:

- Reconfiguration of airspace, focusing on the cross-border implementation of Free Route Airspace (FRA) and the simplification of sectorization in border areas. The main objectives were to optimize the trajectories of airspace users and enhance airspace capacity.
- Integration of unmanned aerial vehicles into the ATM system, with an emphasis on developing a data exchange standard among various stakeholders and a unified regional methodology for risk assessment in defining airspace for unmanned aerial vehicles.
- Coordination of the planning for communication, navigation, and surveillance infrastructure within FAB CE.

- Joint planning and cross-border coordination of maintenance for surveillance (radar) and navigation infrastructure.
- The annual publication of the FAB CE Airspace Plan.
- Planning and execution of joint public procurements where appropriate.
- Development of a tool for monitoring and comparing the operational efficiency of air navigation services within FAB CE.
- Development of a tool for monitoring and comparing the environmental efficiency of air navigation services within FAB CE.
- Support for the development of performance plans for RP4.
- Coordination and harmonisation of flexible airspace management.
- Analysis and comparison of selection procedures for air traffic controller candidates across all FAB CE countries.

Some of the aforementioned projects are implemented as “some-in” projects, meaning they involve the participation of only certain shareholders of FABCE, Ltd., in accordance with the Partnership Agreement of FABCE, Ltd., of which the Company is a shareholder.

In 2024, the majority of these activities will continue, with a particular focus on intensifying efforts aligned with the European Airspace Architecture Study (AAS). The main objectives are outlined in the new edition of the FAB CE Strategy, with the most important strategic projects focusing on optimizing airspace (with more intensive cross-border cooperation) and optimizing regional infrastructure. A significant emphasis will also be placed on civil-military cooperation.

The Company actively participated in all the aforementioned existing FAB CE projects and in the planning of new projects for the future. Additionally, in accordance with contractual agreements, the Company will continue to provide necessary professional support to FABCE, Ltd., including public procurement, legal consultancy, administrative support, and financial services.

FAB CE prepares weekly traffic forecasts for the FAB CE region, individual countries, and their main airports, looking six weeks ahead, enabling shareholders to plan capacities in an accurate and prompt manner. This is particularly important due to the military conflict in Ukraine, which significantly redirects traffic flows.

The Republic of Slovenia and other FAB CE Member States are still subject to pilot procedure No. 4578/2013/MOVE, initiated by the European Commission in 2013, due to the opinion that FAB CE Member States have not optimized air navigation services or that these services are not as efficient as required by EU Single European Sky regulations. In June 2020, the European Commission prepared a comprehensive overhaul of the European Single European Sky legislation (SES2+). Since FABs are no longer mandatory in the SES2+ proposal, it is expected that the European Commission will terminate the procedure once the revised Single European Sky legislation is adopted, as there will no longer be a legal basis for it.

In accordance with the FAB CE Agreement and the Cooperation Agreement between air navigation service providers, permanent project structures are actively operating on the side of the states (FAB CE Council, Joint Civil-Military Coordination Committee, Committee of National Supervisory Authorities, Legal Committee) and on the side of air navigation service providers (CEO Committee, Steering Committee, and various Sub-Committees). The Company actively participated in preparing materials and positions for the Republic of Slovenia for the FAB CE Council. In 2022, a Company representative chaired the FAB CE Steering Committee, and the Company also provided professional assistance to the Ministry of Infrastructure in the Legal Committee at the national level.

To address the missing legal regulation regarding liability in cross-border service provision with neighbouring air navigation service providers, the Ministry of Infrastructure, in cooperation with Company representatives, initiated the drafting of the Agreement on Liability for the Provision of Cross-Border Air Navigation Services between the Government of the Republic of Slovenia and the Governments of Austria, Bosnia and Herzegovina, the Czech Republic, Croatia, Hungary, and Slovakia (hereinafter referred to as: the “Liability Agreement”). The Ministry of Infrastructure submitted the proposal to the Government of the Republic of Slovenia on 31 March 2023. The National Assembly of the Republic of Slovenia ap-

proved the proposal for the conclusion of this agreement by Resolution No. 326/06/23-9 on 12 April 2023. In accordance with the approved proposal, the Republic of Slovenia is now positioned to actively engage in the negotiations for the Liability Agreement. As per the decision of the Government of the Republic of Slovenia, which designates the members of the negotiating team, two representatives from the Company will also take part in these negotiations. The negotiations for the Liability Agreement are anticipated to commence in 2024.

## 10.2 OTHER COLLABORATIONS

In June 2020, the European Commission presented the revised proposal for the Regulation of the European Parliament and of the Council on the implementation of the Single European Sky (SES2+). The Company, in collaboration with state representatives and the State Liaison Officer for Slovenia at Eurocontrol, regularly and actively participated in the preparation of the official positions of the Republic of Slovenia on the proposed regulation. On 6 March 2024, the European Parliament and the Council of the EU reached an agreement on the text of the revised SES2+ legislative package, with formal adoption anticipated in the first half of 2024.

The Company continued its involvement in the preparation of the crucial development document, the Local Single Sky Implementation Plan (LSSIP), and in drafting reports for Eurocontrol on the financial efficiency of ATM activities (ATM Cost Effectiveness Report – ACE Report). It also monitored the development of the SESAR project and the operations of the CANSO and ATCA associations. Company representatives actively participated in formulating positions on the proposed documents prepared by the European Commission and the International Civil Aviation Organization (ICAO). Through the Ministry of Infrastructure, they conveyed the Company's positions and comments to the proposers of legal and other acts.

Furthermore, the Company is a member of GATE ONE, an association established at the end of 2013 through a cooperation agreement among 13 air navigation service providers from Central and Eastern Europe (Cooperation Agreement on the Creation of the Regional ANS Providers Platform (GATE ONE) of Central and Eastern Europe). The signatories of the agreement are service providers from three different functional airspace blocks (FAB CE, BALTIC FAB, and DANUBE FAB), as well as two providers that are not yet members of any FAB initiative (M-NAV and SMATSA). The association aims to collectively express positions within the European Union, share experiences in ATM, pursue common goals and interests across various fields, and collaborate on the establishment of the Single European Sky.



## 11 INVESTMENTS AND PROJECTS

Through strategic investments in state-of-the-art equipment and technology within the domain of ATM systems and infrastructure for air traffic management (ATM) and air navigation services (ANS), the Company aligns its development strategy with European regulations. These regulations define the requirements for future technological advancements, as outlined in the European ATM Master Plan and SESAR. Moreover, the Company ensures continuous 24/7 technical oversight of its functional ATM and operational systems, performing maintenance in line with monthly plans. For major maintenance works, specific dates are coordinated at the Functional Airspace Block Central Europe (FAB CE) level. In accordance with ICAO standards, regular flight calibrations of all radio navigation devices were conducted in 2023. Following these calibrations, the magnetic declination in the ATIS system was also corrected.

In 2023, the Company completed the upgrade of the existing SLOWAM system to the latest software version. The entire procedure for integrating the upgraded SLOWAM system into the operational environment was successfully carried out. One part of the necessary analyses before integration into the operational environment was also conducted using flight calibration. Simultaneously, the project to expand the multilateration WAM system to the eastern part of Slovenia continued. The implementation of the MAM (Maister Multilateration) system aligns with the Company's strategy of introducing new technologies in surveillance systems. By implementing the MAM system, the Company aims to enhance aircraft detection in the eastern part of Slovenia and provide additional (secondary) coverage for independent aircraft detection. The MAM system comprises receiving and transmitting sensors distributed across a broad geographic area in Slovenia. These sensors receive responses from aircraft transponders operating in our and the surrounding airspace. Among other benefits, the MAM system significantly reduces frequency congestion, which is also a recommendation by Eurocontrol. In 2022, four (4) additional locations were established to serve both the existing SLOWAM network of transmitting and receiving stations as well as the MAM system. MPLS connections were set up from all new transmitting and receiving stations to ensure appropriate data transmission. By spring 2023, the upgraded SLOWAM system had been approved by the Civil Aviation Agency of the Republic of Slovenia and now encompasses 23 locations.

In line with the investment plan, the Company initiated two communication projects in 2023: the replacement of the VHF system (radio stations) at the Krim location and the replacement of the VDR system for recording voice and images at the air traffic controllers' workstations within the area control centre (ATCC) and aerodrome control towers. The radio system, including its associated equipment at the Krim location and the ATCC facility, is intended for voice communication between air traffic controllers at the ATCC and pilots operating within Slovenian airspace. This investment will complete the Company's overhaul of the VHF/UHF systems at its radio sites. The project is in its final phase, pending approval from the Civil Aviation Agency of the Republic of Slovenia. Moreover, the project to procure and implement a new VoIP VDR system for recording voice and images, in compliance with ED-137, a document issued by EUROCAE defining interoperability standards for VoIP ATM components, has commenced. A startup plan was prepared, a public tender conducted, and a contract signed.

In addition to these projects, the implementation of the new VoIP VCS system, for which a contract was signed in 2023, is also underway in the communications sector. This project involves the complete replacement of all existing voice communication systems (VCS) in the ATCC (achieving LSSIP goal COM11.1) and at Ljubljana Jože Pučnik Airport, Maribor Edvard Rusjan Airport, and Portorož Airport (achieving LSSIP goal COM11.2) with a new, unified, and modern VoIP VCS system. This project enables the Company to adapt to new challenges posed by the transition from TDM to VoIP technology, ensuring the successful harmonisation of voice communication for air traffic management with future demands driven by the continuous increase in air traffic. The procurement project for the new VoIP VCS system is expected to be completed by the end of 2024.

In 2022, a tender was conducted and a contract signed with the contractor for the procurement of a new video display (Videowall), which serves to display the status of operational systems in the central technical monitoring centre (cTNC) at the ATCC facility. The system was successfully installed in 2023. Additionally, the implementation of the alarm state display for power systems (MobiCall) on central monitoring in the cTNC was completed.

In 2023, the Aeronautical Information Services Department (AIS) continued to actively participate in the development of its own products aimed at supporting the air traffic management process. Alongside regular maintenance and system upgrades, the in-house development of the Monitoring Aids (MONA) system was completed. This system will be used for operational air traffic control purposes. The MONA system is designed to monitor multiple flights and track their planned routes. If an aircraft deviates from its planned route, the MONA system will detect this and alert air traffic controllers. Training for technical personnel and installation in a test environment were carried out. The system's operational use is scheduled for the second half of 2024.

The Company currently utilises ARTAS (version 8B4) as the primary tracker and Comsoft RPX as the fallback tracker. The RPX tracker has been in use since 2005. During this period, the Company acquired the source code and implemented several upgrades (e.g., MODE-S). However, with the advent of new radar technologies (WAM, ADS-B), it has become clear that future simple upgrades to the RPX tracker will no longer be feasible. Given that purchasing a tracker is a significant investment, the decision was made to replace the RPX tracker with an additional implementation of the latest ARTAS version. A detailed plan was developed to replace the secondary RPX tracker with the new ARTAS, documentation was prepared, and testing was conducted in a test environment. The operational use of the second ARTAS tracker is scheduled for the second half of 2024, after which the RPX will be phased out.

As part of the Safety Nets system replacement project, technical staff training and physical installation of servers in the test environment and simulator were carried out. Upgrades to the FDPS system were successfully completed. Hardware (servers) and OS (Oracle Linux 8.1) replacements were performed on all RDDs (Radar Data Displays) in the ATCC facility. Additionally, OS upgrades (Oracle Linux 8.1) were implemented on Jeti and RDD computers in all airport air traffic control centres. Activities to replace or upgrade the ATIS system with new functionalities continued, with completion planned for the second half of 2024.

The Company began providing the Jetscope service, which offers customised radar images for airport services, to Maribor Jože Pučnik Airport for testing purposes. A contract to provide this service to the airport operator is expected to be signed in 2024.

At the end of 2023, the operational WAN (Wide Area Network), which enables the connection of remote units (airports and other equipment), was upgraded. Additional routers were integrated into the network at locations Krim, Kum, and Janče, connected via the Company's microwave links. Following several months of preparations, an Ethernet voice connection via an IP multiplexer was established with AustroControl in September 2023, marking the Company's transition from TDM technology to IP in line with European telecommunications guidelines.

In the realm of navigation equipment, various activities were undertaken, including the installation of new DME devices and the replacement of certain older DME devices (replacing DME MB and DME ILB and removing NDB PZ). Concurrently, analyses are ongoing for the installation of additional DME devices to ensure comprehensive airspace coverage with DME/DME. Experts from the Company also collaborated with the Civil Aviation Agency of the Republic of Slovenia and the European Union Aviation Safety Agency (EASA) on issues pertaining to navigation equipment.

In 2023, there was a significant increase in efforts to address faults on particularly aged navigation devices and challenges in obtaining spare parts for these devices. Consequently, the Company adopted a multifaceted strategy to tackle issues related to the procurement of spare parts for navigation equipment amidst component shortages. At the FAB CE level, negotiations are in progress for the joint procurement or reservation of spare parts, which is expected to reduce the unreasonably long delivery times experienced since 2020. The Company also plans to independently procure certain spare parts in 2024.

In the field of aeronautical information services, collaboration with the chosen contractor continued in 2023 for the development of the eARO 2.0 application, which is increasingly being integrated into operational activities and well-received by pilots. Additionally, projects for upgrading the AFTN/AMHS system and ADMT (AIM Portal) are underway. For the AFTN/AMHS upgrade project, technical staff training and FAT tests were completed by the end of the year, and equipment was installed in the test network. This equipment will be transferred to the operational network and handed over for use in 2024. A contract for the ADMT system upgrade, which will establish a portal (AIM Portal) to serve as the authoritative source of aeronautical data and information in compliance with legislative requirements, was signed in October 2023. The project is slated for completion in 2025.

The Company also undertook essential investment and maintenance work on its infrastructure, buildings, and equipment to maintain or enhance the functionality of the facilities and associated equipment. Additionally, minor maintenance work was carried out on the air traffic control buildings in Brnik, Maribor, and Portorož, which are owned by the Republic of Slovenia. Consequently, these works were conducted with the consent of the facility manager, the Ministry of Infrastructure.

## 11.1 SUCCESSFUL CONTINUATION OF THE ADAAS2 / MEDUSA PROJECT IN COLLABORATION WITH MUAC

The Company has continued its successful collaboration with the Maastricht Upper Area Control Centre (MUAC) on developing a new architecture for operational ATM systems. This new architecture will enable the interconnection of systems via open interfaces and allow the exchange of ATM data as a Service (AdaaS) while ensuring redundancy through the MUAC Dual System Architecture (MeDUSA) or providing a fall back solution. The project is expected to extend until 2026 for the MeDUSA component, with further progress in the ADaaS project thereafter.

## 11.2 IMPLEMENTATION OF THE EUROPEAN ATM MASTER PLAN

Among the Company's annual objectives is achieving the goals outlined in the Local Single Sky Implementation Plan for the Republic of Slovenia (LSSIP) and the first common project supporting the implementation of the European ATM Master Plan (CP1).

In compliance with Implementing Regulation 2021/116/EU, which establishes the first common project (CP1) to support the European ATM Master Plan, the Company, as an air navigation service provider, is required to implement 19 specified objectives into its operational air traffic management and control system by the end of 2025.

**Table 18:** Overview of Objectives within CP1

Objective ID	Objective Name
INF10.2	Stakeholders' SWIM PKI and cyber security
INF10.3	Aeronautical Information Exchange - Airspace structure service
INF10.4	Aeronautical Information Exchange - Airspace Availability Service
INF10.5	Aeronautical Information Exchange - Airspace (ARES)
INF10.6	Aeronautical Information Exchange - Digital NOTAM service
INF10.7	Aeronautical Information Exchange - Aerodrome mapping service
INF10.8	Aeronautical Information Exchange - Aeronautical Information
INF10.9	Meteorological Information Exchange
INF10.10	Meteorological Information Exchange - Aerodrome Meteorological information Service
INF10.11	Meteorological Information Exchange - En-Route and Approach Meteorological information service
INF10.12	Meteorological Information Exchange - Network Meteorological Information
INF10.14	Cooperative Network Information Exchange - Flight Management Service (Slots and NOP/AOP integration)
INF10.19	Flight Information Exchange (Yellow Profile) - Flight Data Request Service
INF10.20	Flight Information Exchange (Yellow Profile) - Notification Service
INF10.21	Flight Information Exchange (Yellow Profile) - Data Publication Service
NAV03.1	RNAV 1 in TMA Operations
NAV10	RNP Approach Procedures to instrument RWY
SAF10	Implement measures to reduce the risk to aircraft operations caused by airspace infringements
SAF11.1	Improve Runway Safety by Preventing Runway Excursions

Source: LSSIP 2023 Slovenia

The current level of implementation of the listed LSSIP objectives as of 31 December 2023 ranges between 3% and 86%, as indicated in the officially published LSSIP 2023 – Slovenia document. It is worth noting that numerous activities related to this implementation are ongoing, thus the actual progress in achieving these objectives is more advanced than reported.



## 12 RISK MANAGEMENT

Air traffic management and control activities are operationally specific and demanding, while also being exposed to numerous general and specific risks. The Company recognises the importance of an appropriate risk management system for the stability of operations and outcomes, ensuring the identification and assessment, appropriate monitoring and management of significant risks, and reporting on risk management.

Considering its activities, the Company is one of the key factors in aviation safety and represents an element of the country's critical infrastructure in accordance with the Critical Infrastructure Act. As such, it is obliged to organise mandatory security services, engage in defence planning, and function as an integral part of civil aviation. The Company is required to protect civil aviation from acts of unlawful interference in the technology used in air navigation services and to ensure the security of the Company and its processes. Under the Information Security Act and a decision by the Government of the Republic of Slovenia, the Company is also designated as an essential service provider.

These regulations fundamentally require the Company to meet conditions ensuring the continuous operation of the Company and its essential services. A key condition for achieving uninterrupted operations is the identification of risk sources or threats that could potentially disrupt service provision. Consequently, the requirements of both laws and their subordinate regulations also pertain to the structured consideration and evaluation of risks. According to the Critical Infrastructure Act, the Company is obliged, under Article 12, to prepare a risk assessment for the operation of critical infrastructure. This assessment must be prepared in accordance with the Guidelines for Risk Assessment for the Operation of Critical Infrastructure of the Republic of Slovenia and the Expert Directions of the sector authority (INTERNAL), obtained from the Ministry of Infrastructure of the Republic of Slovenia.

Additionally, Article 11 of the Information Security Act requires that essential service providers conduct analysis, assessment, and evaluation of risks and, based on this, prepare and implement necessary measures to manage risks concerning the security of networks and information systems used in essential services. At the beginning of 2023, the Republic of Slovenia adopted a new Decree on security documentation and Security measures for essential service providers, replacing the Rules on Security Documentation and Security Measures for Essential Service Providers. Consequently, the Company is obliged to update its information security documentation, particularly the risk assessment.

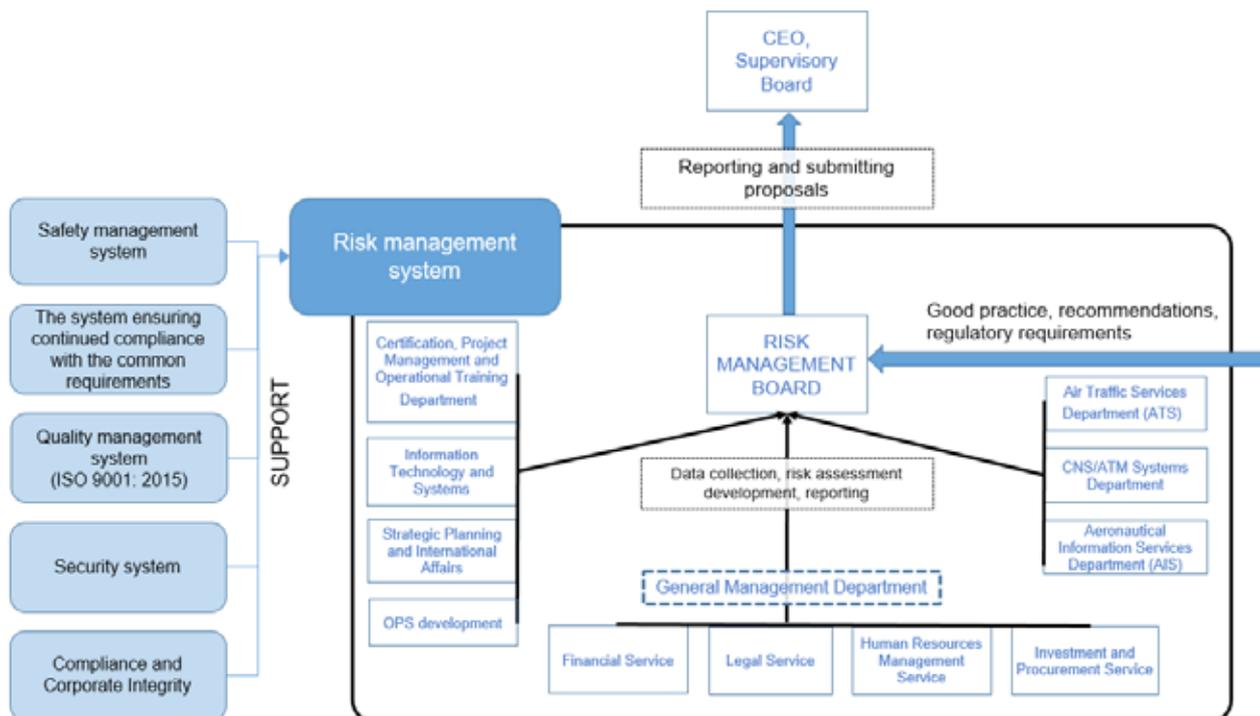
The Company regularly updates the Risk Assessment for the operation of critical infrastructure and obtained the approval of the critical infrastructure sector authority in 2020. Additionally, the Company has prepared a Risk Assessment for the security and protection of information systems, which is regularly updated and adapted to changing security conditions. The essence of the information security risk assessment is to identify potential threats to the integrity, availability, and confidentiality of the assets used by the Company. Managing operational risks, especially regarding business continuity and information security, necessitates a comprehensive and effective system for managing these risks.

At the European Union level, the new Directive 2022/2557/EU on the resilience of critical entities (CER - Critical Entities Resilience) has been adopted. This directive requires each country to develop a national strategy to ensure the resilience of critical entities. These entities are obliged to enhance their resilience to risks by conducting individual risk assessments, implementing technical and organisational measures, and reporting incidents. These incidents are not limited to IT/cyber incidents but include any event that may disrupt the operation of the entity or the company. Consequently, the company will need to appropriately modify its risk management system. In 2023, the Company commenced updating both overarching risk assessments – for the operation of critical infrastructure and for the essential service provider – incorporating recommendations from information and cyber security audits. This process will continue into 2024.

