

Annual Report 2020

Ljubljana Stock Exchange



LJUBLJANSKA BORZA
LJUBLJANA *Stock Exchange*

Ljubljana, 7 April 2021



CONTENTS

INTRODUCTION	3
Ljubljana Stock Exchange Highlights	4
Ljubljana Stock Exchange Company Profile	5
Company ID.....	5
Business	5
Report from the Management Board	6
Report from the Supervisory Board	9
BUSINESS REPORT	13
Corporate Governance Statement	14
General Meeting	14
Supervisory Board	15
Management Board	16
Board of Members and Board of Issuers	18
Corporate Governance in the Group.....	18
Statement on Compliance with the Corporate Governance Code.....	19
Diversity Policy.....	20
Risk management.....	21
Other information (as at 31 December 2020)	24
Human Resource Management.....	24
Employees	25
Demographics and employees' academic profiles.....	25
Staff training and development	26
Staff motivation.....	26
A safe and healthy environment	27
Communicating with employees	27
Social corporate responsibility	27
Mission, vision and strategic objectives	27
Mission	27
Vision	28
Strategy and strategic objectives.....	28
Basic macroeconomic indicators for Slovenia	28
Ljubljana Stock Exchange operations in 2020	29
Market capitalisation.....	29
Turnover.....	29
Turnover of LJSE Member Firms.....	30



Most traded equities on the LJSE.....	30
LJSE turnover structure according to markets in 2020.....	31
The LJSE blue chip index SBI TOP	31
Important Ljubljana Stock Exchange activities in 2020	33
LJSE development and promotion activities and events.....	33
Domestic and international market promotion and international cooperation	33
Market surveillance and best market practices.....	35
Monitoring member firms and trades	35
Counselling and support to listed companies	35
Business operations analysis.....	36
Ljubljana Stock Exchange operations in 2020	36
Impact of the pandemic on the LJSE's operations	41
Events after the end of the accounting period	44
Objectives and plans for 2020	44
FINANCIAL STATEMENTS	46
INDEPENDENT AUDITOR'S REPORT	82
Contact info	86

INTRODUCTION



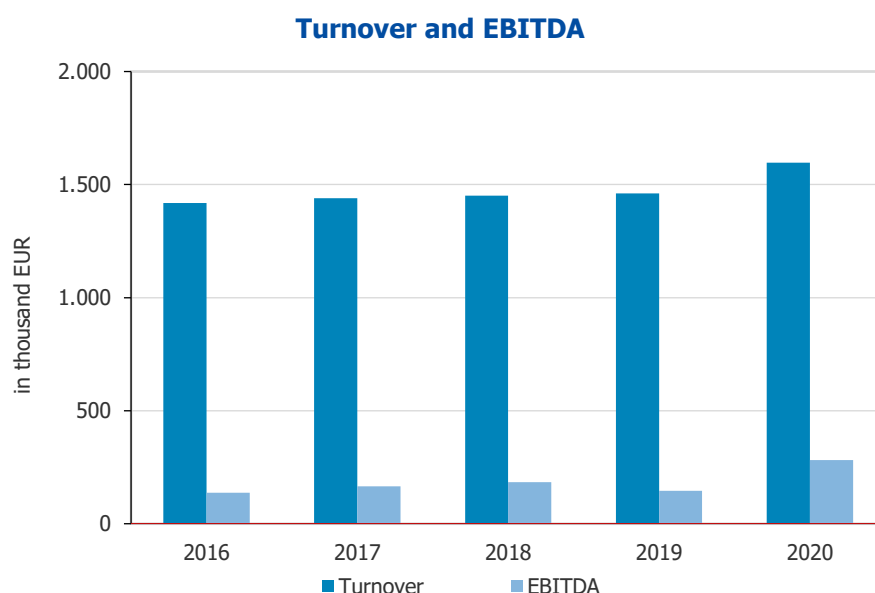
LJUBLJANSKA BORZA
LJUBLJANA *Stock Exchange*



Ljubljana Stock Exchange Highlights

EUR 1,597,511
SALES REVENUE

EUR 281,813
EARNINGS BEFORE
INTEREST, TAXES,
DEPRECIATION, AND
AMORTISATION
(EBITDA) 2020



(in EUR)	Key financial figures for the company Ljubljana Stock Exchange				
	2020	2019	2018	2017	2016
Called-up capital	1,400,893	1,400,893	1,400,893	1,400,893	1,400,893
Equity	2,521,857	2,441,902	2,471,796	2,591,903	2,376,378
Assets	2,879,438	2,752,688	2,771,539	2,939,649	2,654,468
Revenues (total)	1,601,857	1,470,623	1,453,553	1,445,485	1,421,246
- revenues from trading fees	595,719	436,776	503,905	464,127	502,011
- other revenues	1,006,138	1,033,847	949,648	981,358	919,235
Costs (total)	1,446,314	1,439,080	1,390,127	1,352,242	1,355,835
- labour costs	734,280	607,566	617,626	615,491	546,430
- other costs	712,034	831,514	772,501	736,751	809,405
EBITDA	281,813	145,334	183,454	166,103	137,390
Operating profit / loss (EBIT)	152,476	30,368	62,632	88,421	63,427
Profit / loss before tax	155,543	31,543	63,425	93,243	65,411
Taxes	-27,642	-9,212	-16,541	-13,924	24,140
Net profit / loss for the period	127,901	22,331	46,885	79,319	89,551

SHARE INFORMATION

No. of shares	33,571	33,572	33,573	33,574	33,575
Net profit per shares in EUR ¹	3.81	0.67	1.40	2.36	2.67
Dividend per share in EUR	-	1.41	1.69	5.03	-
Book value in EUR ²	75.12	72.74	73.62	77.20	70.78

NUMBER OF EMPLOYEES

Year-end	12 (+1 ³)	13	13	11 (+3 ³)	12
Average ³	11.5	11.1	12.4	12.3	9.8

¹ Profit of the year/Average number of shares issued in the year

² Equity as at 31 Dec/Total number of shares issued

³ Excluding a worker on maternity leave



Ljubljana Stock Exchange Company Profile

Company ID

Name	Ljubljanska borza, d. d., Ljubljana (English: Ljubljana Stock Exchange Inc., short: LJSE)
Registered Office	Slovenska cesta 56, 1000 Ljubljana, Slovenia
Telephone	+386 1 471 02 11
Fax	+386 1 471 02 13
E-mail Address	info@ljse.si
Website	www.ljse.si
Incorporated on	26 December 1989
Share Capital	EUR 1,400,893.01
Core Business	Regulated Securities Market Operator
Business Activity Code	67.110
Registration Number	5316081
VAT Identification Number	59780061
Size	Small Company (in accordance with Article 55 of the Companies Act (ZGD-1) - a large