The Company's risk management system is effectively supported by its Safety Management System (SMS), the system for ensuring ongoing compliance with the common requirements for the provision of air navigation services as defined by Commission Implementing Regulation 2017/373/EU, the quality management system according to the international standard ISO 9001:2015, the guidelines of the ISO 31000:2018 standard, and the security management system. Additionally, the system is further supported by the role of the Compliance and Integrity Officer. With the aim of providing additional support to the risk management system in the areas of corruption, unethical or illegal conduct, and compliance, the Company adopted an Integrity Plan at the end of 2023. This plan defines groups of risk areas identified by the Company in the following fields: procurement of goods and services, compliance with legislation, conflicts of interest, receipt of gifts, data protection and inside information; staffing, ethics, and reporting of illegalities as well as whistleblowing protection. It also outlines measures (both ongoing and one-off) for managing these risks, assigns responsibilities, and sets deadlines for their implementation.

Given that the safety of air traffic is contingent upon the secure provision of air navigation services, this is a fundamental priority for the Company. This priority is realised through the management of safety risks and the effective implementation of proactive and preventive measures within the safety management system. It is crucial for the Company to maintain a comprehensive overview of risks and provide robust mechanisms for their control. To this end, a working group (Board) for risk management and oversight has been established, with a designated risk management coordinator leading the Risk Management Board. The placement, role, and relationships of the risk management system relative to other organisational units within the Company are summarised in the diagram.

**Figure 25:** Risk Management System



The Company employs a quantitative approach to risk evaluation, assessing risks based on their impact on cash flow, financial performance, and the financial position of the Company. Risks are evaluated not only in terms of their individual impact on cash flow, financial performance, or financial position but also in terms of their marginal contribution to overall risk, considering potential interdependencies and connections between different risk factors.

The Company’s risk profile is significantly influenced by the uniform regulations of the European Union, which determine the method for establishing national cost bases and thus unit rates or charges, as well as the risk-sharing mechanism related to traffic, inflation, and investments (the so-called adjustment mechanism). The Company quantifies risks primarily in terms of potential negative effects on cash flow, as these are more significant than the longer-term capital effects of risks due to the specific adjustment mechanism. Within the established risk management system, the Company continues a systematic and continuous process of identifying, monitoring, measuring, evaluating, and managing risks related to its operations and reporting on risk management.

## 12.1 KEY RISKS AND THEIR IMPACT ON COMPANY’S OPERATIONS IN 2023

Considering its core business and potential impact on its operations, the Company identifies the following key risks, which are detailed below:

- Risk of an aviation accident or safety event directly impacting the Company’s services.
- Maintaining and renewing the validity of the certificate to carry out the Company’s activities – the ATM/ANS service provider certificate.

- Maintaining and renewing the certificate for the organisation responsible for the training and continued competence of air traffic controllers (Flight School as an organisational unit of the Company), which is essential for the provision of ATM/ANS services.
- Risk of external extreme events (natural disasters, potential terrorist events, security and political crises, and disease epidemics) directly affecting the volume and flow of air traffic.
- Risks associated with the development and investment in technical systems and devices necessary for the Company's operations.
- Risk of cyber and hybrid threats, particularly affecting the critical infrastructure of individual countries, including the Company.
- Risk of an intrusion into the information system, which in extreme cases could lead to a temporary cessation of services.
- Financial risks, particularly liquidity risk and interest rate risk – the risk of changes in the Euribor rate to which the Company's loan interest rates are tied.

The Company has established a systematic risk management process within its risk management system, identifying risks associated with the development, investment, and maintenance of technical systems and devices crucial for air traffic management and control.

In 2023, the Company's operations were significantly influenced by the adjustment mechanism for risk-sharing related to traffic and inflation from the second reference period (2015 – 2019) and the negative impact of the global COVID-19 pandemic on air traffic, affecting the Company's operations from 2020 to 2022, as well as the military conflict in Ukraine due to broader security and economic consequences. In view of the negative impact of the COVID-19 phenomenon and the associated drop in air traffic in 2020 and 2021, the adoption of Commission Implementing Regulation 2020/1627/EU was important for air navigation service providers, as the European Commission established a temporary amended legal framework for the third reference period, thereby adopting temporary emergency measures as a consequence of the COVID-19 pandemic. In accordance with this regulation, the European Commission adopted Implementing Decision 2021/891/EU on 2 June 2021, setting revised Union-wide performance targets for the air traffic management network for the third reference period. Member States had to submit revised performance plans for the third reference period to the European Commission for assessment. Accordingly, a Performance Plan 2020-2024 for the Republic of Slovenia was submitted to the European Commission, which was assessed as being in line with the objectives. Considering the impact of the adjustment mechanism on the Company's operations, the relevant provisions amend the reconciliation period for over- or under-recovered amounts stemming from the risk-sharing related to traffic, inflation, and investments for the years 2020 and 2021. Instead of including these adjustments in the unit rate calculation for the year (n+2), they will be evenly distributed over a five-year period from 2023 to 2027.

The emergence of the global COVID-19 pandemic has demonstrated through its direct and indirect effects on other risks that the Company can be exposed to very high risks from such external extreme events, over which it has no direct control. These risks can lead to significant negative impacts on revenue and operating results, and consequently on the Company's cash flow, in the short to medium term due to reduced traffic volumes. As a result, the Company faces increased operational risk levels in the event of new disease outbreaks and the heightened risk of recession due to political-economic and security events (such as the conflict in Ukraine, tensions in the Middle East, and potential new security-political conflicts). This is particularly evident in financial risks (liquidity risk, credit risk, and interest rate risk), security risks, and strategic risks.

Due to changing geopolitical and security conditions, the Company does not identify additional or new risks, as these have already been identified within the Company's risk management framework. With the evolving security environment, the Company's exposure to hybrid threats has increased, especially in both physical and cyber components of these threats.

In 2023, the Company focused its efforts on implementing all necessary measures to ensure the safety and health of its employees to maintain uninterrupted operations, adopting all necessary measures to manage other business risks, monitoring actual traffic trends and new forecasts from relevant organisations, and flexibly adjusting all capacities, particularly human resources, to ensure the required airspace capacity under the Company's management.

The risks the Company is exposed to are classified into four groups, which are briefly outlined below.

## 12.2 STRATEGIC RISKS

Air traffic management and control are of strategic importance to the country by ensuring the mobility of passengers and goods within the air traffic system. Consequently, the development of new technical systems, infrastructure, human resources, technological solutions, and the operational execution of air traffic management and control are also strategically important for the broader society. The Company is heavily integrated into the international environment of global air traffic, making regional cooperation across all areas extremely important. The key strategic risks arise from the Company's activities, its defined strategy, and its operations.

The Company must comply with the prescribed requirements for air traffic management (ATM) and air navigation services (ANS) providers according to Slovenian and predominantly European legislation, maintaining the necessary licences or certificates for providing ATM/ANS services. At the same time, under European legislation, the Company must meet the requirements for the organisation of training (Flight School as an organisational unit of the Company) and for the training and proficiency maintenance of air traffic controllers. The competence of air traffic controllers and the certification of the training organisation are fundamentally important (a primary condition) for the provision of ATM/ANS services and the Company's operations. Therefore, the Company considers maintaining and renewing its ATM/ANS service provider certificate and the training organisation certificate as key strategic risks. Both instances present an external source of risk, with the manageable part being overseen by the Company through a progressively systematic methodology for monitoring and ensuring compliance with ATM/ANS service provision requirements and the requirements for training and maintaining proficiency of air traffic controllers and the training organisation. This comprehensive approach includes ensuring compliance monitoring capabilities, proactively developing causal analysis methodologies to identify reasons for potential non-compliance, effective planning and timely implementation of corrective actions, and ensuring conditions for developing the necessary competencies for compliance monitoring and demonstration.

The Company categorises regulatory risk, which stems from the European legal framework of the Single European Sky, among its strategic risks. This framework sets out unified rules for performance plans, the formation of national cost bases, and, consequently, unit rate pricing and the risk-sharing mechanism related to traffic, inflation, and investments. These rules dictate that in cases where actual traffic deviates from traffic forecasts, risk sharing—specifically, traffic risk sharing—is enforced between air navigation service providers and service users. In the worst-case scenario, the air navigation service provider bears the risk of traffic fluctuation up to -4.4% per year, negatively impacting revenues, business results, and liquidity. Additionally, the actual costs of air navigation services, expressed in nominal terms, are adjusted each completed year (n) based on the difference between actual and forecasted inflation for that year (n) and included as an adjustment in the unit rate calculation for year (n + 2). During the third reference period, air navigation service providers are also exposed to a risk mechanism related to depreciation and capital costs, which addresses deviations between actual and planned investments. This adjustment mechanism risk is manifested in over- or under-recovered revenues that need to be incorporated (recovered/reconciled) into the unit rate calculation for year (n + 2).

In cases of significant deviations in inflation and traffic forecasts, as experienced by the Company in recent years, inappropriately high profits can be recorded in year (n) and subsequently reflected as losses in year (n + 2). In RP3, the impact of deviations between actual and forecasted inflation, traffic-related risk sharing, and the investment-related risk mecha-

nism can lead to significant fluctuations in the Company's revenues and business results. This results in an unrealistic representation of business performance, over which the Company has no control, as the unit rate determination and, consequently, revenues and business results are regulated by European regulations.

In the second reference period (2015 – 2019), the described adjustment mechanism applied to Slovenia for both the en-route and terminal phases. However, in the third reference period, according to the Implementing Regulation 2019/317/EU, the terminal phase is excluded from the performance scheme, and the full cost recovery principle applies, by considering reasonable application of relevant rules of the en-route phase and the Decree on terminal charges for the provision of air navigation services. This means that for the terminal phase, only the effects from 2018 and 2019 are relevant concerning the regulatory risk adjustment mechanism. An exception is the period from 2020 to 2022, during which, in accordance with Article 14a of the transitional provisions of the Decree amending the Decree on terminal charges for the provision of air navigation services, adopted and effective from 23 December 2023, the adjustment mechanism does not apply due to under-calculated charges for terminal air navigation services.

While the risk stemming from the adjustment mechanism related to inflation is exogenous and beyond the Company's control, as it must base its forecasts on international institutions' predictions, any revenue shortfall due to lower-than-forecasted inflation is fully recouped over time through the unit rate. The Company manages traffic-related risk sharing by using the most accurate and realistic traffic forecasts for planning purposes, primarily using statistical forecasts from Eurocontrol and the Company's own database. Also, it regularly monitors traffic movements, revenues, costs, and cash flows and utilises short-term credit lines arranged with selected banks for periods up to one year.

The Company identifies key strategic risks related to strategic planning and achieving Union-wide performance targets, international cooperation, market and market structure risks, and compliance risks concerning domestic and international regulations. In addition, there are also risks of non-compliance with the Company's internal regulations. Of strategic importance to the Company is managing the risk associated with the timely acquisition of the Design and Production Organisation Certificate and the timely certification of all ATM systems developed (produced) in-house, which are subject to certification under relevant legislation. A failure to obtain the Design and Production Organisation Certificate and/or the non-certification of key ATM systems developed and produced in-house results in the inability to operationally use these key ATM systems, which are subject to certification, thus hindering the Company's service provision capabilities. This risk escalates annually during the transitional period for implementing the requirements of the relevant legislation until 2028.

## 12.3 FINANCIAL RISKS

The Company's business is subject to varying degrees of exposure to all financial risks.

**Liquidity Risk:** The Company is exposed to liquidity risk primarily during the winter season due to the seasonal impact on traffic. Additionally, the Company may face negative impacts from external extreme events such as disease outbreaks, natural disasters, security incidents, recessions, or other market shocks (e.g., oil shocks), which increase cash flow risk. These factors can lead to a decline in air traffic and, consequently, in the Company's revenues and cash flow, thereby increasing its exposure to higher 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.

The Company manages liquidity risk through regular weekly and monthly monitoring of traffic movements, revenues, costs, and cash flows, and by utilising short-term credit lines. Slovenia Control has a system in place to systematically

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.

**Interest Rate Risk:** The Company has loans with interest rates tied to Euribor, exposing it to the risk of interest rate changes. As a result, the Company is exposed to the risk of changes in the reference interest rate, specifically the risk that significant fluctuations in Euribor over a certain period could lead to substantial variations in the amount of interest payments on the Company's loans. The Company manages interest rate risk by monitoring interest rates, negotiating competitive borrowing terms with credit institutions, planning for additional financial resources, and quantifying the risk's impact on cash flow to make informed decisions about appropriate financial hedging.

**Counterparty Default Risk (Credit Risk):** The Company has two main sources of revenue: en-route charges (during the en-route phase) and terminal charges (during the approach and departure phases at Slovenian international airports). Due to the limited diversity of clients, credit risk is primarily concentrated in the terminal charges segment. Until 2019, the largest customer in this segment accounted for a significant share of traffic. However, this was less critical in terms of risk since terminal service revenues represent less than 10% of total sales revenues. A similar high share from one customer is not expected in the future. Due to the relatively high diversity of clients, credit risk in the en-route services segment is lower, as the largest client does not account for a significant percentage of the total traffic in this segment. However, this risk still exists, as the loss of any one of the top five clients could not be fully compensated by the Company, leading to a decline in revenue, EBITDA, and overall business performance.

The Company manages this risk by monitoring data on key partners in both service segments (en-route and terminal) using Eurocontrol data, participating in the joint billing and recovery system through Eurocontrol, using the most accurate and realistic traffic forecasts for planning purposes—primarily based on Eurocontrol's statistical forecasts and the Company's own database—regularly monitoring traffic, revenue, costs, and cash flow data, and utilizing short-term credit lines with selected banks for up to one year.

In case of increased risk (e.g., potential bankruptcy), the Company can protect itself with its own capital reserve (where the need for capital equals the expected loss from credit risk), or by exploring the possibility of insurance through specialized insurers. Additionally, the option to refuse air traffic services (ATS) to a debtor, as per the provisions of Commission Implementing Regulation 2019/317/EU, offers further protection.

**Price Risk:** The financing of air navigation services is regulated by the European Single European Sky (SES) legislation, which governs the pricing of these services. Consequently, service prices are based on projected costs and traffic, taking into account expected inflation. The system ensures the reimbursement of all forecasted costs, considering actual inflation and traffic risk mechanisms and incentives. Due to the traffic, inflation, and investment-related risk-sharing system, price risk is low and manageable.

The Company manages price risk by calculating the price of charges in accordance with EU regulations and Eurocontrol guidelines, specifically the Principles for Establishing the Cost Basis for Route Charges and the calculation of unit rates.

**Commodity Price Risk:** Despite the Company's selling prices not being directly linked to the price of certain commodities or services, it is indirectly exposed to the risk of changes in oil prices. Changes in oil prices can have adverse effects (lower sales revenues) on the Company, both in cases of minor declines and significant increases in oil prices.

- Airlines face an optimisation problem, where the marginal conditions are determined by oil prices on one hand and en-route charges on the other. Thus, in the event of a minor drop in oil prices, airlines may choose longer routes to pay lower charges, effectively reducing the Company's revenues.
- Conversely, in the case of a significant increase in oil prices, a general reduction in the number of overflights is expected, which again means lower revenues for the Company.

The Company manages this risk by using the most accurate and realistic traffic forecasts for planning purposes—primarily based on Eurocontrol’s statistical forecasts and the Company’s own database—regularly monitoring traffic, revenue, costs, and cash flow data, and utilizing short-term credit lines with selected banks for up to one year.

**Energy Price Risk:** Due to instability in the energy and raw material markets and rising prices as a result of the COVID-19 pandemic, particularly the outbreak of war in Ukraine and the restrictive measures adopted by EU countries against the Russian Federation, the Company also considers energy price risk as heightened. From the perspective of direct risk factors impacting energy price increases, the most relevant factor for the Company is the rising cost of electricity. The Company monitors the electricity market and, at the beginning of 2023, repeated the public procurement process to secure a new, more favourable electricity supply contract for 2023, with prices comparable to the accepted economic aid measures to mitigate the effects of the energy crisis. Additionally, the Company conducted an appropriate procurement process for the electricity supplier for 2024. The offered prices are acceptable for the Company, as they do not exceed the electricity prices for 2023 and are slightly lower than the prices set within the aid measures to mitigate the effects of the energy crisis.

**Public Procurement Risks:** When selecting and conducting public procurement procedures, irregularities may occur that could jeopardize the transparency, fairness, and efficiency of the procurement process. Risks include corruption, nepotism, unequal and incorrect selection of suppliers, restriction of competition, non-compliance with applicable legislation, and inefficient use of funds. The Company manages public procurement risks by adhering to fundamental principles and integrity in public procurement at every stage of the procurement process in accordance with applicable regulations and internal procedures governing procurement processes. This includes established multi-level internal controls in the procurement process, such as multi-stage verification and approval, consistent with internal organization, and the rules of hierarchy and segregation of duties and responsibilities.

## 12.4 OPERATIONAL RISKS

The Company considers the management of safety in air traffic as the most critical operational risk. These risks are directly linked to the adequate training and proficiency of air traffic controllers, as well as other operational staff and support services, whose awareness and professional approach significantly contribute to safe air traffic operations. The primary safety factor in air traffic is the air traffic controllers themselves and air traffic volume, especially considering the ever-increasing volume figures and the complexity associated with adverse weather conditions. This necessitates continuous training and verification of both practical and theoretical knowledge. Mitigation measures for this type of risks include regular simulator training and refresher seminars.

The Company’s safety management processes and systems comply with European Union regulations, national legislation, standards, requirements, and recommendations from international civil aviation organizations (ICAO, CANSO). Also, they adhere to the guidelines and recommendations from organisations and associations operating in safety management in air traffic. These international and national regulations, standards, requirements and recommendations, along with best practices in safety management, ensure the effectiveness, formality, transparency, and efficiency of safety management processes. This, in turn, contributes to the highest possible level of safety in air navigation services. Ensuring compliance of the system with safety management requirements and continuous process improvement is crucial for the Company to maintain its certification to operate under European legislation (Commission Implementing Regulation 2017/373/EU).

The Company manages safety risks by regularly monitoring and adhering to current regulations and requirements, organising employee training, carrying out internal audits, and monitoring compliance with processes and documentation. In addition, annual external audits by bodies such as the Civil Aviation Agency of the Republic of Slovenia, EASA,

Eurocontrol, and CANSO are conducted to verify the effectiveness of the safety management system. In line with the Act on the Provision of Air Navigation Services, the Company, as the provider of air navigation services, holds professional liability insurance with adequate coverage, property insurance for systems, equipment, and facilities against damage and destruction, and general liability insurance.

Operational risks which can significantly impact the Company's activities and business include risks related to external extreme events such as natural disasters (volcanic eruptions), disease epidemics, and the occurrence and duration of security and political crises (e.g., in the Middle East and Ukraine). Depending on the duration and severity of these crises, they can drastically affect global air traffic volume, fuel prices, and the choice of tourist destinations. This can result in short-term (up to one year) significant negative impacts on revenue and cash flow due to reduced en-route income. The aforementioned impacts directly affect air traffic flows and route choices, which can result in significant changes in service volumes, especially for small countries. These factors present substantial risks to the achievement of the Company's annual plan and objectives.

Moreover, recession risk poses a significant threat to the Company's operations, potentially causing negative impacts on business results. This risk mainly materializes through decreased demand following a recession or the onset of a recession. Analyses show a characteristic negative effect of a recession on the demand for air transport. Consequently, revenue and EBITDA shortfalls occur, leading to direct negative impacts on the Company's business results.

Natural disasters, disease outbreaks, security crises, and recessions are notably exogenous factors. The Company manages their controllable elements by using highly accurate and realistic traffic forecasts for planning purposes, primarily based on statistical predictions from Eurocontrol and the Company's own database. It also regularly monitors traffic data and dynamically adjusts airspace capacity within its domain, manages operational costs, and utilizes short-term credit lines established with selected banks for up to one year.

From an operational perspective, risks related to the development, investments, and maintenance of technical systems and equipment for the provision of ATM/ANS services are crucial. Additionally, personnel-related risks are significant for ensuring these services. Regarding technical systems and equipment, there is a compound risk which partly concerns new investments in technical systems and equipment in accordance with technological requirements stemming from national legislation and the legal framework of the European Union. The majority of this risk, however, pertains to operational risks posed by major failures in one or more critical technical systems, equipment and devices. The Company manages this risk through a series of measures, the most important of which include:

- appropriate and timely planning of new investments in technical systems, equipment and devices, particularly in areas mandated by EU legislation, such as Commission Implementing Regulation 2021/116/EU;
- established preventive maintenance and 24/7 monitoring of the performance of technical systems, equipment and devices, alongside upgrades aimed at economically and operationally justified improvements in the reliability of these systems and equipment;
- continuous development (encompassing acquisition, maintenance, and renewal) of the competencies of technical personnel for preventive and corrective maintenance and monitoring of the technical systems, equipment and devices essential for the Company's operations;
- limiting negative impacts by ensuring adequate redundancy for key components of technical systems, equipment and devices, thereby reducing downtime of partial functionality. In critical cases, redundancy (backup systems) eliminates delays in the availability of functionality necessary for the provision of air navigation services;
- reducing negative impacts by maintaining adequate spare parts for key components of technical systems, equipment and devices, thus shortening repair times for potential failures and (at least in the short term) reducing dependency on suppliers of equipment and devices;
- insurance coverage for fixed assets includes protection against lightning strikes, machinery breakdowns, water damage, or ice accumulation.

The Company manages the partial risk posed by dependency on equipment suppliers, the complexity of systems. Equipment and devices, and their integration into the overall infrastructure, which prevents quick supplier replacements, through a safety management system that monitors suppliers and external contractors and establishes appropriate Service Level Agreements (SLAs). These SLAs detail the technical response requirements from suppliers based on the criticality of the parameters that create risks related to the maintenance of technical systems, equipment and devices.

In the category of personnel-related risks, the Company identifies key employee risks and occupational health and safety risks as critical.

Risks related to key employees stem from four main sources:

- risk of incompetence;
- risk of key employee departure;
- risk of death or prolonged illness of a key employee; and
- risks associated with retirement.

Risks related to the incompetence of operational staff are primarily managed at a systemic level through training schemes. These include schemes for air traffic controllers (ATCO), air traffic safety electronics personnel (ATSEP), air traffic management (ATM) staff, and aeronautical information management (AIM) personnel. These training schemes also incorporate pre-planned processes and procedures to restore competencies for operational tasks. At a secondary operational level, this risk is managed through the timely identification of potential incompetence. This is achieved through regular periodic assessments of the operational staff's competencies, and from 2024, the implementation of an automated, IT-supported system to ensure compliance with training scheme requirements.

Although the turnover rate at the Company is relatively low, according to Company data, this risk can negatively impact operations (primarily through costs associated with recruiting and training new staff), which are difficult to quantify. Moreover, there is a risk arising from a shortage of personnel. The lack of staff within the Company can pose a serious risk, affecting numerous aspects of its operations. In recent times, this risk has also been evident in the shortage of suitable employee profiles in the labour market, particularly in technical fields. The Company manages these risks through effective workforce planning, successful business operations, efficient organisation, well-established employee social rights, attention to employee development, appropriate remuneration, favourable working conditions, and a well-organised working environment. Established measures in occupational health and safety also play a crucial role. These efforts help enhance the Company's reputation as an employer, attracting desired employee profiles. The Company actively engages and communicates with the public on social media, strengthens collaboration with educational institutions, and offers mandatory internships to students, thereby increasing its visibility among the youth.

A significant risk in human resources management for the Company is the inadequate systemic (statutory) regulation of retirement conditions. This issue prevents employers from effectively managing human resources since they have no influence over an employee's decision to retire, even when the conditions are met. This is particularly critical for operational staff, as it could lead to the loss of competent skills required to maintain relevant certification. The Company mitigates this risk by maintaining a system for checking and preserving competencies, ensuring flexibility, continuously monitoring and analysing staffing needs, and timely securing replacement hires in areas where there is an identified need for staff replacement.

Risks associated with occupational health and safety involve ensuring prescribed levels of safety and health at work, particularly through adopting appropriate measures to protect workers' health and safety and prevent workplace accidents and occupational diseases. Having appropriately trained operational staff in air traffic services (ATS), communication, navigation, and surveillance services (CNS), as well as aeronautical information services (AIS), is crucial for the Company's operations. This staff must demonstrably maintain the high level of competence required to retain authorization for operational tasks and duties. A prerequisite for maintaining this authorization (validity of licenses) is also the prescribed medical fitness.

The Company manages risks in this area by complying with and consistently implementing the prescribed requirements of national and European legislation, as well as internal company rules and regulations. This includes preventing, eliminating, and managing workplace hazards, informing and training workers, ensuring appropriate organization, and providing necessary material resources. The Company has adopted a Workplace Health Promotion Strategy and a Health Safety Statement with Risk Assessment for evaluating workplaces and conducting professional health assessments. In accordance with this, the Company implements all prescribed measures in the field of occupational health and safety. The occupational health and safety system, together with the Company's safety system, also ensures appropriate preventive measures, mandatory training (such as health and safety at work and fire protection, training for working at heights, safe work with electricity, and hazardous substances), and informing all employees.

The Company also classifies security risks associated with a large number of (including remote) facilities as significant operational risks. The Company must continuously assess and evaluate security risks in its environment and adjust the threat assessments accordingly, adapting the integrated security concept in the Company as needed. Based on appropriate security risk assessments, the Company can act preventively to reduce risks and potential damage or incidents which could arise from unidentified and unmanaged security risks. Risk management is carried out through appropriate planning, investments, and regular procedures to manage security risks. Within this risk category, the Company has identified several key risks with potential negative impacts, highlighting: the risk of sabotage or vandalism, the risk of fire, and the risks associated with hybrid threats. Hybrid threats represent one of the most complex risks for the Company. A hybrid threat involves a simultaneous and tailored mixture of conventional, irregular, terrorist, and criminal means or activities that impact the operation of the Company, the environment, or the risk landscape. A hybrid threat is not a single entity but always a combination of state and non-state players. The combination of conventional threats, coupled with the deliberate or accidental realization of, for example, a cyber threat, both occurring at an inopportune time, can lead to a prolonged shutdown of the Company. Currently, critical infrastructure in individual countries, including the Company in the Republic of Slovenia, is particularly exposed to hybrid threats.

Resilience to hybrid threats requires extensive horizontal coordination among all key stakeholders within the Company, a strong awareness, and vigilance, especially among middle management, regarding potential threats to their assets, and central guidance for preventive actions. The goal of preventive action is to achieve the highest possible resistance to threats, both technically and in terms of the Company's systems and (business) processes, and to organize a system or process capable of early identification of indicators suggesting the potential realization of hybrid threats. The Company may not necessarily be the direct target of these players, but due to its involvement in the international environment and the significance of its services to the state or parts of its national security system, it can become a "tool" to trigger a cascading effect of hybrid threats.

The Company mitigates operational risks to the lowest possible and acceptable level through the following measures:

- ensuring sufficient financial resources for investments in new systems and the regular and timely updating of utilized technical assets;
- providing highly skilled professional personnel for the installation and maintenance of technical assets;
- conducting regular process audits within the Company to ensure or maintain the acquired ISO 9001:2015 quality certification;
- undergoing regular and special inspections by the Civil Aviation Agency of the Republic of Slovenia;
- performing an annual independent audit of the Company's operations, conducted by an audit firm appointed by the Founder.

## 12.5 INFORMATION AND CYBER RISKS

Information risks within the Company arise in the management of business data, business information systems, and internal business processes. Information and information technology (IT) systems are crucial for supporting the Company's operations and, given the nature of the Company's work, they also significantly support the business processes of the Company's partners. In recent years, the need for a clear information security strategy has significantly increased. Merely using security tools and protecting individual parts of the organization is no longer sufficient. Effective information security management now requires a comprehensive security strategy for the Company. To address this need, the Company has established a Cyber Security department as a supervisory entity that prescribes measures and verifies their implementation at various organizational levels. Additionally, a fully functional Cyber Security Centre has been set up to oversee and defend against cyber-attacks.

Information security encompasses many areas, including network and infrastructure security, application and database protection, security testing, information systems auditing, personal data protection, business continuity planning, digital forensics, and procedures to prevent cybercrime. The primary goals of information security are to protect the confidentiality, integrity, and availability of information to authorized users (ISO 27001:2012).

The Company's primary objective in information security is the comprehensive management of daily emerging risks and the protection of all critical infrastructure from potential intentional or unintentional misuse, which could result in service outages or damage to the Company and its associated activities. In the past, information security focused primarily on IT measures to reduce the number of solutions in use and increase cost efficiency. Today, a more holistic top-down approach is essential. The Company uses information assets across all areas of its operations, encompassing operational systems, business systems, industrial systems, and even systems for shading or ventilating offices. Focusing solely on business information systems is therefore insufficient. In this regard, the Company places significant emphasis on maintaining its security policy, raising user awareness, and continuously monitoring developments and potential attacks and abuses that occur both locally and globally. Through the operations of its Cyber Security department, the Company addresses all elements of information security, including confidentiality, integrity, availability, authenticity, reliability, risk management, and control.

Information security standards are an integral part of the information system and are employed as protective measures at the organizational, physical, and personal levels. The primary goal is to ensure the security of data and information systems against unauthorized access, use, disclosure, or destruction, regardless of their form. This includes maintaining the integrity of operational systems, irrespective of the confidentiality level of the data they process. In aviation, information is often public or publicly accessible, which can lead to the erroneous perception that such information is unimportant from a security standpoint. In the past, information security primarily focused on the risk of confidentiality breaches or potential misuse within this context. As a result, many key operational systems could have been overlooked in terms of rigorous cyber risk assessment, simply due to the nature of the information they handle. However, these systems are crucial for the core operations of the Company, necessitating special attention.

The Company has been managing information risks in the field of informatics since 2016. In the process of identifying these risks, the Company has addressed them by reducing and limiting the realization of risks from 2016 to 2018. However, both the cybercrime industry and the fact that business informatics within the Company represents only a portion of the systems, which can be targeted, posed challenges to this approach. Recent risk assessments (2018, 2019) made it clear that the Company needs to institutionalize this area and comprehensively cover all changes being implemented in information systems. For this purpose, the Cyber Security department was established and procedurally integrated into the change management systems.

With the increase in cyber-attacks on critical infrastructure and aviation in general, special attention is given to this area. Therefore, in addition to previously identified risks, cyber risks are also integrally considered, and consequently, mea-

asures to mitigate them are implemented. The realization of such risks has been significantly altered by the war in Ukraine and the resulting changed security situation, as well as Slovenia's inclusion in the United Nations Security Council, which has multiplied the number of attempts and the complexity of attacks on the Company's infrastructure.

Throughout the Company, new IT supports for work processes will be continuously introduced, or existing ones will be upgraded. The Company will manage these processes with appropriate organization, involvement of various professional fields, internal audits, careful testing, and project management. The Company will ensure that information systems function well, meaning there will be no significant disruptions that would noticeably impact the Company's operations.

The Company will continue to implement measures and make necessary changes to its information systems to ensure compliance with Regulation 2016/679/EU (GDPR), Directive 2016/1148/EU (the NIS Directive), the Critical Infrastructure Act, and other binding legislation. To this end, the Company will strengthen its infrastructure by upgrading software, hardware, and security equipment, including installations at remote locations. The Company will also continue its strategy of collaborating with various IT specialists and software providers to ensure adequate capacity for critical development needs. The execution of large projects with new business services will continue to involve IT experts, local IT suppliers, and the Company's own staff, thereby retaining essential competencies.

In addition to the aforementioned key risks, the Company has identified and addresses risks related to corruption, unethical and illegal conduct, and fraud. It has also defined measures to manage these risks. However, given that there have been no past incidents of actual risk realization causing damage related to these risks, the Company does not classify them as critical or key risks.



## 13 SUSTAINABLE BUSINESS OPERATIONS

In line with the concept of a socially responsible company, the Company strives for a comprehensive approach to all aspects of sustainable operations, including governance, economic, social, and environmental considerations, which are integrated into the Company's business strategy. Therefore, in planning and executing activities, the Company considers its impact on the broader economic environment, develops and promotes a responsible attitude towards employees, customers, and other stakeholders, and plans and monitors the Company's contribution to achieving environmental goals.

The Company adheres to the following fundamental principles of social responsibility and sustainable development:

- ethical and fair business practices;
- zero tolerance for corrupt practices;
- enhancing the competitiveness and development of aviation;
- fair, transparent, and equitable treatment of employees, service users, and other stakeholders;
- responsible management of the environment and the environmental impacts of the Company's activities;
- responsible relationship with the local community and broader social environment.

Social responsibility and sustainable development are integrated into the entire organization of the Company, reflected in all its relationships, and include all stakeholders who interact with the Company.

In 2023, the Company defined goals and indicators for the future period concerning social and environmental aspects of sustainable operations and their target values, which will be pursued within the sustainable business strategy. These include three new goals and indicators:

- in the social aspects, the Employee Satisfaction indicator;
- in the environmental aspects, the Average Share of Approaches by PBN Procedures compared to the total number of arrivals per day for the past year, and the Carbon Footprint of Company Vehicles in terms of CO<sub>2</sub> emissions per km.

### 13.1 GOVERNANCE ASPECTS OF SUSTAINABLE BUSINESS OPERATIONS

The Company is a crucial service provider, ensuring the safe and efficient flow of air traffic within the Republic of Slovenia. Providing air traffic management (ATM) and air navigation services (ANS) as the Company's core activity, carried out as a public utility, requires a high level of corporate governance and integrity. This is based on professional, responsible, and ethical management, transparent and open cooperation with stakeholders, aimed at meeting service users' needs, achieving business goals, and fulfilling the owner's and the broader community's expectations.

Achieving the Company's long-term goals, its continued existence, and development relies on improving the efficiency of air navigation services in all key performance areas: safety, environment, capacity, and cost-efficiency. This aligns with the performance areas defined in the central ATM plan. In addition, proper airspace management and planning through active regional cooperation, as well as the professional implementation of technological and operational improvements, are essential. This necessitates the involvement and education of all employees in achieving the Company's objectives, upholding high business ethics, establishing high standards of integrity, formulating policies and processes to prevent corruption, and understanding the shared values and mission of the Company. Therefore, the Company has outlined its core values and fundamental principles in the Code of Ethics, which include the principles governing the relationships between the Company and its employees, as well as all areas of responsibility. These areas encompass responsible relations with the Founder, exemplary leadership, respectful and responsible relations with employees, the safeguarding of human rights, responsible behaviour of employees towards the Company, and responsible relations with service users, partners, and officials. Furthermore, the Company acknowledges its responsibility to the broader social community, the public, and the media. The Code also includes provisions for its implementation, oversight, internal reporting systems for irregularities and illegalities (further detailed in the Rules on the Internal Reporting System for Irregularities and Illegalities in the Company), and continued development.

The Company has identified and defined common values that guide all employees and are part of the Company's organisational culture and form the basis of the Company's mission and vision. The relationship between the Company and its employees is based on mutual:

- trust and fair cooperation;
- awareness of corruption risks and fostering a culture of zero tolerance towards corrupt practices and actions;
- shared understanding that adherence to ethical and legal standards in business is in the interest of both the Company and employees
- striving to maintain a work environment that attracts highly skilled personnel;
- commitment to equality, regardless of race, nationality, gender, sexual orientation, religion, disability, or age;
- efforts to create a work environment free from discrimination, harassment, or repression;
- implementation of an „open door“ policy that allows employees access to Company's senior managers, which employees actively utilize;
- creating a culture focused on efficiency for the benefit of both the Company and employees, with a competitive reward system and monthly fair and objective evaluations that consider individual contributions to achieving goals and the effective operation of the entire Company;
- cultivating respectful behaviour, mutual communication, and personal neatness as a reflection of respect for oneself, colleagues, and the Company, thereby contributing to a positive image and reputation of the Company;
- conducting constructive social dialogue with employee representatives and reaching agreements that ensure the protection of employee rights and the achievement of the Company's objectives;
- involving employees in Company management through their representatives on the Company's supervisory board.

By adopting the Code of Ethics, the Company has provided guidelines for the conduct of all those who interact with the Company, whether they are employees, representatives of management or supervisory bodies, business partners, service users, representatives of state and local government bodies, various interest groups, or the general public.

The Company acknowledges its responsibility for actively and consistently implementing the fundamental principles and rules of the adopted code in practice, and strives for its continuous development. Accordingly, the Code of Ethics is appropriately amended and supplemented in line with current legislation, the recommendations of the Slovenian Sovereign Holding, and the Corporate Governance Code for SOEs. The Company also ensures that employees are informed and educated about the content of the code.

In addition to enforcing and respecting the principles and rules of the Code of Ethics and promoting sustainable business practices, the Company benefits from the role of the Compliance and Integrity Officer. This function is particularly

important in ensuring the Company's adherence to binding regulations and internal rules and regulations, managing compliance and integrity risks, handling reports of violations of current regulations and internal policies in accordance with the internal rules on the internal whistleblowing system, reporting, informing, raising awareness, educating, and advising on strengthening integrity and business compliance.

The Company has identified and addresses corruption risks as well as risks of unethical and illegal conduct and fraud. It has also defined measures to manage these risks. Given that in the past, there have been no incidents leading to the actual realization of these risks or causing damage related to them, the Company does not classify these risks as critical or key risks.

## 13.2 ECONOMIC ASPECTS OF SUSTAINABLE BUSINES

In accordance with Slovenian and European Single European Sky legislation, the Company is a designated and certified provider of ATM/ANS services. As a public enterprise, it operates under the conditions applicable for entities carrying out obligatory service of general economic interest, which categorises it among the strategic capital assets owned by the Republic of Slovenia and managed by the Slovenian Sovereign Holding.

The Company is equipped to safely, efficiently, and effectively provide air traffic management and control services throughout all flight phases, manage air traffic at three public airports and one military-civil airport, offer aeronautical information services, and deliver communication, navigation, surveillance, and automated systems services to support air traffic management. This includes the upgrading, implementation, and maintenance of technical systems and equipment for air traffic control and the training and certification of operational personnel.

By leveraging its expertise, the Company advances the field of air traffic through participation in both national and international civil aviation organisations, and contributes to their decision-making which benefits the Republic of Slovenia. In collaboration with state authorities, particularly the Ministry of Defence of the Republic of Slovenia and the Slovenian Armed Forces, the Company plays a critical role in national security and sovereignty, given the strategic importance of air traffic management and control and its integral role in monitoring the Slovenian airspace.

As a significant stakeholder in civil aviation, the Company enhances the openness and connectivity of the Slovenian economy, facilitates population mobility, and drives economic growth. It contributes to the competitiveness and development of aviation on both Slovenian and European scales, aiming to meet pan-European goals related to cost efficiency and price competitiveness while adhering to all mandatory safety, capacity, and environmental objectives.

The Republic of Slovenia is a member of the Functional Airspace Block Central Europe (FAB CE), which focuses on cooperation to defragment airspace. The Company is highly active in all cross-border FAB CE projects aimed at improving airspace capacity and cost efficiency and participates in collaboration projects with other FABs (inter-FAB Cooperation).

The strategic direction and goal of the Company are to contribute to the competitiveness and development of aviation in the Republic of Slovenia and beyond by achieving:

- target performance indicator values in the area of cost efficiency;
- target performance indicator values in the area of capacity.

These targets are established in line with Union-wide performance goals set by the European Commission for each reference performance monitoring period and are defined in the Performance Plan 2020–2024 for the Republic of Slovenia and the Company's business plans. They are reported in this report in section 2.1 Performance Indicators.

Significant risks related to achieving these goals and performance indicators are systematically addressed within the Company's risk management system.

## 13.3 SOCIAL ASPECTS OF SUSTAINABLE BUSINESS OPERATIONS

From the perspective of social impacts, the Company considers and addresses responsibilities towards its employees and service users, which primarily include airlines, airports, state authorities, the Slovenian Armed Forces, and the police. In addition, the Company acknowledges its responsibilities towards business partners, officials, the local community, and the broader environment in which it operates.

### RESPECT FOR HUMAN RIGHTS IN BUSINESS

The Company has further strengthened its commitment to social responsibility by signing the Commitment to Respect Human Rights in Business Operations. This pledge aligns with the relevant principles of the Republic of Slovenia's National Action Plan on Business and Human Rights. By adopting the Action Plan for implementing the Commitment to Respect Human Rights in Business Operations and appointing a Human Rights Officer, the Company has outlined a systematic approach to respecting human rights. These activities include as follows:

- integrating the respect for human rights into the Company's values and fundamental principles, as well as relevant internal documents;
- raising awareness and providing education to leadership and all employees about ensuring respect for human rights;
- establishing a grievance mechanism to address human rights violations;
- implementing and conducting due diligence on human rights respect;
- reporting on human rights respect (and due diligence) in the Company's annual report;
- encouraging respect for human rights among business partners and seeking common solutions and collaboration with key stakeholders to advance respect for human rights in business.

Special attention is also given to respecting labour-related rights and the right to workers' free association. The Company adheres to labour laws and applicable collective agreements in managing labour relations, engages in fair and respectful social dialogue with representative unions within the Company, and strives to bilaterally regulate employment rights through collective agreements and respect for established agreements. Moreover, the Company engages in fair and respectful social dialogue with employee representatives in the Works Council, striving to bilaterally regulate relevant areas (e.g., employees' right to participate in company management). Representative unions and the Works Council are also provided with timely information they are entitled to on the basis of applicable laws or other Company commitments.

In addition to the above, the Company respects applicable regulations on personal data protection in its relationships with all aforementioned stakeholder groups where prescribed.

### RESPONSIBILITY TO EMPLOYEES

The Company places great emphasis on maintaining a respectful, creative, and supportive working environment. The motivation, experience, and knowledge of employees, including the quality of interpersonal relationships and keeping up with management innovations, significantly contribute to fostering employee creativity, enhancing their commitment, and promoting a positive daily work atmosphere. Special attention is given to the employees' knowledge, ensuring that professional education and training are accessible to all. Encouraging employee innovation is particularly important, as their creativity, knowledge, and experience lead to better company results.

Given the importance of employees and their expertise, the Company's strategic direction and annual goals include systematic and goal-oriented staff development, supported by modern human resource management approaches. Within its HR function, the Company ensures job planning and recruitment (manpower plans), induction of new employees (established processes for onboarding and information transfer), education, training, and employee development (systematic planning and monitoring of education and training programs), leadership development, a remuneration system

aligned with collective agreements and performance metrics, fostering social dialogue, career development, managing key personnel, ensuring workplace safety and health, and cultivating a shared corporate culture. A key HR objective is to ensure a sufficient number of adequately trained staff for the seamless execution of the Company's activities.

The Company expresses its responsibility to employees by providing safe working conditions, motivating them, offering praise and recognition for successfully completed projects, and maintaining internal communication. Effective communication is positively correlated with employee satisfaction and productivity; hence, the Company promotes personal interactions as well as rapid electronic communication via intranet and internet. To balance work and personal life, the Company enables employees to efficiently manage their responsibilities both at work and home. Through exemplary leadership and adherence to the Code of Ethics, the Company promotes respectful and responsible behaviour among all employees towards colleagues, clients, and business partners, while striving to create a work environment that attracts well-qualified personnel. The Company integrates all employees into the business process without discrimination, allowing everyone to contribute to the Company's success in their respective roles.

Regular encouragement of dialogue and interaction among colleagues through various formal and informal gatherings, including work-related, sports, and social activities, strengthens interpersonal relationships. The Company's management meets regularly, once a month, with employee representatives to reinforce collaboration in management and joint efforts to achieve the best business results and maintain good working relationships and decision-making processes to meet the Company's goals.

The Company places significant emphasis on maintaining workplace safety and employee health. To ensure safe working conditions, the Company provides employees with personal protective equipment that meets all prescribed standards and is appropriate for the specific nature of the work. Employees are required to use this equipment consistently. In line with the adopted Health Safety Statement with Risk Assessment, external authorized safety experts periodically inspect the equipment. The Company also prioritizes employee training for safe work practices, offering targeted and professionally oriented lectures and practical training sessions with experts to inform employees about the correct use of personal protective equipment. Aligned with the Health Promotion Strategy, the Company implements a health promotion program that includes advice, suggestions, and measures related to healthy and balanced nutrition, general physical activity, workplace ergonomics to prevent injuries, mental health care, stress prevention and management, prevention of psychoactive substance use, and measures to prevent workplace bullying. The objectives of this program aim to increase employee satisfaction, improve overall well-being and workplace atmosphere, reduce sick leave, maintain low employee turnover, and enhance or sustain the Company's reputation as an employer.

To facilitate the balance between professional and personal life, the Company, where the work process allows, offers the possibility of hybrid working. This enables employees to work from home for part of their working hours. This work arrangement has proven to be an appropriate and effective method for organizational, cost, and motivational purposes. The Company also assesses the state of employee relations and satisfaction through employee satisfaction surveys, using the results to plan improvement measures. At the end of 2023, the Company conducted a planned organizational climate survey. Based on the results, specific goals, measures, and activities will be developed and periodically reviewed.

The Company systematically addresses and manages key personnel risks within the risk management system.

## RESPONSIBILITY TOWARDS SERVICE USERS, PARTNERS, AND OFFICIALS

The Company's services are focused on meeting the needs, legitimate claims, and expectations of our users. The demand for top-tier services is fulfilled with professionalism, openness to new ideas, international cooperation, and pricing of services in accordance with European and national legislation.

Fair operation and honest cooperation with all business partners and officials are primary practices of the Company. Transparency and fairness are always considered when drafting contracts and collaborating under existing agreements.

As a contractor for public procurement procedures, compliance with relevant regulations and fundamental principles in this area is ensured by the Company. Furthermore, as an entity obliged to provide access to information of public nature under the Access to Public Information Act, the Company handles requests from legal or natural persons in a non-discriminatory manner, strictly adhering to the provisions of the law. Simultaneously, the Company strives to uphold the fundamental principles and elements of the corporate integrity system.

The responsibility to service users is also demonstrated through various formal and informal consultations with service users.

## RESPONSIBILITY TO THE LOCAL COMMUNITY AND THE BROADER SOCIAL ENVIRONMENT

The Company acknowledges its responsibilities to both the local community and the broader social environment. Consequently, it supports various non-profit social activities, cultural events, sports, and humanitarian projects, particularly those connected to its core activity, aviation. This support aims to contribute to the ongoing development of aviation in the Republic of Slovenia, a sector of significant importance to the national economy.

## 13.4 ENVIRONMENTAL ASPECTS OF SUSTAINABLE BUSINESS OPERATIONS

The Company strives for the highest possible level of environmental responsibility in planning and executing its activities and business operations, adhering to the relevant regulations and standards in this area.

The Company recognizes its significant role in reducing noise and greenhouse gas emissions, regardless of traffic growth. Therefore, it follows environmental standards through rational flight planning concerning the design of procedures, airways, and reserved areas for the needs of the Ministry of Defence of the Republic of Slovenia. In collaboration with neighbouring air navigation service providers, the Company works towards expanding the SECSI FRA area under the „free route“ concept, which, on a daily basis, contributes to reduced fuel consumption and lower CO<sub>2</sub> emissions through comparative traffic analysis. By doing so, the Company moves closer to achieving the goals of a carbon-neutral society, shortens travel times, and enhances mobility. These efforts align with the objectives of the Single European Sky, evidenced by the Company's contribution to achieving the target environmental performance indicator.

Therefore, the Company monitors and measures the attainment of this target, as defined by the European Commission's Union-wide performance goals for each reference period, outlined in the Performance Plan 2020 – 2024 for the Republic of Slovenia and the Company's business plans, reported in section 2.1 of this Report.

Significant risks related to achieving these goals and performance indicators are systematically addressed within the Company's risk management system.

In accordance with the national plan for the implementation of PBN procedures at Slovenian airports (Performance Based Navigation Transition Plan – Slovenia), the Company completed the implementation of these procedures by the end of January 2024. This aims for a more optimal traffic flow, positively impacting the environment and adhering to European regulations. The so-called PBN procedures were executed to optimize aircraft arrivals and departures, independent of ground-based radio navigation aids. In the FRA airspace, users can now plan flights from the furthest point within the SECSI environment directly to the destination point and vice versa. Specifically, at Ljubljana Jože Pučnik Airport, the procedure from the Northwest part of Slovenia has led to a reduction in fuel consumption from 529 kg to 480 kg and a decrease in CO<sub>2</sub> emissions from 1663 kg to 1511 kg. Fuel consumption and CO<sub>2</sub> emissions for procedures at Jože Pučnik Airport Ljubljana are reduced by between 5% and 9%. The procedures are designed to limit noise for nearby residents

to below 55dB, equivalent to the level of normal conversation or loud speech. During the final approach phase, in close proximity to airports, noise remains unchanged and is around 70dB, similar to the noise level of heavy machinery. Based on the data regarding the number of approaches at Jože Pučnik Airport Ljubljana utilizing the new PBN procedures, the following indicator has been established to monitor the environmental impacts: “the average share of approaches by PBN procedures compared to the total number of daily approaches for the previous year”.

Furthermore, conditions for the altitude handover of aircraft with neighbouring air traffic controls are regularly coordinated, which positively impacts the environment. Flights towards airports in Munich, Split, Zadar, Zurich, Venice, Vienna, Rome, and similar destinations are enabled to follow the most optimal flight profiles. Thus, users can contribute to reduced fuel consumption and consequently lower emissions with minimal or no restrictions.

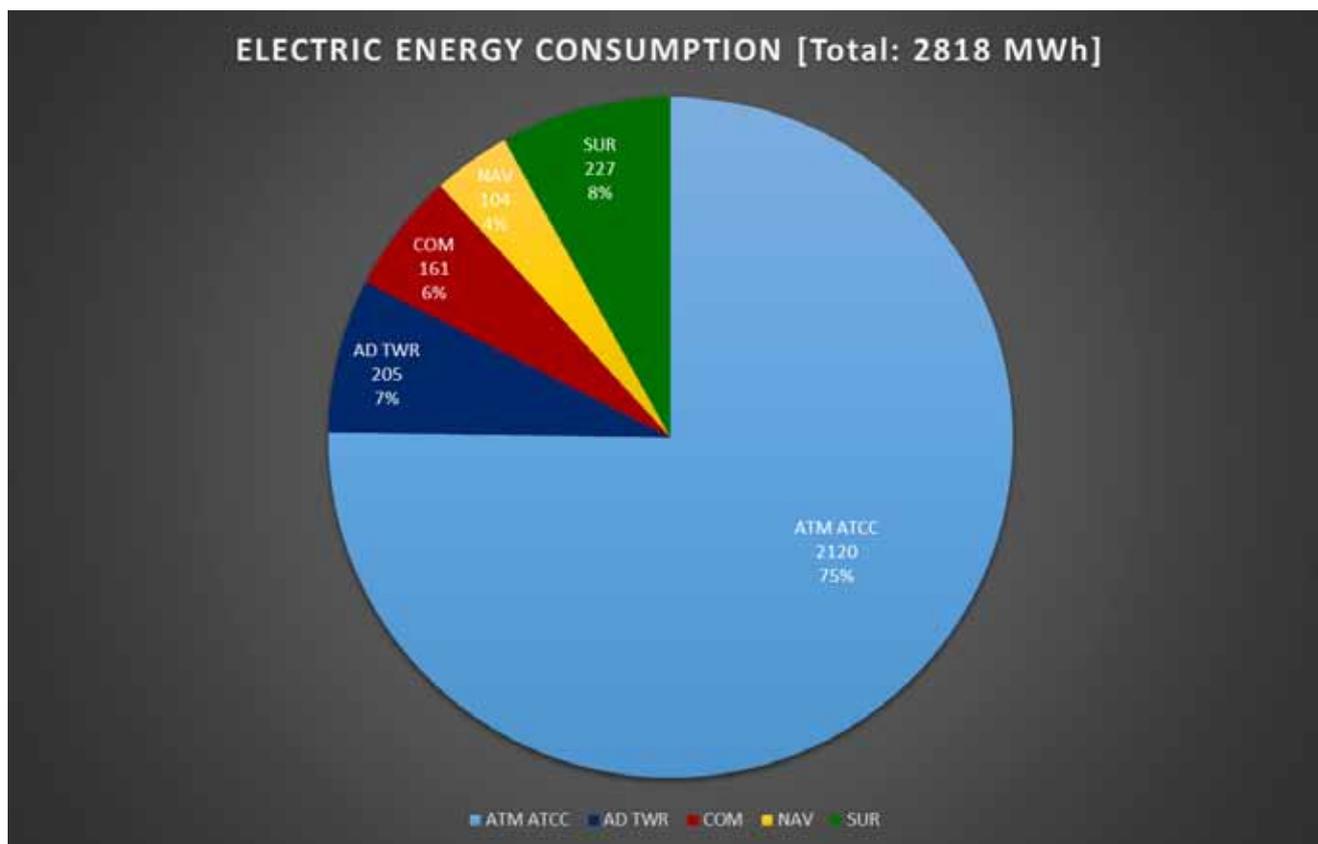
The Company also contributes to environmental goals by investing in technologically advanced systems and equipment in accordance with European regulations that define the requirements for further technological development of ATM systems and equipment (European ATM Master Plan, SESAR). These new technologies will contribute to greater efficiency of the European ATM network, optimization of air routes, reduced travel times, and further positive contributions to reducing the aviation sector’s carbon footprint. Hence, it is a strategic priority for the Company to follow and implement technologically advanced solutions, which is monitored through the realization of investment plans and risk management in this area.

The Company is committed to sustainable operations, which includes monitoring and managing the use of all energy sources. The Company’s contribution to sustainable development is exemplified by the ATCC building project, which was designed in accordance with prescribed environmental guidelines, ensuring energy efficiency and minimizing other environmental impacts. By installing technologically advanced and more efficient systems and equipment, the Company strategically reduces electricity consumption. Operational effects of systems and equipment necessary for core activities are monitored in collaboration with external expert institutions. For instance, the Company works with the Institute for Non-Ionizing Radiation to analyse the environmental and health impacts, particularly concerning radar system emissions.

Contributing to sustainable development also includes returning electricity generated during mandatory monthly testing of Diesel Electric Aggregates (DEA) for backup power at the ATCC facility back to the grid. The Company uses modular components in systems for uninterrupted power supply, enabling optimized electricity consumption by adjusting module operation according to needs. The Company has secured an electricity supply contract ensuring that at least 50% of the supplied electricity is produced from renewable energy sources (RES) or in high-efficiency cogeneration (CHP), or cogeneration based on renewable sources (green energy). The Company is also involved in the tertiary frequency regulation system. With mandatory secondary power supply systems for operational air traffic management and control systems, the Company forms a virtual power plant, providing the Slovenian electric grid with a production capacity of 2 x 640 kW of electricity, generated according to the current daily needs of the Slovenian power grid.

Aiming to increase the share of renewable energy sources in the overall energy consumption structure, an analysis of electricity consumption for all electrical connection points has been conducted, along with the preparation of energy efficiency guidelines for future energy consumption. The Company has initiated procedures for Energy Management and is preparing a Carbon Footprint Study. According to the analysis, the structure of electricity consumption by the Company’s various consumers is as follows (Figure 26):

- ATM ATCC – Air Traffic Management Air Traffic Control Center – 75% of total consumption;
- AD TWR – all airport control towers (TWR Brnik, TWR Maribor, TWR Portorož) – 7% of total consumption;
- COM – air/ground communication devices and systems – 6% of total consumption;
- NAV – instrumental navigation devices and systems (ILS, VOR, DME, NDB) – 4% of total consumption;
- SUR – surveillance devices and systems (Radar Charlie, Radar Ljubljanski vrh, Radar Watchman, WAM system) – 8% of total consumption.

**Figure 26:** Electricity Consumption

In addition to the previously mentioned initiatives, the Company is planning the construction of a new telecommunications facility at the Pasja Raven location (intersection of the municipalities Dobrova-Polhov Gradec and Škofja Loka). This facility will be energy self-sufficient, equipped with a modern photovoltaic power plant and energy storage.

When making purchases, the Company adheres to internationally recognized guidelines for energy efficiency and environmental management. As a partly liable to adhere to public procurement legislation, the Company also follows the principles of socially responsible public procurement by including environmental and social considerations in its procurement processes. For instance, in the procurement or leasing of vehicles for business purposes, the Company has complied with the prescribed requirements regarding the share of hybrid or zero-emission vehicles, provided six (6) charging stations for electric cars, and will monitor its contribution to reducing CO<sub>2</sub> emissions per kilometre travelled by new company vehicles in 2024.

The Company positively contributes to environmental goals through predominantly electronic business operations, which reduce operational costs and have beneficial environmental impacts. Additionally, the hybrid work organization (a combination of remote work and on-site work) where feasible, reduces the need for commuting, thereby positively impacting traffic and reducing environmental pollution. The Company's operations do not involve the production of hazardous waste, and annually, less than 150 tons of waste or a total of less than 200 kilograms of hazardous waste are generated, which does not necessitate a waste management plan. Consequently, the Company is not obliged to maintain records or submit reports to the Environmental Agency of the Republic of Slovenia on waste generation and management under the Waste Regulation.

In addressing developmental issues, the Company will continue to integrate the fundamental principles of sustainable operations into its business activities in accordance with international and domestic regulations, standards, and best practices.



## 14 KEY PLANS FOR 2024 AND COMPANY'S DEVELOPMENT OUTLOOK

The military conflict between Ukraine and the Russian Federation, along with the general economic and security conditions in Europe and beyond, will be critical factors affecting air traffic volume and flows, and the continued recovery of traffic in 2024. The Company will strive to conduct activities to the extent required by traffic, with minimal restrictions and delays. It will meet the needs for keeping all international airports in the Republic of Slovenia open according to the demands dictated by traffic at these airports. The focus will be on ensuring safe, uninterrupted, and efficient air traffic management and air navigation services in accordance with current Slovenian and European regulations and ICAO standards.

In line with the Performance Plan 2020-2024 for the Republic of Slovenia for the third reference period of monitoring Union-wide performance targets, the Company will aim to achieve target values of performance indicators in all four key performance monitoring areas: capacity, cost-efficiency, safety, and environment. To maintain the necessary level of safety in air traffic, all activities will be conducted in accordance with the established processes of the Safety Management System (SMS) and efforts will continue to constantly improve individual and organizational safety culture.

Factors likely to significantly influence the actual traffic volume in 2024 have not changed substantially from previous years. The primary influencing factors will include:

- energy prices, particularly oil, and general economic conditions (inflation, GDP decline);
- consumer confidence and demand for air travel, tourism destinations;
- financial status of airlines and air navigation service providers;
- ATC capacity in neighbouring countries (including on the "South-East" axis);

- technical changes in certain air traffic controls affecting traffic flows;
- continuation of the military conflict in Ukraine and other extraordinary events (e.g., global terrorist acts, conflicts between countries);
- emergence of new virus variants and public opinion on and the effectiveness of vaccinations.

As part of the Air Traffic Services Department, the Company will continue to actively collaborate in coordinating and working with the South-East Axis group. This initiative will significantly enhance traffic flow and reduce delays in this part of Europe over the long term. To ensure sufficient sector capacity for the projected traffic in 2024, the Company plans to implement the following projects and tasks:

- Opening a Fourth Sector: This will be done according to traffic needs and human resource availability.
- Flexible Sectorization: This will ensure optimal sector and staffing planning.
- Increasing Airspace Capacity: Based on CAPAN analysis, capacity will be increased.

To achieve the objectives planned for 2024, the Company will undertake all necessary activities and measures, including as follows:

- Ensuring Business Continuity and Safety: Maintain business continuity plans and safe service provision.
- Maintaining Safety, Reliability, Availability, and Integrity: Focus on functional ATM components and the operational system, optimizing and improving the technological infrastructure to meet safety, capacity, and business efficiency goals.
- Incorporating Cybersecurity: Integrate network and information system security throughout the life cycle of ATM/ANS systems development, production, and implementation.
- Employee Health and Professional Development: Ensure sufficient, appropriately trained operational staff according to company needs and legislative requirements.
- Developing Systematic Training Processes: Continue developing training processes for operational staff, particularly concerning the implementation of Commission Implementing Regulation 2023/893/EU, which amends Regulation 2015/340/EU concerning air traffic controllers. In 2024, the Company will embark on a new cycle of refresher training across various domains. Before commencing these training sessions, all training manuals will undergo a systematic review and update. Refresher training in AIM and ATM to maintain the competencies of operational personnel will continue.
- The digitalisation project for the Operational Personnel Training Service – Aviation School will advance, aiming to implement software support for monitoring training courses for the Company's operational staff, conducting training sessions, and managing the processes of competence maintenance.
- Cost rationalisation measures will proceed, aligned with the anticipated traffic volume, optimising services for certain departments based on appropriate safety analyses (optimal organisation of work and the necessary number of staff in airport air traffic control services). This aims to achieve a cost-effective organisation of air navigation services at all three airports included in the cost base for the terminal phase, within the agreed operating hours of the airports.
- The development of internal organisation and job systematisation will be developed to support effective organisation and execution of activities. Moreover, the social dialogue will continue to establish a new company collective agreement.
- Continuous demonstration of systemic compliance with applicable requirements for maintaining the validity of the existing air navigation services provider certificate, and updating the system for meeting common requirements for the provision of air navigation services. This process systematically, formally, and comprehensively documents the scope and methods of work and actions, ensuring that the Company remains in compliance with the common requirements for providing air navigation services it performs.
- Continuous internal monitoring of compliance with relevant European legislation and all necessary activities to maintain the validity of the air navigation services provider certificate will be conducted.
- Following the guidelines for the development of the European airspace, the Company will continue successful international cooperation, particularly in regional collaboration within the FAB CE framework, and will actively participate as a member of FABCE, d. o. o.

- The Company will deepen its collaboration with other FABs within GATE ONE, including BLUE MED FAB, DANUBE FAB, and FAB EC, and through Inter-FAB meetings during which joint positions on proposed EU legislative changes are formed.
- Professional collaboration with relevant national authorities in drafting regulations related to the Company's activities will be a key focus in 2024. This will particularly involve participating in the preparation of the Performance Plan for the new, fourth reference period for monitoring Union-wide performance targets for the period from 2025 to 2029.
- The Company will strengthen its integrity by establishing high standards and developing policies and processes to prevent corruption.

This effort aims to maintain and enhance the Company's influential role within the FAB CE project. Activities will continue in line with the European Airspace Architecture Study (EAAS) and the FAB CE Strategy 2020-2030 adopted in 2020. The main objectives are outlined in the new edition of the Strategy, with the most important strategic projects focusing on optimizing airspace (with more intensive cross-border cooperation, and optimizing regional infrastructure).

In 2024, the Company will advance its activities by executing the ADaaS2 project, one of its most significant initiatives. Other established projects will also proceed as planned. The Company will intensify its analysis and implementation of requirements stemming from Commission Implementing Regulation 2021/116/EU (CP1) and LSSIP objectives, as detailed in the annual ATM Master Plan issued by the European Commission through the SESAR Deployment Manager.

Following the new Commission Implementing Regulation 2023/1769/EU, which sets technical requirements and administrative procedures for approving organizations designing or producing ATM/ANS systems and constituents and amending Implementing Regulation 2023/203/EU, the Company has commenced an analysis of necessary documentation and organizational needs. This analysis is required for EASA certification as an organization that designs and manufactures ATM/ANS systems and their constituents (DPO). The certification process is planned to start in 2025.

Through these measures and activities, the Company will ensure the long-term realization of its development strategy, as outlined in its business plans. This will enable the provision of high-quality, flexible, and cost-effective services aimed at the primary goal of ensuring a high level of air traffic safety while contributing to the reduction of negative environmental impacts. Achieving these goals is contingent upon maintaining and developing the necessary professional staff with specific expertise and a strong awareness of the importance of safety in the Company's operations.

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# FINANCIAL REPORT

# 1 INDEPENDENT AUDITOR'S REPORT



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## INDEPENDENT AUDITOR'S REPORT to the owner of KONTROLA ZRAČNEGA PROMETA SLOVENIJE, d.o.o. (Translation from the original in Slovene language)

### REPORT ON AUDIT OF FINANCIAL STATEMENTS

#### Opinion

We have audited financial statements of KONTROLA ZRAČNEGA PROMETA SLOVENIJE, d.o.o. (the Company), which comprise statement of financial position as at December 31, 2023 income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of KONTROLA ZRAČNEGA PROMETA SLOVENIJE, d.o.o. as at December 31, 2023, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by EU.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) 537/2014 of the European Parliament and of the Council, dated April 16, 2014, on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

#### Key Audit Matters

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

#### Revenue from Contracts with Customers

##### Key audit matter

Net sales revenue for the year ended 31 December 2023, amounted to EUR 49.043.327 (2022: EUR 40.774.238). Revenue from sales consists mainly of two types of revenue - en-route charges and terminal charges. Revenues from both titles are recognized on the basis of the price per unit, which is expressed in EUR and determined taking into account the estimated costs, the planned annual traffic of overflights, arrivals/departures and the actual number of invoiced service units.

Flight prices are regulated on the basis of a special mechanism, whereby the price is determined on the basis of the expected number of flights and inflation and confirmed by the European Commission.

Since revenues are one of the key performance indicators of the company, we determined their recognition as a key audit matter.

##### Our response

Our audit procedures included, among others:

- Assessing accounting policy regarding the recognition of sales revenue from contracts with customers, and compliance with International Financial Reporting Standards, as adopted by the EU.
- Testing of design, implementation and operating effectiveness of controls over the revenue cycle and from the point of view of preventing errors and fraud.
- Assessing appropriateness of the timing of sales revenue from contracts with customers to the correct accounting period based on supporting documentation.
- Performing analytical procedures.
- Testing the accuracy of sales revenue from contracts with customers on a sample bases.
- Assessing the adequacy of disclosures in accordance with International Financial Reporting Standards, as adopted by the EU and



which are disclosed in the notes 3. 3.1 Summary of accounting policies and assumptions and 3.2.14 Income from contracts with customers.

#### *Other information*

Management is responsible for the other information. Other information comprises Business report as a part of Annual report of the Company, other than the financial statements and our auditor's report thereon. Other information was obtained prior to the date of auditor's report except the report of supervisory board, which will be available later.

Our opinion on the financial statements does not cover the other information and we express no assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, regulatory requirements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. With regards to these procedures, we report on the following:

- other information is consistent with audited financial statements in all respect;
- other information is prepared in line with regulatory requirements; and
- based on our knowledge and understanding of the Company and its environment, obtained during the audit, no material inconsistencies were found in relation to other information.

#### *Responsibilities of Management and Supervisory board for the Financial Statements*

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

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

Supervisory Board is responsible for overseeing the Company's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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



- conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

#### **REPORT ON THE LEGAL AND REGULATORY REQUIREMENTS**

##### ***Report on Requirements of Regulation (EU) No. 537/2014 of the European Parliament and of the Council (Regulation 537/2014)***

###### ***Confirmation to the Audit Committee***

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

###### ***Provision of Non-audit Services***

We declare that no prohibited non-audit services referred to in the Article 5(1) of Regulation ((EU) No. 537/2014 of the European Parliament and the Council were provided and audit company complied with independence requirements at auditing.

###### ***Other services***

There are no services, in addition to the statutory audit which we provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

###### ***Appointment of the Auditor, the Period of Engagement and Certified Auditor***

BDO Revizija d.o.o. was appointed as the statutory auditor of the Company by the shareholder on General Shareholders' Meeting held on September 29<sup>th</sup>, 2021, the president of the Supervisory board signed the engagement letter on October 1<sup>st</sup>, 2021. Our total uninterrupted engagement started on October 1<sup>st</sup>, 2021.

Engagement partner responsible for the audit on behalf of BDO Revizija d.o.o. is Manuela Šribar, certified auditor.

Ljubljana, May 6<sup>th</sup>, 2024

BDO Revizija d.o.o.  
Cesta v Mestni log 1, Ljubljana

(Signature on original Slovene independent auditor's report)

Manuela Šribar,  
Certified auditor

## 2 FINANCIAL STATEMENTS

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

### 2.1 STATEMENT OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2023

	ASSETS	Notes	31 Dec. 2023	31 Dec. 2022
	<b>Non-current assets</b>		<b>22,970,914</b>	<b>22,757,972</b>
I.	Intangible assets and other non-current assets	3.2.1	1,733,930	1,657,410
1.	Non-current software, licences, trademarks and other rights		1,585,760	1,517,472
2.	Other non-current assets		148,170	139,938
II.	Property, plant and equipment	3.2.2	20,436,525	20,605,553
1.	Land and buildings		13,737,023	14,460,231
2.	Other devices and equipment		4,542,466	5,036,230
3.	Property, plant and equipment to be acquired		2,157,036	1,109,092
III.	Investment property	3.2.2	204,042	204,042
IV.	Non-current financial investments	3.2.3	16,000	16,000
V.	Deferred tax assets	3.2.4	580,417	274,967
	<b>Current assets</b>		<b>13,584,617</b>	<b>9,342,395</b>
I.	Inventories	3.2.5	339,211	360,106
II.	Current financial investments		195,740	0
III.	Current operating receivables and other assets	3.2.6	7,515,497	6,729,011
1.	Current trade receivables		6,747,340	5,916,939
2.	Current operating receivables due from others		158,628	181,675
3.	Other assets		609,529	630,397
IV.	Cash and cash equivalents	3.2.7	5,534,169	2,253,278
	<b>TOTAL ASSETS</b>		<b>36,555,532</b>	<b>32,100,367</b>

	<b>EQUITY AND LIABILITIES</b>	<b>Notes</b>	<b>31 Dec. 2023</b>	<b>31 Dec. 2022</b>
	<b>Equity</b>	3.2.8	<b>12,397,024</b>	<b>8,276,083</b>
I.	Called-up equity		5,525,706	5,525,706
II.	Capital reserve		0	0
III.	Revenue reserve		3,662,439	1,336,579
1.	Statutory reserve		552,571	552,571
2.	Other revenue reserve		3,109,868	784,008
IV.	Fair value reserve		64,204	629,789
V.	Retained earnings or losses		818,815	0
VI.	Net profit (loss) for the period		2,325,860	784,009
	<b>Provisions</b>	3.2.9	<b>5,276,518</b>	<b>2,372,561</b>
I.	Provisions for retirement benefits and similar liabilities		5,276,518	2,372,561
	<b>Non-current liabilities</b>		<b>10,101,328</b>	<b>12,068,719</b>
I.	Non-current financial liabilities	3.2.10	10,101,328	12,068,719
II.	Non-current operating liabilities		0	0
	<b>Current liabilities</b>		<b>8,780,662</b>	<b>9,383,004</b>
I.	Current financial liabilities	3.2.11	2,069,558	1,938,246
II.	Current operating liabilities		6,711,104	7,444,758
1.	Current trade liabilities	3.2.12	1,495,889	2,073,844
2.	Other current operating liabilities	3.2.13	4,993,936	5,104,980
3.	Corporate income tax payable	3.2.13	221,279	265,934
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>36,555,532</b>	<b>32,100,367</b>

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 2023

		Notes	2023	2022
<b>A</b>	<b>INCOME FROM CONTRACTS WITH CUSTOMERS</b>	3.2.14	<b>49,043,327</b>	<b>40,774,238</b>
1.	Income from contracts with customers in the Republic of Slovenia		1,256,757	1,102,322
2.	Income from contracts with customers in the EU		47,785,600	39,670,946
3.	Income from contracts with customers abroad		970	970
<b>B</b>	<b>OTHER OPERATING INCOME</b>	3.2.15	<b>763,005</b>	<b>600,952</b>
<b>C</b>	<b>OPERATING EXPENSES</b>		<b>44,374,505</b>	<b>38,193,147</b>
1.	Cost of materials and services	3.2.16	8,584,576	7,284,702
a)	Cost of goods sold		3,083	0
b)	Cost of materials		933,935	793,887
c)	Costs of services		7,647,558	6,490,815
2.	Labour costs	3.2.17	30,998,576	25,711,065
a)	Wages and salaries		21,563,298	19,838,015
b)	Pension contribution expense		2,512,699	2,369,859
c)	Social security contribution expense		2,559,286	2,390,553
d)	Other labour cost		4,363,293	1,112,638
3.	Write-offs	3.2.18	2,928,981	3,520,220
a)	Amortisation of intangible fixed assets		561,053	614,304
b)	Depreciation of tangible fixed assets		2,228,370	2,702,196
c)	Revaluation operating expenses relating to tangible and intangible fixed assets		2,568	274
d)	Revaluation operating expenses relating to current assets		136,990	203,446
4.	Other operating expense	3.2.19	1,862,372	1,677,160
<b>D</b>	<b>FINANCE INCOME</b>		<b>22,792</b>	<b>6,330</b>
1.	Interest income		36	0
2.	Finance income relating to operating receivables due from others		22,756	6,330
<b>E</b>	<b>FINANCE COSTS</b>	3.2.20	<b>643,297</b>	<b>144,648</b>
1.	Finance costs relating to financial liabilities		471,152	119,894
2.	Finance costs relating to operating liabilities		172,145	24,754
<b>F</b>	<b>TOTAL PROFIT</b>		<b>4,811,322</b>	<b>3,043,725</b>
<b>G</b>	<b>CORPORATE INCOME TAX EXPENSE</b>	3.2.21	<b>-159,602</b>	<b>-275,674</b>
1.	Income tax expense		-465,052	-265,934
2.	Deferred tax expense		305,450	-9,740
<b>H</b>	<b>NET (LOSS) FOR THE PERIOD</b>		<b>4,651,720</b>	<b>2,768,051</b>

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 2023

			2023	2022
<b>A</b>		<b>Net profit or loss for the period</b>	<b>4,651,720</b>	<b>2,768,051</b>
<b>B</b>		<b>Other comprehensive income</b>	<b>565,585</b>	<b>567,081</b>
B.1		Items to be recognized in Income Statement	0	0
B.2		Items not to be recognized in Income Statement	565,585	567,081
	B.2.1.	Restatement of post-employment benefits after tax	565,585	567,081
<b>C</b>		<b>Total comprehensive income for the reporting period</b>	<b>5,217,305</b>	<b>3,335,132</b>

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

## 2.4 STATEMENT OF DISTRIBUTABLE PROFIT FOR 2023

			2023	2022
A		Net profit for the period	4,651,720	2,768,051
B		Retained net profit	818,815	0
C		Retained loss	0	1,200,034
D		Increase in revenue reserves	2,325,860	784,008
E		Decrease in statutory reserves	0	0
F		Decrease in other revenue reserves	0	0
G		DISTRIBUTABLE RESERVES	3,144,675	784,009
H		NET LOSS CARRIED FORWARD	0	0

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

## 2.5 CASH FLOW STATEMENT FOR 2023

	2023	2022
<b>A Cash flows from operating activities</b>		
<b>a) Income statement items</b>	<b>7,895,756</b>	<b>6,436,329</b>
Operating income (excluding revaluation) and finance income relating to trade receivables	49,806,332	41,375,190
Operating expenses excluding depreciation, amortisation and revaluation and finance expenses relating to financial liabilities	-41,445,524	-34,672,927
Income tax and other tax expense not included in operating expenses	-465,052	-265,934
<b>b) Changes in net current assets (including accrued expenses and deferred income, prepayments and accrued income, provisions, deferred tax assets and deferred tax liabilities)</b>	<b>954,496</b>	<b>1,011,885</b>
Movement in trade receivables	-931,252	-2,118,278
Movement in deferred tax assets	-305,450	9,741
Movement in inventories	20,895	107,307
Movement in payables	-733,654	3,013,115
Movements in accrued expenses and deferred revenue and provisions	2,903,957	0
<b>c) Net cash inflow/(outflow) from operating activities (a + b)</b>	<b>8,850,252</b>	<b>7,448,214</b>
<b>B Cash flows from investing activities</b>		
<b>a) Cash receipts from investing activities</b>	<b>22,792</b>	<b>6,330</b>
Interest and dividends received	22,792	6,330
<b>b) Cash payments for investing activities</b>	<b>-2,785,947</b>	<b>-2,387,801</b>
Payments to acquire intangible assets	-722,866	-410,066
Payments to acquire property, plant and equipment	-2,063,081	-1,977,735
<b>c) Net cash inflow/(outflow) from investing activities (a + b)</b>	<b>-2,763,155</b>	<b>-2,381,471</b>
<b>C Cash flows from financing activities</b>		
<b>a) Receipts from financing activities</b>	<b>0</b>	<b>4,500,000</b>
Cash inflows from increase in non-current financial liabilities	0	4,500,000
<b>b) Cash payments for financing activities</b>	<b>-2,806,206</b>	<b>-8,185,083</b>
Interest payments relating to financing activities	-595,296	-73,828
Interest payments relating to leases	-47,780	-45,411
Cash outflows on loans receivable	-195,740	0
Repayment of financial liabilities	-1,714,285	-7,698,616
Repayment of financial liabilities- Leases	-253,105	-367,228
<b>c) Net cash inflow/(outflow) from financing activities (a + b)</b>	<b>-2,806,206</b>	<b>-3,685,083</b>
<b>D Cash at the end of the period</b>	<b>5,534,169</b>	<b>2,253,278</b>
x) Net cash inflow/(outflow) for the period	3,280,891	1,381,660
y) Cash at the beginning of the period	2,253,278	871,618

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 2023

		Share capital	Statutory reserve	Other reserves	Fair value reserve	Retained net profit	Net profit for the period	Total
<b>A.1</b>	<b>Balance as at the end of previous year period</b>	<b>5,525,706</b>	<b>552,571</b>	<b>784,008</b>	<b>629,789</b>	<b>784,009</b>	<b>0</b>	<b>8,276,083</b>
	Prior period adjustments	0	0	0	0	0	0	0
<b>A.2</b>	<b>Opening balance for the period</b>	<b>5,525,706</b>	<b>552,571</b>	<b>784,008</b>	<b>629,789</b>	<b>784,009</b>	<b>0</b>	<b>8,276,083</b>
<b>B.1</b>	<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	a) Dividends approved or paid	0	0	0	0	0	0	0
<b>B.2</b>	<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-565,585</b>	<b>0</b>	<b>4,651,720</b>	<b>4,086,135</b>
	a) Net profit for the reporting period	0	0	0	0	0	4,651,720	4,651,720
	b) Other items of total comprehensive income for the reporting period	0	0	0	-565,585	0	0	-565,585
<b>B.3</b>	<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>2,325,860</b>	<b>0</b>	<b>34,806</b>	<b>-2,325,860</b>	<b>34,806</b>
	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	0	0	0
	b) Allocation of the net profit from the current period based on a resolution of the Management and Supervisory Boards	0	0	2,325,860	0	0	-2,325,860	0
	c) Other changes in equity	0	0	0	0	34,806	0	34,806
<b>C.</b>	<b>Closing balance for the period</b>	<b>5,525,706</b>	<b>552,571</b>	<b>3,109,868</b>	<b>64,204</b>	<b>818,815</b>	<b>2,325,860</b>	<b>12,397,024</b>

## 2.7 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
<b>A.1</b>	<b>Balance as at the end of previous year period</b>	<b>5,525,706</b>	<b>552,571</b>	<b>0</b>	<b>74,730</b>	<b>-1,212,056</b>	<b>0</b>	<b>4,940,951</b>
	Prior period adjustments	0	0	0	0	0	0	0
<b>A.2</b>	<b>Opening balance for the period</b>	<b>5,525,706</b>	<b>552,571</b>	<b>0</b>	<b>74,730</b>	<b>-1,212,056</b>	<b>0</b>	<b>4,940,951</b>
<b>B.1</b>	<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	a) Dividends approved or paid	0	0	0	0	0	0	0
<b>B.2</b>	<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>567,081</b>	<b>0</b>	<b>2,768,051</b>	<b>3,335,132</b>
	a) Net profit for the reporting period	0	0	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>B.3</b>	<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>784,008</b>	<b>-12,022</b>	<b>1,212,056</b>	<b>-1,984,042</b>	<b>0</b>
	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
<b>C.</b>	<b>Closing balance for the period</b>	<b>5,525,706</b>	<b>552,571</b>	<b>784,008</b>	<b>629,789</b>	<b>0</b>	<b>784,009</b>	<b>8,276,083</b>

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



## 3 NOTES TO THE 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 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 (hereinafter also referred to as: "the Company") 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:

Level 1 – market prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – a valuation model which is directly or indirectly based on market data;

Level 3 – a valuation model which is not based on market data.

At the end of each reporting period, the Company 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, changes in accounting estimates and errors used by the Company 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 the Company 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:

- Disclosure of accounting policies (Amendments to IAS 1 and IFRS 2 Statement of Practice): In February 2021, the IASB issued amendments to IAS 1 that alter the disclosure requirements relating to accounting policies from “significant accounting policies” to “material accounting policy information”. The amendments provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier implementation permitted. As IFRS Practice Statement documents are not mandatory, the effective date for IFRS Practice Statement 2 is not specified.
- Definition of accounting estimates (amendments to IAS 8). The amendments introduce a new definition for an accounting estimate and include other interpretations to help entities distinguish between an accounting policy and an accounting estimate. The amendment clarifies 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 (new Standard) and Amendments to IFRS 17 – Insurance Contracts. IFRS 17 replaces IFRS 4 Insurance Contracts. It applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and reinsurance), regardless of the type of entity issuing them, and extends to certain guarantees and financial instruments with discretionary participation features, subject to specific exceptions. The overarching objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that enhances the usefulness and consistency of financial reporting for insurers and encompasses all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:
  - a specific adjustment for contracts with direct participation features (variable fee approach); and
  - a simplified approach (premium allocation approach - PAA) primarily for short-term contracts.
- Deferred tax on assets and liabilities arising from a single transaction (Amendments to IAS 12 – Income Taxes). In May 2021, the IASB issued amendments to IAS 12. The amended Standard 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.
- International Tax Reform - Pillar 2 Model Rules (Amendments to IAS 12)
 

The amendments to IAS 12 were introduced in response to the OECD Pillar 2 BEPS rules and include:

  - a mandatory temporary exception concerning the recognition and disclosure of deferred taxes associated with the Pillar 2 model rules; and
  - disclosure requirements related to Pillar 2 income tax exposures.

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 2024, the following standards and amendments shall enter into force:

- 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.

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 or 1 January 2025 to be adopted by the EU:

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (amendments). On 25 May 2023, the IASB issued "Supplier Finance Arrangements", which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (amendments). These amendments were prompted by a request received by the International Financial Reporting Interpretations Committee (IFRIC) (Committee) regarding the presentation requirements for liabilities and related cash flows that arise from supply chain financing arrangements and associated disclosures. In December 2020, the Committee published an agenda decision on Supply Chain Financing Arrangements — Reverse Factoring, which explains the requirements in IFRS Accounting Standards that apply to such arrangements. During the process, stakeholder feedback on the draft agenda decision suggested that the information an entity is required to provide about this form of financing falls short of meeting user information needs to understand the effects of financing arrangements with suppliers on an entity's financial statements and for enabling comparisons between entities. In response to this feedback, the IASB undertook a narrow scope standard revision exercise that resulted in the current amendments. The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.

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 Company'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, the Company 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 temporary. Temporary differences were subdivided into taxable and deductible. The taxable temporary differences increased the Company's taxable amounts and deferred tax liabilities. The deductible temporary differences decreased the Company's taxable amounts and increased its deferred tax assets.

Deferred tax assets and liabilities are set off if and only if the Company 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). 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. After adopting IFRS 9, the Company 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 the Company 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* - the Company identifies a contract as a lease contract if it conveys to it the right to control the use of the leased asset. The Company 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. a) the period for which the option to extend the lease applies, if it is reasonably certain that the option will be exercised;
  - a. 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, the Company 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 the Company.

*Determining the discount rate* – the discount rate is determined as the interest rate at which the Company 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, 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 2023/1803/EU.

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 2023/1803/EU 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) (the Company'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) at the 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, the Company 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 leased asset is transferred to the Company 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, the Company 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 the Company 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 the Company 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, the Company 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 the Company 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 - FVTPL) 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 (FVTOCI), 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 2023, 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. The Company 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, the Company 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 the Company. 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 lia-

bility 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 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 the 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 expenses 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.

## CORPORATE INCOME TAX

The corporate income tax expense for the period comprises current and deferred tax. Corporate 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 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 the Company 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. At the end of 2023, Slovenia Control applied a tax rate of 22%, in accordance with a change in the law effective from 1 January 2024. In contrast, the tax rate at the end of 2022 was 19%.

## 3.2 NOTES TO FINANCIAL STATEMENTS

All notes refer to 2023, unless indicated otherwise. Monetary units in the tables are expressed in Euros (EUR), excluding cents.

### 3.2.1 Intangible assets

#### 2023

Content	Software, licences, trademarks and other rights	Prepayments and accrued revenue	Intangible assets in the process of acquisition	Total
<b>Cost</b>				
<b>Balance as at 1 Jan 2023</b>	<b>3,959,287</b>	<b>699,003</b>	<b>0</b>	<b>4,658,290</b>
Additions - new purchases	628,276	10,135	1,065	<b>639,476</b>
Transfer from current prepayments and accrued revenue	0	83.390	0	<b>83.390</b>
Disposals	-3,534	0	0	<b>-3,534</b>
<b>Balance as at 31 Dec 2023</b>	<b>4,584,029</b>	<b>792,528</b>	<b>1,065</b>	<b>5,377,622</b>
<b>Accumulated depreciation and impairments</b>				
<b>Balance as at 1 Jan 2023</b>	<b>2,441,815</b>	<b>559,065</b>	<b>0</b>	<b>3,000,880</b>
Depreciation and amortisation	561,053	0	0	<b>561,053</b>
Disposals	-3,534		0	<b>-3,534</b>
Transfer to expenses	0	85,293	0	<b>85,293</b>
<b>Balance as at 31 Dec 2023</b>	<b>2,999,334</b>	<b>644,358</b>	<b>0</b>	<b>3,643,692</b>
<b>Net book value</b>				
<b>Balance as at 1 Jan 2023</b>	<b>1,517,472</b>	<b>139,938</b>	<b>0</b>	<b>1,657,410</b>
<b>Balance as at 31 Dec 2023</b>	<b>1,584,695</b>	<b>148,170</b>	<b>1,065</b>	<b>1,733,930</b>

In 2023, significant new purchases of property rights relating to software, licences, trademarks and other rights include the upgrade of the FDPS system (EUR 325,225), the upgrade of the Automated Cyber Defence System (EUR 63,976), the purchase of the Supply Chain Security and Risk Assessment System (EUR 49,696), the purchase of the Bullwall Ransomware Protection System (EUR 41,388), and the upgrade of the document (mail) management software support, Docuware (EUR 34,860).

The proportion of fully amortised intangible assets in relation to the cost balance as at 31 December 2023, amounted to 33.10%. As at 31 December 2023, Slovenia Control had no commitments for the purchase of intangible fixed assets.

#### 2022

Content	Software, licences, trademarks and other rights	Prepayments and accrued revenue	Total
<b>Cost</b>			
<b>Balance as at 1 Jan 2022</b>	<b>3,656,338</b>	<b>675,276</b>	<b>4,331,614</b>
Additions - new purchases	302,949	107,117	<b>410,066</b>
Decrease (transfers to other current receivables)	0	-83.390	<b>-83.390</b>
<b>Balance as at 31 Dec 2022</b>	<b>3,959,287</b>	<b>699,003</b>	<b>4,658,290</b>
<b>Accumulated depreciation and impairments</b>			
<b>Balance as at 1 Jan 2022</b>	<b>1,826,990</b>	<b>488,445</b>	<b>2,315,435</b>
Depreciation and amortisation	614,825	70,620	<b>685,445</b>
<b>Balance as at 31 Dec 2022</b>	<b>2,441,815</b>	<b>559,065</b>	<b>3,000,880</b>
<b>Net book value</b>			
<b>Balance as at 1 Jan 2022</b>	<b>1,829,348</b>	<b>186,831</b>	<b>2,016,179</b>
<b>Balance as at 31 Dec 2022</b>	<b>1,517,472</b>	<b>139,938</b>	<b>1,657,410</b>

## 3.2.2 Property, plant and equipment

### 2023

	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
<b>Cost</b>										
<b>Balance as at 1 Jan 2023</b>	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
Additions – new purchases	0	0	0	0	0	440,023	178,142	1,442,434	2,482	2,063,081
Transfer into use	0	0	0	0	0	394,489	0	-394,489	0	0
Disposals	0	0	0	0	0	-371,915	-140,756	0	-2,818	-515,489
<b>Balance as at 31 Dec 2023</b>	17,638	17,087,453	61,839	3,407,992	42,972	37,691,429	328,621	2,114,064	67,680	60,819,688
<b>Accumulated depreciation and impairments</b>										
<b>Balance as at 1 Jan 2023</b>	0	4,994,129	33,433	1,087,129	0	32,273,399	215,736	0	62,717	38,666,543
Depreciation and amortisation	0	528,065	2,013	193,130	0	1,448,776	54,809	0	1,577	2,228,370
Disposals	0	0	0	0	0	-368,176	-140,756	0	-2,818	-511,750
<b>Balance as at 31 Dec 2023</b>	0	5,522,194	35,446	1,280,259	0	33,353,999	129,789	0	61,476	40,383,163
<b>Net book value</b>										
<b>Balance as at 1 Jan 2023</b>	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
<b>Balance as at 31 Dec 2023</b>	17,638	11,565,259	26,393	2,127,733	42,972	4,337,430	198,832	2,114,064	6,204	20,436,525

	1 Jan 2023	Impairments	31 Dec 2023
Investment property	204,042	0	204,042
<b>TOTAL</b>	<b>204,042</b>	<b>0</b>	<b>204,042</b>

The cost value of the “Old Hangar Brnik” land amounted to EUR 204,042 and was transferred to investment properties as at 31 December 2022.

The proportion of fully amortised PPE in relation to the cost balance as at 31 December 2023, amounted to 40.98%.

In 2023, the most important acquisitions include as follows:

- the purchase of VHF systems at the Krim location (EUR 509,471);
- the upgrade of AFTN/ AMHS systems (EUR 163,205);

- the expansion of the WAM (MAM) system (EUR 300,246 EUR);
- the purchase of computer and hardware equipment for the Safety Net operating system (EUR 128,933);
- the purchase of a video wall for the System Monitoring and Control and related server equipment (EUR 180,373);
- the purchase of radar and auxiliary screens for the Area Control Centre (EUR 237,550);
- the purchase of servers for the pre-production environment (EUR 80,647).

As at 31 December 2023, there were no commitments to purchase PPE.

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

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

## 2022

	Land	Buildings	Buildings - contribution in kind 2013	Buildings - long-term leases	Buildings - right-of-use	Equipment	Equipment - right-of-use	Equipment in acquisition	Small tools and other equipment	Total
<b>Cost</b>										
<b>Balance as at 1 Jan 2022</b>	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	0	-204,042
<b>Balance as at 31 Dec 2022</b>	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
<b>Accumulated depreciation and impairments</b>										
<b>Balance as at 1 Jan 2022</b>	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
<b>Balance as at 31 Dec 2022</b>	0	4,994,129	33,433	1,087,129	0	32,273,399	215,736	0	62,717	38,666,543
<b>Net book value</b>										
<b>Balance as at 1 Jan 2022</b>	221,680	12,612,585	30,419	2,450,304	42,000	5,735,666	139,848	296,398	5,431	21,534,331
<b>Balance as at 31 Dec 2022</b>	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

## 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 is 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, the Company 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. The Company 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 rights-of-use assets during the period

	Opening recognition as at 1 Jan 2023	Increase in 2023	Decrease in 2023	31 Dec 2023
<b>ASSETS</b>				
The right-of-use leased assets	2,396,362	178,142	247,939	2,326,565
<b>Total assets</b>	<b>2,396,362</b>	<b>178,142</b>	<b>247,939</b>	<b>2,326,565</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Non-current liabilities</b>				
Finance lease payables	1,783,004	114,949	368,062	1,529,891
<b>Current liabilities</b>				
Finance lease payables	223,962	355,274	223,962	355,274
<b>Total equity and liabilities</b>	<b>2,006,966</b>	<b>470,223</b>	<b>592,024</b>	<b>1,885,165</b>

In 2023, the Company increased liabilities for right-of-use assets in the Statement of Financial Position by EUR 178,142 and decreased the lease payables by EUR 223,962.

Assets relating to long-term leases increased by EUR 355,274 and decreased by EUR 247,939 as a result of depreciation charges.

The payments for long-term leases amounted to EUR 223,962 and payments for smaller leases amounted to EUR 278,773.

Total recognised in the Income Statement

	31 Dec 2023	31 Dec 2022
Amortisation of the right of use	247,939	349,530
Small lease expenses	278,773	129,400
<b>Operating profit/(loss)</b>	<b>526,712</b>	<b>478,930</b>
Expenses from financing activities	47,780	45,411
<b>Total recognised in the Income Statement</b>	<b>574,492</b>	<b>524,341</b>

### 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 signed 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, *Aviation 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. The Company 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 arising from temporary differences between the tax bases and carrying amounts of its long-term provisions for jubilee awards and post-employment benefits and unutilised tax relief on fixed assets.

#### 2023

	31 Dec 2022	Increase	Decrease	31 Dec 2023
Jubilee premiums	27,154	2,863	0	30,017
Retirement benefits	198,239	352,161	0	550,400
Unused tax deductions in fixed assets	49,574	0	49,574	0
<b>TOTAL</b>	<b>274,967</b>	<b>355,023</b>	<b>49,574</b>	<b>580,417</b>

The effects of deferred taxes in the amount of EUR 305,450 were recognised in the Income Statement.

#### 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
Unutilised tax relief on fixed assets	0	49,574	0	49,574
<b>TOTAL</b>	<b>284,708</b>	<b>55,189</b>	<b>64,930</b>	<b>274,967</b>

At the end of reporting period, as at 31 December 2023, Slovenia Control applied a tax rate of 22%, in accordance with a change in the law effective from 1 January 2024. In contrast, the tax rate at the end of 2022 was 19%.

### 3.2.5 Inventories

The Company'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 2022	Purchases	Utilization	Impairment	31 Dec 2023
Spare parts	355,554	14,265	5,870	26,207	337,742
Goods held for sale	4,552	0	3,083	0	1,469
<b>TOTAL</b>	<b>360,106</b>	<b>14,265</b>	<b>8,953</b>	<b>26,207</b>	<b>339,211</b>

### 3.2.6 Current operating receivables

	Gross as at 31 Dec 2023	Impairment	Carrying amount as at as of 31 Dec 2023	31 Dec 2022
Receivables due from domestic customers	329,935	0	329,935	278,766
Receivables due from foreign customers	7,975,376	1,557,970	6,417,406	5,638,173
Receivables due from state institutions	158,628	0	158,628	181,675
Other assets	609,529	0	609,529	630,397
<b>TOTAL</b>	<b>9,073,468</b>	<b>1,557,970</b>	<b>7,515,498</b>	<b>6,729,011</b>

Other operating receivables represent current deferred costs for:

- membership fee paid to Eurocontrol;
- membership fee paid to CANSO;
- prepaid training expenses to Eurocontrol, scheduled to be conducted in 2024; and
- prepaid annual cost for support and maintenance of the ADMT system.

### MOVEMENTS IN BAD DEBT PROVISION

	2023	2022
<b>Balance as at 1 Jan</b>	<b>1,447,886</b>	<b>1,280,014</b>
Impairment during the period (net amount)	110,084	167,872
Recoveries of written-off receivables (net amount)	0	0
Final write-off (elimination) of receivables	0	0
<b>Balance as at 31 Dec</b>	<b>1,557,970</b>	<b>1,447,886</b>

A doubtful debt provision of EUR 1,557,970 was created for trade receivables. The Company 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 2023	31 Dec 2022
Outstanding receivables	6,698,852	5,890,596
Receivables due up to 30 days	13,883	0
Receivables due up to 90 days	6,006	975
Receivables overdue by more than 90 days	28,600	25,368
<b>TOTAL</b>	<b>6,747,341</b>	<b>5,916,939</b>

### 3.2.7 Cash and cash equivalents

	31 Dec 2023	31 Dec 2022
Nova Ljubljanska banka, d. d.	4,871,734	60,698
SKB banka d. d.	578,909	75,022
Banka Intesa Sanpaolo d. d.	70,400	1,842,613
Unicredit banka Slovenija d. d.	13,126	274,945
<b>TOTAL</b>	<b>5,534,169</b>	<b>2,253,278</b>

### 3.2.8 Equity

Slovenia Control ended the financial year of 2023 with a profit of EUR 4,651,720.

In 2023, the Company's equity increased, and, as at 31 December 2023, amounted to EUR 12,397,024, and comprised called-up capital, statutory reserves and fair value reserves.

### 3.2.9 Provisions and non-current accrued expenses and deferred revenue

#### 2023

	Jubilee premiums and post-employment benefits	Litigations and compensations	Other provisions	Other accrued expenses and deferred revenue	Total
<b>Balance as at 1 Jan 2023</b>	<b>2,372,561</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,372,561</b>
Creation	3,302,236	0	0	0	3,302,236
Reversal	-258,994	0	0	0	-258,994
Utilization	-139,285				-139,285
Transfer to current items	0	0	0	0	0
<b>Balance as at 31 Dec 2023</b>	<b>5,276,518</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,276,518</b>

## 2022

	Jubilee premiums and post-employment benefits	Litigations and compensations	Other provisions	Other accrued expenses and deferred revenue	Total
<b>Balance as at 1 Jan 2022</b>	<b>2,710,555</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,710,555</b>
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
<b>Balance as at 31 Dec 2022</b>	<b>2,372,561</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,372,561</b>

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.

In accordance with Article 95 of the Collective Agreement for Air Traffic Management and Air Traffic Control, which entered into force on 1 August 2024, the Company's employees are entitled to a retirement benefit which ranges from 4 to 7 times the employee's average gross salary for the last three months prior to the termination of the employment contract. This entitlement is based on the employee's length of continuous service with the employer and its predecessors. Prior to the entry into force of the aforementioned collective agreement, employees were entitled to a retirement benefit equal to three times the average monthly salary in the Republic of Slovenia for the preceding three months or, if more favourable to the employee, three times the employee's average gross salary for the last three months of employment. The change in the calculation of retirement benefits has resulted in a substantial increase in this provision.

## 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 2023, 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 2023 was 46.1 years, whereas as at 31 December 2022, it was 47.0 years.

- **Employee turnover:**

- Employee turnover due to a termination of employment by the employee: linearly decreasing from 4.0% at 18 years to 0.0% at 58 years, then constant at 0.0%.
- As at 31 December 2023, this constitutes an average annual turnover of 1.3% for the next reporting period.
- 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 their gender, date of birth and total years of service as at 31 December 2023 in accordance with Article 27 of the Pension and Disability Insurance Act (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 Company's data on the anticipated retirement date was taken into account.
- 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, the following sensitivity analysis was carried out to calculate the changes in the present value of the liabilities for jubilee premiums and retirement benefits as at 31 December 2023, and for the purpose of comparison as at 31 December 2022. The analysis takes into account certain minor changes in actuarial assumptions, namely profitability, salary growth in the Republic of Slovenia and in the Company as well as employee turnover. 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 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Return	+0.5	-9,766	-9,526	-255,234	-104,548
	-0.5	10,415	10,146	275,375	112,691
Salary growth	+0.5	10,667	10,556	274,829	113,001
	-0.5	-10,081	-9,981	-255,448	-104,835
Employee turnover	+0.5	-10,155	-9,937	-264,692	-108,938
	-0.5	7,231	3,584	12,189	19,871

\* The minimum fluctuation is assumed to equal 0%.

## Financial assumptions

All financial assumptions are stated on a nominal basis.

- **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 Autumn Forecast of Economic Trends 2023, Institute of Macroeconomic Analysis and Development (IMAD, September 2023) were applied in the calculations for 2024 and 2025. From 2026 onwards, average salaries in the Republic of Slovenia are expected to increase due to inflation (IMF; October 2023) and 1.4% due to real growth.

Year	Nominal annual growth rate of average monthly salaries in the Republic of Slovenia (in %)	Annual inflation rate in the Republic of Slovenia (%)
2024	5.6	3.9
2025	5.5	2.7
2026	3.8	2.4
2027-	3.4	2.0

- The average monthly salary in the Republic of Slovenia is calculated on the basis of average salaries from November 2022 to October 2023 which grow in accordance with the actuarial assumptions regarding the nominal growth rate of average gross salaries in the Republic of Slovenia.
- For the calculation of the average monthly salaries over the last 12 months, the data published by the Statistical Office of the Republic of Slovenia (SURs) for 2022 were taken into account.

- **Salary growth rate in Slovenia Control:**

- Basic gross salaries and variable pay are expected to increase in the amount of annual inflation, increased by a real growth of 0.4%, but not exceeding the expected average salary growth rate in the Republic of Slovenia.

Year	Nominal annual growth rate of average monthly salaries in Slovenia Control
2024	4.3
2025	3.1
2026	2.8
2027-	2.4

- A salary growth rate of 0.5% annually due to promotions has been considered.
- An increase in basic gross salaries in the Company 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 2023, 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.

- **Tax rate:**

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.

- **Discount rate:**

The discount rate for the calculation as at 31 December 2023 was set at 3.1%, reflecting the yield on high-quality (AA rate) corporate bonds denominated in Euros (EUR) as at 29 December 2023, 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 (12.2 years).

The following table shows the average weighted duration of liabilities.

	The average weighted duration (in years)
Jubilee premiums	9.0
Retirement benefits	12.4
Severance pay	0.0
<b>Total</b>	<b>12.2</b>

### 3.2.10 Non-current financial liabilities

	31 Dec 2023	31 Dec 2022
Non-current domestic bank loans	8,571,429	10,285,715
Non-current liabilities - Leases (IFRS 16)	1,529,899	1,783,004
<b>TOTAL</b>	<b>10,101,328</b>	<b>12,068,719</b>

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

- a credit facility of EUR 12,000,000, 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.

Instalments totalling EUR 1,714,285 are due in 2023 and are shown under current liabilities. As a result, as at 31 December 2023, the Company had a debt of EUR 8,571,429. Slovenia Control has not pledged any of its own real estate or other assets as security for the loan.

	Principal as at 31 Dec 2023	Maturity by years				
		2024	2025	2026	2027	After 2027
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	362,409	368,000	295,000	221,000	147,000	74,000
<b>TOTAL</b>	<b>10,648,124</b>	<b>2,082,285</b>	<b>2,009,285</b>	<b>1,935,285</b>	<b>1,861,285</b>	<b>3,502,575</b>

The Company applied the standard - IFRS 16 Leases - upon its effective date of 1 January 2019. As at 31 December 2023, liabilities amounted to EUR 1,885,173. Liabilities of EUR 355,274 due in 2023, are recorded as current liabilities (Note 3.2.11).

	Principal as at 31 Dec 2023	Maturity by years			
		Up to 1 year	Up to 2 years	Up to 3 years	More than 5 years
IFRS 16 principal balances of lease liabilities	1,885,173	355,274	355,274	355,274	819,351
Projected interest expense	245,072	47,780	47,780	47,780	101,732
<b>TOTAL</b>	<b>2,130,245</b>	<b>403,054</b>	<b>403,054</b>	<b>403,054</b>	<b>921,083</b>

	Principal as at	Maturity by years			
	31 Dec 2022	Up to 1 year	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
<b>TOTAL</b>	<b>2,272,176</b>	<b>271,562</b>	<b>271,562</b>	<b>271,562</b>	<b>1,457,490</b>

### 3.2.11 Current financial liabilities

	31 Dec 2023	31 Dec 2022
Current domestic bank loans	1,714,285	1,714,284
Current liabilities - Leases (IFRS 16)	355,274	223,962
<b>TOTAL</b>	<b>2,069,558</b>	<b>1,938,246</b>

Slovenia Control recognises as a current financial liability short-term loan commitments of EUR 1,714,285 due in 2024 and one part of the long-term IFRS 16 lease liabilities of EUR 355,274 due in 2024 (see also Note 3.2.10).

### 3.2.12 Current trade liabilities

	31 Dec 2023	31 Dec 2022
Trade payables due to domestic suppliers	564,571	721,902
Trade payables due to foreign suppliers	931,318	1,351,942
<b>TOTAL</b>	<b>1,495,889</b>	<b>2,073,844</b>

As at 31 December 2023, Slovenia Control had no overdue trade payables.

### 3.2.13 Other current operating liabilities

	31 Dec 2023	31 Dec 2022
Liabilities due to employees	1,876,736	1,883,895
Liabilities due to state institutions	2,192,974	2,247,954
Other operating liabilities	15,164	26,166
<b>TOTAL</b>	<b>4,084,874</b>	<b>4,158,015</b>

	1 Jan 2023	Creation	Reversal	31 Dec 2023
Unutilised annual leave	1,021,878	13,819	0	1,035,697
Accrued expenses	0	1,769	0	1,769
Short-term deferred revenue	191,020	651,855	750,000	92,875
<b>TOTAL</b>	<b>1,212,898</b>	<b>667,443</b>	<b>750,000</b>	<b>1,130,341</b>

### 3.2.14 Income from contracts with customers

	2023	2022
Income from contracts with customers in the Republic of Slovenia	1,256,757	1,102,322
Income from contracts with customers in the EU	612,981	582,522
Income from contracts with customers abroad	970	970
Income from contracts - en-route charges	44,003,928	36,091,874
Income from contracts - terminal charges	3,168,691	2,996,550
<b>TOTAL</b>	<b>49,043,327</b>	<b>40,774,238</b>

A detailed analysis of income generated from en-route and terminal charges is presented in Section 3.1 – 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 2019/317/EU 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.

### 3.2.15 Other operating income

	2023	2022
EU subsidies	98,524	95,888
Reimbursements of staff pay by the Health Insurance Institute of Slovenia)	300,164	394,502
Income from the reversal of provisions	337,127	8,269
Other business-related income	27,190	102,293
<b>TOTAL</b>	<b>763,005</b>	<b>600,952</b>

### 3.2.16 Cost of materials and services

#### Cost of materials

	2023	2022
Cost of ancillary material	5,172	100,740
Energy costs	760,370	472,957
Cost of spare parts and material for maintenance	97,559	138,748
Write-off of small tools - useful life of up to one year	6,234	385
Cost of office supplies and professional literature	34,820	49,703
Other cost of materials	29,780	31,354
<b>TOTAL</b>	<b>933,935</b>	<b>793,887</b>

#### Costs of services

	2023	2022
Cost of transportation services	6,315	4,332
Internet and telephone costs	271,689	339,594
Cost of services relating to maintenance	1,094,699	1,075,578
Leases not covered by IFRS - 16	278,773	129,400
Reimbursement of work-related expenses	419,862	300,897
Payment transaction costs	8,326	8,930
Costs of insurance premiums	221,367	224,702
Costs of intellectual and personal services	312,921	335,966
Costs of trade fairs, advertising and entertainment	56,634	50,059
Costs of contracts for services, royalties and Student Work Centre	173,626	103,004
Costs of attendance fees of the Supervisory Board and Workers' Council	111,388	100,248
Costs of aviation meteorology - en-route	1,959,998	1,468,339
Costs of aviation meteorology - terminal	520,470	518,761
Costs of the Civil Aviation Agency - en-route	990,315	761,721
Costs of the Civil Aviation Agency - terminal	74,752	68,802
Other cost of services	1,146,423	1,000,482
<b>TOTAL</b>	<b>7,647,558</b>	<b>6,490,815</b>

### 3.2.17 Labour cost

	2023	2022
Employees' salaries	21,563,298	19,838,015
Costs of supplementary pension insurance	602,807	612,610
Other pension insurance related costs	1,909,892	1,757,249
Other social security cost	1,566,628	1,439,338
Benefited length of service	992,658	951,215
Costs for home to work travel allowances and lunch allowances	922,390	718,924
Annual leave allowance	499,917	235,811
Other employee reimbursements	66,797	6,076
Provisions for jubilee awards and post-employment benefits	2,553,462	120,162
Severance pay	292,838	17,224
Jubilee awards and other employee awards	27,889	14,441
<b>TOTAL</b>	<b>30,998,576</b>	<b>25,711,065</b>

The average number of employees based on the total number of hours worked in 2023 was 230.09.

### EMPLOYEE STRUCTURE

Average no. of employees in 2023	
Air traffic control posts requiring a licence - licensed staff	
• Air traffic services posts - air traffic controllers	109
• Air traffic services posts - operators (FDT+FIS)	21
• Communications, navigation and surveillance posts	34
• Communications, navigation and surveillance posts	20
Aeronautical information services posts	184
Non-licensed staff	59
<b>Total employees</b>	<b>243</b>

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

	2023	2022
Amortisation of intangible assets	561,053	614,304
Depreciation of buildings	521,274	521,274
Depreciation of buildings - IFRS 16	201,934	285,181
Depreciation of equipment	1,448,776	1,830,640
Depreciation of equipment - IFRS 16	54,809	64,349
Depreciation of small tools	1,577	752
<b>TOTAL</b>	<b>2,789,423</b>	<b>3,316,500</b>

	2023	2022
Loss on retirement of fixed assets	2,568	274
Impairment of inventories	26,207	26,493
Write-off of receivables	110,783	176,953
<b>TOTAL</b>	<b>139,558</b>	<b>203,720</b>

	2023	2022
Recognition of impairments in the financial year	1,030,585	977,239
Reversal of impairment of receivables	977,239	800,287
<b>TOTAL</b>	<b>53,346</b>	<b>176,952</b>

### 3.2.19 Other operating expenses

	2023	2022
Membership fees and other operating expenses	1,846,457	1,669,720
Donations and humanitarian aid	10,100	7,440
Awards for pupils/ students on work placements	5,815	0
<b>TOTAL</b>	<b>1,862,372</b>	<b>1,677,160</b>

The membership fee paid to Eurocontrol during the period under review amounted to EUR 1,772,069 (2022: EUR 1,600,727).

### 3.2.20 Financial expenses

	2023	2022
Interest received	423,151	73,828
Financial liabilities relating to IFRS 16	47,780	45,411
Interest paid on jubilee awards - actuarial calculation	8,949	1,693
Interest paid on retirement benefits - actuarial calculation	161,713	22,510
Cost relating to operating liabilities	1,704	1,206
<b>TOTAL</b>	<b>643,297</b>	<b>144,648</b>

### 3.2.21 Tax return

	2023	2022
Income tax expense	-465,052	-265,934
Deferred tax expense	305,450	-9,740
<b>Taxes</b>	<b>-159,602</b>	<b>-275,674</b>

	2023	2022
Profit (loss) for the period before tax	<b>4,811,322</b>	<b>3,043,725</b>
Corporate income tax at 19%	914,151	578,308
Effect of non-taxable income	-32,027	0
Tax effects non-deductible expenses	374,773	140,432
Unrecognised deferred tax on tax losses	-791,845	-452,806
Other items	0	0
<b>Total corporate income tax</b>	<b>465,052</b>	<b>265,934</b>

In its tax return for the reporting period, acting in accordance with Article 55(a) of the Corporate Income Tax Act, the Company utilized certain tax reliefs.

	1 Jan 2023	Increase	Decrease	Unutilised relief 31 Dec 2023
Unutilised relief from 2022	260,915	0	260,915	0
Unutilised relief from 2023	0	574,959	574,659	0
<b>Total</b>	<b>260,915</b>	<b>574,959</b>	<b>835,574</b>	<b>0</b>

The Company's Corporate Income Tax Return for the year ended 31 December 2023 reports an unutilised tax loss of EUR 15,660,260, which comprises EUR 13,115,412 from 2020 and EUR 5,264,194 from 2021. This amount is reduced by the utilised tax losses for 2023, amounting to EUR 2,719,346. The amount of accrued deferred tax at a tax rate of 22% on the unutilised losses as at 31 December 2023, amounts to EUR 3,445,257. 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 2023.

## 3.2.22 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

2023	Fair value measurement			
	Book value as at as of 31 Dec 2023	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	6,747,340	0	0	6,747,340
Cash and cash equivalents	5,534,169	0	0	5,534,169
Assets with disclosed fair value	12,281,509	0	0	12,281,509
<b>Total fair value of assets</b>	<b>12,281,509</b>	<b>0</b>	<b>0</b>	<b>12,281,509</b>
Operating liabilities – current and non-current	1,495,889	0	0	1,495,889
Financial liabilities – current and non-current according to IFRS 16	1,885,173	0	0	1,885,173
Loans	10,285,715	0	0	10,285,715
Total liabilities with disclosed fair value	13,666,777	0	0	13,666,777
<b>Total fair value of liabilities</b>	<b>13,666,777</b>	<b>0</b>	<b>0</b>	<b>13,666,777</b>

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

2022	Fair value measurement			
	Book value as at as of 31 Dec 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
<b>Total fair value of assets</b>	<b>8,170,217</b>	<b>0</b>	<b>0</b>	<b>8,170,217</b>
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
<b>Total fair value of liabilities</b>	<b>16,080,810</b>	<b>0</b>	<b>0</b>	<b>16,080,810</b>

### 3.2.23 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, the Company 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 2022 and 2023, this difference significantly affects the Company’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, the Company has not created any long-term provision or regulatory liability or regulatory receivable in respect of this item.

### 3.2.24 Financial instruments and financial risk management

The most significant financial risks to which the Company 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 8,571,429 (2022: EUR 20,285,716). The current portion of the financial liabilities as at 31 December 2023 amounted to EUR 1,714,285 (2022: EUR 1,714,285). An unexpected increase in variable interest rates may have a significant impact on the Company’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

##### 2023

Balance of liabilities relating to each variable interest rate	Liabilities at 31 Dec 2023	Interest rate increase of 0.5 percentage point	Interest rate cut of 0.5 percentage point
6-month EURIBOR	10,285,715	51,429	-51,429
<b>Total</b>	<b>10,285,715</b>	<b>51,429</b>	<b>-51,429</b>

**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
<b>Total</b>	<b>12,000,000</b>	<b>60,000</b>	<b>-60,000</b>

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. In addition, the Company manages liquidity risk by conducting weekly and monthly monitoring of traffic, of financial items, such as income, costs as well as cash flows and utilizing short-term credit lines.

2023	Book value	Contractual cash flows		
		Up to 1 year	From 1 to 6 years	Total
Realised financial liabilities	0	0	0	0
Loans and credit lines, including expected interest	10,285,715	2,082,285	9,308,425	11,390,710
Lease liabilities including expected interest	1,885,173	355,274	1,529,899	1,885,173
Trade payables	1,495,889	1,495,889	0	1,495,889
<b>Total</b>	<b>13,666,777</b>	<b>3,933,448</b>	<b>10,838,324</b>	<b>14,771,772</b>

2022	Book value	Contractual cash flows		
		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
<b>Total</b>	<b>16,346,020</b>	<b>4,594,067</b>	<b>12,374,044</b>	<b>16,968,111</b>

**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.

The Company 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 at Slovenian international airports). The credit risk primarily arises in the segment of terminal charges as such income is characterised by a higher concentration of customers. From a credit risk perspective, it is important to note that income from terminal services accounts for less than 10% of total turnover, with the largest customer accounting for no more than 15% of terminal charge income.

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 the Company). 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, the Company 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, the Company did not recognise any additional impairment of trade receivables

	31 Dec 2023	31 Dec 2022
Receivables due from domestic customers	329,935	278,766
Receivables due from customers abroad	6,417,406	5,638,173
Receivables due from state institutions	158,628	181,675
Cash and cash equivalents	5,534,169	2,253,278
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 the Company 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 the Company is the Republic of Slovenia. Its rights are exercised through Slovenian Sovereign Holding. In terms of its capital management and dividend policy, the Company 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 the Company'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 2023 was 2.97 and 3.88 for 2022. 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.

### 3.2.25 Carrying out other activities

Slovenia Control generated revenues of EUR 698,343 from other activities in 2023. This figure includes EUR 634,902 from the sale of KAMI licences, EUR 49,000 from the lease of business premises (a hangar at the Jože Pučnik Ljubljana Airport) and EUR 14,441 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 1.4% of the Company's total operating income.

### 3.2.26 Related party transactions

The Company 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.

The Company has a non-current investment in FABCE, Ltd. The investment is described in more detail in Note 3.2.3.

In 2023, Slovenia Control generated EUR 42,490 of income with FABCE, Ltd., from the lease of business premises and technical equipment, as well as from administrative, accounting and legal support services. As at 31 December 2023, the Company had no outstanding receivables due from or payables due to FABCE, Ltd.

### 3.2.27 Events after the Reporting Period

In February 2024, the Company was involved in an employment-related legal dispute, which the management assesses will not have a significant impact on the financial statements and operational results in future financial periods.

No events occurring from the date of the financial statements to the day of preparing this report have affected the true and fair picture of the 2023 Financial Statements.

### 3.2.28 Contingent liabilities and contingent assets

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 this 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 or insufficient funds received based on the adjustment mechanism:

	Balance as at 31 Dec 2023	Change	Balance as at 1 Jan 2023
Traffic adjustment	363,557	4,448,469	-4,084,912
Inflation adjustment	25,631	313,623	287,991
Traffic, inflation and investment adjustment 2020 and 2021	536,006	6,558,541	6,022,536
Expense and income adjustment	109,107	1,335,028	-1,225,921
<b>Total adjustment</b>	<b>1,034,301</b>	<b>12,655,660</b>	<b>999,695</b>

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

### 3.2.29 Audit costs

Purpose of expense	2023	2022
Annual audit of financial statements	9,400	10,525
Other assurance services	0	0
<b>TOTAL</b>	<b>9,400</b>	<b>10,525</b>

The audit of the Annual Report incurred a cost of EUR 9,400. No other services were provided by the auditor.

### 3.2.30 Other disclosures

In 2023, Slovenia Control's management was represented by the Company's legal representative, the CEO, Dr Franc Željko Županič, whose term of office expired on 22 March 2023. As at 23 March 2023, Rok Marolt assumed the role of the Company's CEO whose term of office ended prematurely on 4 April 2024. On 5 April 2024, pending the appointment of a new CEO, Srečko Janša, a Member of the Supervisory Board, assumed the management of the Company as interim director, for a period not to exceed one year.

CEO's gross earnings (in EUR):

#### 2023

Name and Surname	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)
Dr Franc Željko Županič	CEO (until 22 March 2023)	30,667	63,350	0	21,026	1,142	0	116,185
Rok Marolt	CEO (since 23 March 2023)	103,621	0	0	0	4,737	0	108,358

**2022**

Name and Surname	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)
Dr Franc Željko Županič	CEO	109,491	15,714	0	0	5,404	0	130,609

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. In 2023, upon the conclusion of his term, the Company's CEO, Dr Franc Željko Županič, was paid the variable portion of the remuneration for business performance for the year 2022. The Company has no outstanding claims arising from loans to the CEO.

The Supervisory Board is composed of six members, of these four represents 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.

**2023**

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)	Total (1+2)	Attendance fees for SB and AC gross per year (3)	Total gross (1+2+3)	Travel expenses
Peter Grašek	SB President	12,300	0	12,300	2,040	14,340	1,526
Srečko Janša	SB Deputy President	9,380	0	9,380	2,040	11,420	0
Marija Šeme, MBA	SB Member and AC President	8,200	3,075	11,275	3,384	14,659	213
Dr Marko Hočevar	SB Member and AC Deputy President	8,200	2,050	10,250	3,384	13,634	235
Žiga Ogrizek	SB Member and AC Member	8,200	2,050	10,250	3,384	13,634	0
Boštjan Mišmaš	SB Member	8,200	0	8,200	2,040	10,240	0
Urška Kiš	AC Member	0	2,050	2,050	1,184	3,234	108

In 2023, the sum of EUR 897 was earmarked by the Company for the training of the members of the Supervisory Board and the Supervisory Board's Audit Committee, as well as EUR 6,510 for D&O insurance policy.

**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)	Total (1+2)	Attendance fees for SB and AC gross per year (3)	Total gross (1+2+3)	Travel expenses
Dušan Hočevar	SB President and AC deputy president until 13 October 2022	9,192	1,530	10,722	1,882	12,604	244
Rok Prešern	SB Deputy President until 13 October 2022	6,741	0	6,741	1,466	8,207	135
Borut Lackovič Žumer	SB Member until 13 October 2022	6,127	0	6,127	1,466	7,593	670
Marija Šeme	SB Member and AC President in 2022	7,891	2,959	10,850	3,042	13,892	266
Boštjan Mišmaš	SB Member in 2022	7,891	0	7,891	1,866	9,757	0
Žiga Ogrizek	SB Member and AC Member in 2022	7,891	1,972	9,863	3,066	12,929	0
Urška Kiš	AC Member in 2022	0	2,049	2,049	800	2,849	62
Peter Grašek	SB President from 14 October 2022	2,645	0	2,645	800	3,445	482
Srečko Janša	SB Deputy President from 14 October 2022	1,939	0	1,939	800	2,739	0
Marko Hočevar	SB Member and AC Deputy President from 14 October 2022	1,763	440	2,203	936	3,139	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.

### 3.2.31 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 2023, the Company generated a net profit of EUR 4,651,720.

Pursuant to Article 230, Paragraph 3 of the Companies Act, 50% of the net profit for the 2023 of EUR 2,325,860 is allocated to other revenue reserves, so that the net profit for the 2023 after appropriation amounted to EUR 2,325,860.

As at 31 December 2023, the Company reported a distributable profit of EUR 3,144,675.

It has been proposed to the Company Founder to utilize the distributable profit, which comprises the remainder of the remaining net profit for 2023 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.

### 3.2.32 Statement of Management Responsibility

In accordance with the provisions of Article 60(a) of the Companies Act, on 6 May 2024, the Company'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 the Company in 2023.

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, 6 May 2024

Srečko Janša  
CEO



## GLOSSARY OF TERMS AND ACRONYMS

ACC	Območna kontrola zračnega prometa	Area Control Centre
ACE Report	Poročilo stroškovne učinkovitosti upravljanja zračnega prometa	ATM Cost Effectiveness Report
ADP	Proces letalskih informacij	AIS Data Process
ADS-B	Avtomatski odvisni nadzor	Automatic Dependent Surveillance Broadcast
ADSP	Ponudnik storitve ATM podatkov	ATM Data Service Provider
AFTN	Letalsko fiksno telekomunikacijsko omrežje	Aeronautical Fixed Telecommunication Network
A/G	Komunikacija kontrolor-pilot	Air to Ground
AIP	Zbornik letalskih informacij	Aeronautical Information Publication
AIRAC	Aeronavtične informacije, vezane na regulativo in nadzor	Aeronautical Information Regulation and Control
AIS	Služba letalskih informacij	Aeronautical Information Services
AMC	Celica za upravljanje zračnega prostora	Airspace Management Cell
AMHS	Sistem za avtomatsko predajo sporočil	Aeronautical Message Handling System
ANS	Navigacijska služba zračnega prometa	Air Navigation Service
ANSP	Izvajalci storitev navigacijskih služb zračnega prometa	Air Navigation Service Provider
AoR	Območje odgovornosti	Area of Responsibility
APP	Prilet (končna faza prileta)	Approach (Final Approach)
ARO	Služba zrakoplovnih informacij	Aeronautical Reporting Office
ASM	Upravljanje zračnih prostorov	Airspace Management
ATCA	Združenje kontrolorjev zračnega prometa	Air Traffic Control Association
ATCC	Center za vodenje in kontrolo zračnega prometa	Air Traffic Control Centre
ATFM	Upravljanje pretoka zračnega prometa	Air Traffic Flow Management
ATIS	Samodejna storitev letaliških informacij	Automatic Terminal Information Service
ATM	Upravljanje zračnega prometa	Air Traffic Management
ATM Master Plan	Osrednji načrt za upravljanje zračnega prometa v Evropi	European Air Traffic Management Master Plan
ATS	Službe zračnega prometa	Air Traffic Services
ATSB	NewPENS Nadzorni odbor	NewPENS Supervisory Board
ATSEP	Tehnično osebje za področje varnosti zračnega prometa	Air Traffic Safety Electronics Personnel
ATSU	Enota izvajanja službe zračnega prometa	Air Traffic Service Unit
Austro Control	Avstrijski izvajalec navigacijskih služb zračnega prometa	Austro Control, Österreichische Gesellschaft für Zivilluftfahrt mbH, Austria
BALTIC FAB	Funkcionalni blok zračnega prostora baltskih držav	Baltic Functional Airspace Block
BLUE - MED FAB	Funkcionalni blok zračnega prostora BLUE MED (Mediterranski funkcionalni blok zračnega prostora)	Functional Airspace Block BLUE MED (Mediterranean Functional Airspace Block)
CANSO	Mednarodna organizacija civilnih navigacijskih služb zračnega prometa	The Civil Air Navigation Services Organization
CAPAN	Analiza kapacitete	Capacity Analysis
CEF	Instrument za povezovanje Evrope	Connect Europe Facilities
CFMU	Osrednja enota za upravljanje pretoka zračnega prometa	Central Flow Management Unit
CNS	Komunikacije, navigacija in nadzor	Communication, Navigation and Surveillance
COM	Komunikacije	Communication
CPDLC	Povezava za podatkovno komunikacijo med kontrolorji zračnega prometa in piloti	Controller-Pilot Data Link Communications
CRCO	Centralni urad za zaračunavanje pristojbin pri organizaciji Eurocontrol	Central Route Charges Office
Croatia Control	Hrvaški izvajalec navigacijskih služb zračnega prometa	Hrvatska kontrola zračne plovitbe d. o. o.

CTNC	Centralizirani tehnično nadzorni center	Centralized System Monitoring and Control
CTR	Območje kontroliranega prometa	Controlled Traffic Region
DAM	Dinamično upravljanje zračnega prostora	Dynamic Airspace Management
DANUBE FAB	Funkcionalni blok zračnega prostora DANUBE (FAB Romunije in Bolgarije)	Functional Airspace Block DANUBE (FAB of Romania and Bulgaria)
DCT	Sistem direktnega načrtovanja letov	Direct Flight
DDPO	Davek od dohodkov pravnih oseb	Corporate Income Tax
DEP	Odlet	Departure
DME	Naprava za merjenje razdalje	Distance Measuring Equipment
DMGR	Sistem za distribucijo podatkov	Data manager
EAD	Evropska baza zrakoplovnih podatkov	European AIS Data Base
EASA	Evropska agencija za varnost v letalstvu	European Aviation Safety Agency
EBIT	Dobiček iz poslovanja (dobiček pred obrestmi in davki)	Earnings Before Interest and Taxes
EBITDA	Poslovni izid pred obrestmi in davki, depreciacijo in amortizacijo	Earnings Before Interest, Taxes, Depreciation and Amortization
EBIT marža	Dobiček iz poslovanja / kosmati donos iz poslovanja	Earnings Before Interest and Taxes / Gross Operating Income
EBITDA marža	Poslovni izid pred obrestmi in davki, depreciacijo in amortizacijo / kosmati donos iz poslovanja	Earnings Before Interest, Taxes Depreciation and Amortization / Gross Operating Income
ECAC	Evropska konferenca civilnega letalstva	European Civil Aviation Conference
ECB	Evropska centralna banka	European Central Bank
EDA	Evropska obrambna agencija	European Defence Agency
EoSM	Učinkovitost upravljanja varnosti	Effectiveness of Safety Management
FAB	Funkcionalni blok zračnega prostora	Functional Airspace Blocks
FAB CE	Funkcionalni blok zračnega prostora v srednji Evropi	Functional Airspace Block Central Europe
FAB EC	Funkcionalni blok zračnega prostora centralne Evrope	Functional Airspace Block Europe Central
FDPS	Sistem za obdelavo podatkov o letih letal	Flight Data Processing System
FDS	Protokol prenosa podatkov o letih	Flight Data Service
FCSG	FAB CE skupina za kibernetično varnost	FAB CE Cyber Security Group
FIR	Letalsko informacijsko področje	Flight information region
FL	Nivo leta	Flight Level
FPL	Načrt leta	Flight Plan
FRA	Zračni prostor, v katerem se prosto (svobodno) določajo zračne poti	Free Route Airspace
FUA	Prilagodljiva uporaba zračnega prostora	Flexible Use of Airspace
FRA IT	Zračni prostor brez zračnih poti Italije	Free Route Airspace Italy
GATE ONE	Združenje treh različnih FAB-ov (BALTIC FAB, DANUBE FAB, FAB CE) in M-NAV ter SAMTSA	Alliance between three FABs (BALTIC FAB, DANUBE FAB, FAB CE) and M-NAV and SMATSA
GO FRA	Zračni prostor Gate One, v katerem se prosto (svobodno) določajo zračne poti	Gate One Free Route Airspace
IANS	Inštitut navigacijskih služb zračnega prometa	Institute of Air Navigation Services
HW	Strojna oprema	HardWare
HungaroControl	Madžarski izvajalec navigacijskih služb zračnega prometa	Hungarian Air Navigation Services, Hungary
IATA	Mednarodno združenje letalskih prevoznikov	International Air Transport Association
ICAO	Mednarodna organizacija civilnega letalstva	International Civil Aviation Organization
IFR	Pravila instrumentalnega letenja	Instrument Flight Rules
IMF	Mednarodni denarni sklad	International Monetary Fund
INEA	Izvajalska agencija za inovacije in omrežja	Innovation and Networks Executive Agency
IT	Informacijska tehnologija	Information Technology

KPI	Ključni kazalnik uspešnosti	Key Performance Indicator
KPK	Komisija za preprečevanje korupcije	Commission of prevention of corruption
LHBP	OLDI partner Budimpešta	Online Data Interchange partner
LKZP	Letališka kontrola zračnega prometa	Aerodrome Control
LoA	Sporazum o postopkih koordinacije med kontrolami zračnega prometa	Letter of Agreement
LPS	Slovaški izvajalec navigacijskih služb zračnega prometa	Letové Prevádzkové Služby Slovenskej Republiky, Státny Podnik, Slovak Republik
LSSIP	Lokalni načrt implementacije enotnega neba	Local Single Sky Implementation Plan
MET	Službe letalske meteorologije	Meteorological Services
METAR	Vremenski podatki za letališče	Meteorological Aerodrome Report
Mode S	Način S sprejema podatkov sekundarnega radarskega odzivnika	Mode S
MONA	Orodje za spremljanje prometne situacije	Monitoring Aid
MPLS	Večprotokolna komutacija z zamenjavo label	Multi-protocol label switching
MRS	Mednarodni računovodski standardi	International Accounting Standards
MSRP	Mednarodni standardi računovodskega poročanja	International Financial Reporting Standards
MTOW	Najvišja dovoljena vzletna teža letala	Maximum Take-Off Weight
MUAC	Center za kontrolo zgornjega zračnega prostora Maastricht	Maastricht Upper Area Control
MW	Mikrovalovna povezava	MicroWave
NATO	Organizacija Severnoatlantske pogodbe	North Atlantic Treaty Organisation
NCMP	Natov proces kriznega upravljanja	Nato Crisis Management Process
NCRSM	Priročniku o Natovem sistemu odzivanja na krize	Nato Crisis Response System Manual
NUKO	Nacionalni ukrepi kriznega odzivanja	National Crisis Respons System
NAV	Navigacija	Navigation
NewPENS	novo PAN-evropsko omrežje za prenos storitev	New PAN-European Network Services
NOTAM	Obvestilo pilotom	Notice - to - Airmen
OJT	Usposabljanje na delovnem mestu	On Job Training
OKZP	Območna kontrola zračnega prometa	Area Control Centre
OLDI	Sprotna izmenjava podatkov	On-line Data Interchange
OMRS	Odbor za mednarodne računovodske standarde	International Accounting Standards Committee
OPMSRP	Odbor za pojasnjevanje mednarodnih standardov računovodskega poročanja	International Financial Reporting Interpretations Committee
ORM	Povratno sporočilo, ki se nanaša na načrt leta	Operational Reply Message
PBN	Navigacija, ki ne temelji le na konvencionalnih zemeljskih navigacijskih sredstvih	Performance based Navigation
PIB	Predpoletni Informacijski Bilten	Pre-flight Information Bulletin
PSSG	PENS Nadzorni odbor	PENS Service Stearing Group
QAM	Sistem za zagotavljanje vremenskih podatkov	System for providing Weather Data
RAT	Orodje za ocenjevanje tveganja	Risk Analysis Tool
RCSE	Naprava daljinskega nadzora in prikaza statusa	Remote Control and Status Equipment
RDD	Prikazovalnik radarskih podatkov	Radar Data Display
ROA	Donosnost sredstev (čisti dobiček obdobja / povprečna celotna sredstva obdobja)	Return on Assets
ROE	Donosnost kapitala (čisti dobiček obdobja / povprečni lastniški kapital obdobja)	Return on Equity
RP	Referenčno obdobje	Reference Period

SAT	Preverjanje delovanja sistema oz. naprave na mestu vgradnje	Site Acceptance Test
SDPS	Sistem za obdelavo nadzornih podatkov	Surveillance Data Processing System
SECSI FRA	Čezmejni zračni prostor brez zračnih poti	South East Common Sky Initiative Free Route Airspace
SES	Enotno evropsko nebo (evropska zakonodaja za oblikovanje enotnega evropskega neba)	Single European Sky
SESAR	Raziskave ATM enotnega evropskega neba	Single European Sky ATM Research
SID	Standardna odletna procedura	Standard Instrument Departure
SLI	Sektor letalskih informacij	Aeronautical Information Department
SLT	Sektor letalskih telekomunikacij	Communications, Navigation and Surveillance Department
SMRS	Svet za mednarodne računovodske standarde	International Accounting Standards Committee
SMS	Sistem upravljanja varnosti	Safety Management System
SNL	Služba za navigacije in letališča	Navigation and airports department
SOC	Oddelek za kibernetiko varnost	Security Operations Center
SSR	Sekundarni nadzorni radar	Secondary Surveillance Radar
STAR	Standardna priletna procedura	Standard Terminal Arrival
STATFOR	Eurocontrolova storitev statistike in napovedi	EUROCONTROL Statistics and Forecast Services
STCA	Kratkoročni alarm iz radarskih podatkov pri potencialnem računanim padcu separacije	Short Term Conflict Alert
SUR	Nadzor	Surveillance
SW	Programska oprema	SoftWare
SZP	Sektor zračnega prometa	Air Traffic Department
TAF	Meteorološki podatki za področje	Terminal Area Forecast
TMA	Terminalno področje	Terminal Area
TMCS	Sistem za tehnični nadzor	Technical Monitoring and Control System
TNC	Tehnično-nadzorni center	System Monitoring and Control
UAP	Osebjne za področje upravljanja z aeronavtičnimi podatki	Aeronautical Information Management personnel
UAV	Brezpilotni zrakoplov, brezpilotni letalnik	Unmanned Aerial Vehicle
UTC	Univerzalni koordinirani čas	Coordinated Universal Time
VCS	Sistem za govorno komunikacijo	Voice Communication System
VDR	Sistem za snemanje govora in radarskega zaslona delovnih pozicij	Voice Data Recording
VFR	Pravila vizualnega letenja	Visual Flight Rules
VHF/UHF	Zelo visoka frekvenca/Ultra visoka frekvenca	Very High Frequency/Ultra High Frequency
WHO	Svetovna zdravstvena organizacija	World Health Organization
VLO	Vojaški letalski organ	Military Aviation Authority
VoIP	Govor prek internetnega protokola	Voice Over Internet Protocol
X strežnik	X strežnik kontrolorske delovne pozicije	X server

## LIST OF LEGAL AND REGULATORY BASES

1. **Aviation Act (Official Gazette of RS, No. 81/10 – official consolidated text, 46/ 16 and 47/19);**
2. Act on the Provision of Air Navigation Services (Official Gazette of RS, No 30/06 – official consolidated text and No 109/09, 62/10 – ZLet-C and 18/11 – ZUKN-A) (in the Report referred to as: Act on the Provision of Air Navigation Services);
3. Companies Act (Official Gazette of RS, No. 65/09 – official consolidated text, 33/11, 91/11, 32/12, 57/12, 44/13 – CC Dec., 82/13, 55/15, 15/17, 22/19 – ZPosS, 158/20 – ZIntPK-C and 18/21) (in the Report referred to as: Companies Act or ZGD-1)
4. Services of General Economic Interest Act (Official Gazette of RS, No. 32/93, 30/98 – ZZLPO, 127/06 – ZJZP, 38/10 – ZUKN and 57/11 – ORZGJS40)
5. Slovenian Sovereign Holding Act (Official Gazette of the Republic of Slovenia, No. 25/14 and 140/22( in the Report referred to as: Slovenian Sovereign Holding Act);
6. Critical Infrastructure Act (Official Gazette RS, No. 75/17 and 189/ 21– ZDU-1M) (in the Report referred to as: Critical Infrastructure Act);
7. Information Security Act (Official Gazette RS, No. 30/ 18, 18/ 21,/ 23– ZDU-10 and 49/ 23) (in the Report referred to as: Information Security Act);
8. Articles of Association of Slovenia Control (n the Report referred to as: Articles of Association);
9. Eurocontrol International Convention Relating to Co-operation for the Safety of Air Navigation (Act on the Ratification of Eurocontrol” International Convention Relating to Co-operation for the Safety of Air Navigation, Official Gazette of the Republic of Slovenia - International Treaties, No. 12/95, Act on Ratification of Protocol Consolidating Eurocontrol International Convention Relating to Co-operation for the Safety of Air Navigation of 13 December 1960 (Official Gazette of the Republic of Slovenia - International Treaties, No. 10/04)) (in the Report referred to as: Eurocontrol Convention);
10. Convention on International Civil Aviation and the Annexes to the Chicago Convention (Official Gazette of the FPRY – International Treaties, No. 3/54, Official Gazette of the Republic of Slovenia, No. 24/92 – Act of Notification of Succession, Official Gazette of the Republic of Slovenia – International Treaties, No. 3/00) and the Act on the Ratification of the Protocol Amending Article 50(a) of the Convention on International Civil Aviation and the Protocol Amending Article 56 of the Convention on International Civil Aviation (Official Gazette of the Republic of Slovenia, No. 17/19) (in the Report referred to as: Chicago Convention and the Annexes to the Chicago Convention);
11. Standards and recommendations of international organizations: International Civil Aviation Organization (ICAO) and Eurocontrol;
12. Regulation (EC) No 549/2004 of the European Parliament and of the Council of 10 March 2004 laying down the framework for the creation of the single European sky (the framework Regulation) (OJ L 96, 31.3.2004, p. 1) as last amended by Regulation (EC) No 1070/2009 of the European Parliament and of the Council of 21 October 2009 amending Regulations (EC) No 549/2004, (EC) No 550/2004, (EC) No 551/2004, and (EC) No 552/2004 in order to improve the performance and sustainability of the European aviation system (OJ L No 300, 14.11.2009, p. 34) (in the Report referred to as: Regulation 549/2004/EC);
13. Regulation (EC) No 550/2004 of the European Parliament and of the Council of 10 March 2004 on the provision of air navigation services in the Single European Sky (the Service Provision Regulation) (OJ L No 96, 31.3.2004, p. 10) as last amended by Regulation (EC) No 1070/2009 of the European Parliament and of the Council of 21 October 2009 amending Regulations (EC) No 549/2004, (EC) No 550/2004, (EC) No 551/2004, and (EC) No 552/2004 in order to improve the performance and sustainability of the European aviation system (OJ L No 300, 14.11.2009, p. 34) (in the Report referred to as: Regulation 550/2004/EC);
14. Regulation (EC) No 551/2004 of the European Parliament and of the Council of 10 March 2004 on the organisation and use of the airspace in the Single European Sky (the Airspace Regulation) (OJ L No 96, 31.3.2004, p. 20) as last amended by Regulation (EC) No 1070/2009 of the European Parliament and of the Council of 21 October 2009 amending Regulations (EC) No 549/2004, (EC) No 550/2004, (EC) No 551/2004, and (EC) No 552/2004 in order to improve the performance and sustainability of the European aviation system (OJ L No 300, 14.11.2009, p. 34) (in the Report referred to as: Regulation 551/2004/EC);
15. Regulation (EC) No 552/2004 of the European Parliament and of the Council of 10 March 2004 on the interoperability of the European Air Traffic Management network (the Interoperability Regulation) (OJ L No 96, 31.3.2004, p. 26), repealed by Regulation (EU) 2018/1139 of the European Parliament and of the Council of 4 July 2018 on common rules in the field of civil aviation and establishing a European Union Aviation Safety Agency, and amending Regulations (EC) No 2111/2005, (EC) No 1008/2008, (EU) No 996/2010, (EU) No 376/2014, and Directives 2014/30/EU and 2014/53/EU of the European Parliament and of the Council, and repealing Regulations (EC) No 552/2004 and (EC) No 216/2008 of the European Parliament and of the Council, and Council Regulation (EEC) No 3922/91 (OJ L No 212, 22.8.2018, p. 1) (in the Report referred to as: Regulation (EC) 2018/1139 (in the Report referred to as: Regulation 552/2004/EC);
16. Commission Implementing Regulation (EU) 2017/373 of 1 March 2017 laying down common requirements for providers of air traffic management/air navigation services and other air traffic management network functions and their oversight, repealing Regulation (EC) No 482/2008, Implementing Regulations (EU) No 1034/2011, (EU) No 1035/2011, and (EU) 2016/1377, and amending Regulation (EU) No 677/2011 (OJ L No 62, 8.3.2017, p. 1), as last amended by Commission Implementing Regulation (EU) 2024/403 of 30 January 2024 amending Implementing Regulation (EU) 2017/373 as regards the definition of SIGMET and certain requirements concerning special visual flight rules and air traffic controller licenses (OJ L No 2024/403, 11.4.2024) (in the Report referred to as: Commission Implementing Regulation 2017/373/EU);

17. Commission Implementing Regulation (EU) 2020/469 of 14 February 2020 amending Regulation (EU) No 923/2012, Regulation (EU) No 139/2014, and Regulation (EU) 2017/373 as regards requirements for air traffic management/air navigation services, airspace structure design, data quality, and runway safety, and repealing Regulation (EU) No 73/2010 (OJ L No 104, 3.4.2020, p. 1);
18. Commission Implementing Regulation (EU) No 923/2012 of 26 September 2012 laying down the common rules of the air and operational provisions regarding services and procedures in air navigation and amending Implementing Regulation (EU) No 1035/2011 and Regulations (EC) No 1265/2007, (EC) No 1794/2006, (EC) No 730/2006, (EC) No 1033/2006 and (EU) No 255/2010 (OJ L 281, 13.10.2012, p. 1), as last amended by Commission Implementing Regulation (EU) 2021/666 of 22 April 2021 amending Regulation (EU) No 923/2012 as regards requirements for manned aviation conducting operations in the U-space airspace (OJ L 139, 23.4.2021, p. 187);
19. Regulation (EU) No 376/2014 of the European Parliament and of the Council of 3 April 2014 on the reporting, analysis, and follow-up of occurrences in civil aviation, amending Regulation (EU) No 996/2010 of the European Parliament and of the Council and repealing Directive 2003/42/EC of the European Parliament and of the Council and Commission Regulations (EC) No 1321/2007 and (EC) No 1330/2007 (OJ L 122, 24.4.2014, p. 18) (in the Report referred to as: Regulation (EU) 376/2014), as last amended by Commission Delegated Regulation (EU) 2020/2034 of 6 October 2020 supplementing Regulation (EU) No 376/2014 of the European Parliament and of the Council as regards a common European risk classification scheme (OJ L 416, 11.12.2020, p. 1) (Delegated Regulation 2020/2034/EU);
20. Regulation (EU) 2018/1139 of the European Parliament and of the Council of 4 July 2018 on common rules in the field of civil aviation and establishing a European Union Aviation Safety Agency, amending Regulations (EC) No 2111/2005, (EC) No 1008/2008, (EU) No 996/2010, (EU) No 376/2014 and Directives 2014/30/EU and 2014/53/EU of the European Parliament and of the Council, and repealing Regulations (EC) No 552/2004 and (EC) No 216/2008 of the European Parliament and of the Council and Council Regulation (EEC) No 3922/91 (OJ L 212, 22.8.2018, p. 1), as last amended by Commission Delegated Regulation (EU) 2021/1087 of 7 April 2021 amending Regulation (EU) 2018/1139 of the European Parliament and of the Council with regard to updating the references to provisions of the Chicago Convention (OJ L 236, 5.7.2021, p. 1) (in the Report referred to as: Regulation 2018/1139/EU);
21. Commission Implementing Regulation (EU) 2021/116 of 1 February 2021 establishing the first common project to support the implementation of the European Air Traffic Management Master Plan pursuant to Regulation (EC) No 550/2004 of the European Parliament and of the Council and amending Commission Implementing Regulation (EU) No 409/2013 and repealing Commission Implementing Regulation (EU) No 716/2014 (OJ L 36, 2.2.2021, p. 10) (in the Report referred to as: Commission Implementing Regulation 2021/116/EU);
22. Commission Implementing Regulation (EU) 2020/1627 of 3 November 2020 on exceptional measures for the third reference period (2020-2024) of the performance and charging scheme in the single European sky due to the COVID-19 pandemic (OJ L 366, 4.11.2020, p. 7) (in the Report referred to as: Commission Implementing Regulation 2020/1627/EU);
23. Commission Implementing Regulation (EU) 2019/317 of 11 February 2019 laying down a performance and charging scheme in the single European sky and repealing Implementing Regulations (EU) No 390/2013 and (EU) No 391/2013 (OJ L 56, 25.2.2019, p. 1) (in the Report referred to as: Commission Implementing Regulation 2019/317/EU);
24. Commission Implementing Regulation (EU) No 390/2013 of 3 May 2013 laying down a performance scheme for air navigation services and network functions (OJ L 128, 9.5.2013, p. 1) (in the Report referred to as: Commission Implementing Regulation 390/2013/EU);
25. Commission Implementing Regulation (EU) No 391/2013 of 3 May 2013 laying down a common charging scheme for air navigation services (OJ L No 128, 9.5.2013, p. 31- 58) (in the Report referred to as: Commission Implementing Regulation 391/2013/EU);
26. Commission Regulation (EU) 2015/340 of 20 February 2015 laying down technical requirements and administrative procedures related to air traffic controllers' licences and certificates pursuant to Regulation (EC) No 216/2008 of the European Parliament and of the Council, amending Commission Implementing Regulation (EU) No 923/2012 and repealing Commission Regulation (EU) No 805/2011 (OJ L No 63, 6.3.2015, p. 1) (in the Report referred to as: Regulation (EU) 2015/340), last amended by Commission Implementing Regulation (EU) 2023/893 of 21 April 2023 amending Regulation (EU) 2015/340 laying down technical requirements and administrative procedures related to air traffic controllers' licences and certificates (OJ L No 118, 4.5.2023, p. 1) (in the Report referred to as: Commission Implementing Regulation 2023/893/EU);
27. Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC (OJ L No 257, 28.8.2014, p. 73);
28. Commission Implementing Regulation (EU) 2023/203 of 27 October 2022 laying down rules for the application of Regulation (EU) 2018/1139 of the European Parliament and of the Council as regards requirements for the management of information security risks that may affect aviation safety, for organisations subject to Commission Regulations (EU) No 1321/2014, (EU) No 965/2012, (EU) No 1178/2011, (EU) 2015/340, Commission Implementing Regulations (EU) 2017/373 and (EU) 2021/664, and for competent authorities subject to Commission Regulations (EU) No 748/2012, (EU) No 1321/2014, (EU) No 965/2012, (EU) No 1178/2011, (EU) 2015/340 and (EU) No 139/2014, Commission Implementing Regulations (EU) 2017/373 and (EU) 2021/664, and amending Commission Regulations (EU) No 1178/2011, (EU) No 748/2012, (EU) No 965/2012, (EU) No 139/2014, (EU) No 1321/2014, (EU) 2015/340 and Commission Implementing Regulations (EU) 2017/373 and (EU) 2021/664 (OJ L 31, 2.2.2023, p. 1) (in the Report referred to as: Commission Implementing Regulation 2023/203/EU);
29. Commission Implementing Regulation (EU) 2023/1769 of 12 September 2023 laying down technical requirements and administrative procedures for the approval of organisations that design or produce air traffic management/air navigation services systems and their constituents, and amending Implementing Regulation (EU) 2023/203 (OJ L No 228, 15.9.2023, p. 19) (in the Report referred to as: Commission Implementing Regulation 2023/1769/EU);

30. Commission Implementing Regulation (EU) 2023/1770 of 12 September 2023 laying down provisions on aircraft equipment necessary for the use of the airspace of the single European sky and operational rules concerning the use of the airspace of the single European sky, and repealing Regulation (EC) No 29/2009 and Implementing Regulations (EU) No 1206/2011, (EU) No 1207/2011, and (EU) No 1079/2012 (OJ L No 228, 15.9.2023, p. 39) (in the Report referred to as: Commission Implementing Regulation 2023/1770/EU);
31. Commission Implementing Regulation (EU) 2023/1771 of 12 September 2023 amending Commission Implementing Regulation (EU) 2017/373 as regards air traffic management and air navigation services systems and their constituents, and repealing Regulations (EC) No 1032/2006, (EC) No 633/2007, and (EC) No 262/2009 (OJ L No 228, 15.9.2023, p. 49) (in the Report referred to as: Commission Implementing Regulation 2023/1771/EU);
32. Commission Implementing Regulation (EU) 2023/1772 of 12 September 2023 amending Implementing Regulation (EU) No 923/2012 as regards operational rules concerning the use of air traffic management and air navigation services systems and their constituents in the airspace of the single European sky, and repealing Regulation (EC) No 1033/2006 (OJ L No 228, 15.9.2023, p. 73) (in the Report referred to as: Commission Implementing Regulation 2023/1772/EU);
33. Commission Delegated Regulation (EU) 2023/1768 of 14 July 2023 laying down detailed rules for the certification and declarations of air traffic management/air navigation services systems and air traffic management/air navigation services constituents (OJ L No 228, 15.9.2023, p. 1) (in the Report referred to as: Delegated Implementing Regulation 2023/1768/EU);
34. Directive (EU) 2022/2557 of the European Parliament and of the Council of 14 December 2022 on the resilience of critical entities and repealing Council Directive 2008/114/EC (OJ L No 333, 27.12.2022, p. 164) (in the Report referred to as: Directive 2022/2557/EU);
35. Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148 (NIS 2 Directive) (OJ L No 333, 27.12.2022, p. 80) (in the Report referred to as: Directive 2022/2555/EU);
36. Decree on the implementation of Implementing Regulation (EU) laying down common requirements for providers of air traffic management/air navigation services and other air traffic management network functions and their oversight (Official Gazette of the Republic of Slovenia, No. 6/22) (in the Report referred to as: Decree implementing Commission Implementing Regulation 2017/373/EU);
37. Decree on the implementation of Implementing Regulation (EU) laying down a performance and charging scheme in the single European sky (Official Gazette of the Republic of Slovenia, No. 3/20) (in the Report referred to as: Decree implementing Commission Implementing Regulation 2019/317/EU);
38. Decree on terminal charges for the provision of air navigation services (Official Gazette RS, No. 121/21) (in the Report referred to as: Decree on terminal charges for the provision of air navigation services);
39. Decree amending and supplementing Decree on terminal charges for the provision of air navigation services (Official Gazette RS, No. 132/23) (in the Report referred to as: Decree amending and supplementing Decree on terminal charges for the provision of air navigation services);
40. Commission Implementing Decision (EU) 2021/891 of 2 June 2021 setting revised Union-wide performance targets for the air traffic management network for the third reference period (2020 – 2024) and repealing Implementing Decision (EU) 2019/903 (OJ L No 195, 3.6.2021, p. 3) (in the Report referred to as: Commission Implementing Decision 2021/891/EU);
41. Performance Plan Slovenia, Third Reference Period (2020 – 2024), 2021) (in the Report referred to as: Performance Plan 2020 – 2024 for the Republic of Slovenia);
42. Commission Decision (EU) 2022/777 of 13 April 2022 on the consistency of performance targets included in the draft performance plan submitted by Slovenia in accordance with Regulation (EC) No 549/2004 of the European Parliament and of the Council with the Union-wide performance targets for the third reference period (in the Report referred to as: Decision 2022/777/EU);
43. Decision of the Ministry of Infrastructure No. 3722- 15/ 2018/77-02011841 of 10 May 2022 adopting the Performance Plan of the Republic of Slovenia for the Third Reference Period (2020 – 2024) with performance targets (in the Report referred to as: Decision of the Minister adopting the Performance Plan of Slovenia 2020 – 2024);
44. Business Plan 2020 – 2025, No. 030-15/4-2022, Version 1.0 of 11 October 2022 (in the Report referred to as: Business Plan 2020 – 2025);
45. Conditions of Application of the Route Charges System and Conditions of Payment, Eurocontrol;
46. Principles for establishing the cost-base for en route charges and the calculation of the unit rates, Eurocontrol;
47. European ATM Master Plan;
48. ATM Network Strategic Plan;
49. ESSIP/LSSIP: Local Single Sky Implementation - LSSIP 2023 – SLOVENIA;
50. Eurocontrol, Seven Year Forecast Update 2023 – 2029, STATFOR, 31 March 2023;
51. Guidelines for Risk Assessment for the Operation of Critical Infrastructure of the Republic of Slovenia (Official Gazette of the Republic of Slovenia, No. 7/19) (in the Report referred to as: Guidelines for Risk Assessment for the Operation of Critical Infrastructure of the Republic of Slovenia);
52. Corporate Governance Code for SOEs, June 2022 and December 2023 (in the Report referred to as: the Corporate Governance Code for SOEs or the Code or the SSH Code);

53. SSH Recommendations and Expectations, May 2023 (in the Report referred to as: SSH Recommendations and Expectations or Recommendations);
54. Decree on security documentation and security measures for essential service providers (Official Gazette of the Republic of Slovenia, No. 8/23) (in the Report referred to as: Decree on security documentation and security measures for essential service providers);
55. Rules on security documentation and security measures for essential service providers (Official Gazette of the Republic of Slovenia, No. 32/19 and 19/21 – ZInV-A) (in the Report referred to as: Rules on security documentation and security measures for essential service providers);
56. Classified Information Act (Official Gazette of RS, No. 50/06 – official consolidated text, 9/10, 60/11, 8/20 and 18/23 – ZDU-10) (in the Report referred to as: Classified Information Act);
57. Decree on protection of classified information (Official Gazette RS, No.50/22)(in the Report referred to as: Decree on protection of classified information);
58. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (OJ L No 119, 4.5.2016, p. 1), 5. 2016, p. 1), as corrected by Corrigendum (OJ L No 119, 4.5.2016) (in the Report referred to as: Regulation 2016/679/EU);
59. Directive (EU) 2016/1148 of the European Parliament and of the Council of 6 July 2016 concerning measures for a high common level of security of network and information systems across the Union (OJ L No 194, 19.7.2016, p. 1) (in the Report referred to as: Directive 2016/1148/EU);
60. Public Information Access Act (Official Gazette of the Republic of Slovenia, No. 51/06 – official consolidated text, 117/11 (ZDavP-2 11, 23/14, 50/14, 19/15 – CC Dec, 102/15 and 7/18) (in the Report referred to as: Public Information Access Act);
61. Public Procurement Act (Official Gazette of RS, No. 91/15, 14/18121/21 10/22 74/22 – CC Dec, 100/22 – ZNUZSZS, 28/23 and 88/23 – ZOPNN-F) (in the Report referred to as: Public Procurement Act);
62. Decree on green public procurement (Official Gazette of the Republic of Slovenia, No. 51/17, 64/19 and 121/21);
63. Decree on waste (Official Gazette of the Republic of Slovenia, No. 37/15, 69/15 and 129/20);
64. Reporting Persons Protection Act (Official Gazette RS, No. 16/23) (in the Report referred to as: Reporting Persons Protection Act);
65. Collective Agreements Act (Official Gazette RS, No. 43/06 and 45/08 – ZArbit);
66. Governance Policy of Slovenia Control, Ltd.;
67. 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 the Report referred to as: the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities);
68. Decree on setting the highest correlation of basic payments and the rate of variable remuneration of directors (Official Gazette of the Republic of Slovenia, No. 34/10 and 52/11) (in the Report referred to as: Decree on setting the highest correlation of basic payments and the rate of variable remuneration of directors);
69. Act on the Provision of Air Navigation Services (Official Gazette of the republic of Slovenia, No 69/11 – official consolidated text and No. 158/20, 3/22 – Zden and 16/23 – ZZPri) (in the Report referred to as: Reporting Persons Protection Act);
70. Diversity Policy and Competency Profile of the Supervisory Board of Slovenia Control, Ltd
71. Multilateral Agreement on Air Route Charges (Act on the Ratification of the Multilateral Agreement on Air Route Charges, Official Gazette of the Republic of Slovenia - International Treaties, No. 11/95);
72. Decree on the indicative list of contracting authorities and mandatory information in notices regarding small-value contract procedures (Official Gazette of the Republic of Slovenia, No. 37/16) (in the Report referred to as: Decree on the informative list of contracting authorities and mandatory information in notices for small value procurement procedures);
73. Legal Protection in Public Procurement Procedures Act (Official Gazette of the Republic of Slovenia, No. 43/11, 60/11 – ZTP-D, 63/13, 90/14 – ZDU-II, 60/17 and 72/19) (in the Report referred to as: Legal Protection in Public Procurement Procedures Act);
74. Decree on obligatory organised security (Official Gazette of the Republic of Slovenia, No.80/12);
75. Private Security Act (Official Gazette RS, No. 17/11);
76. Rules on Internal Whistleblowing System for reporting irregularities and illegalities;
77. Decree on the determination of airspace structures (Official Gazette of the Republic of Slovenia, No. 106/23);
78. Collective Agreement for Air Traffic Management and Control Sector (Official Gazette of the Republic of Slovenia, No. 83/23);
79. Code of Ethics of Slovenia Control, Ltd. (in the Report referred to as: Code of Ethics);
80. Performance Based Navigation Transition Plan – Slovenia;
81. Safety Polica and Just Culture, Slovenia Control, Ltd.:

82. Safety Management Manual;
83. Commission Regulation (EU) 2023/1803 of 13 August 2023 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L 237, 26.9.2023, p. 1- 992) (in the Report referred to as: Regulation 2023/1803/EU);
84. Pension and Disability Insurance Act (Official Gazette of the Republic of Slovenia, No. 48/22 – official consolidated text, 40/23 – ZČmIS-1, 78/23 – ZORR, 84/23 – ZDOsk-1, 125/23 – CC Dec. and 133/23) ( in the Report referred to as: Pension and Disability Insurance Act or ZPIZ-2);
85. Decree on the tax treatment of reimbursement of costs and other income from employment (Official Gazette of the Republic of Slovenia, No. 140/06, 76/08, 63/17, 71/18, 104/21, 114/21, 87/22, 113/22 and 162/22) (in the Report referred to as: Decree on the tax treatment of reimbursement of costs and other income from employment);
86. Corporate Income Tax Act (Official Gazette of the Republic of Slovenia, 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, 105/22 – ZZNŠPP and 12/24) (in the Report referred to as: Corporate Income Tax Act).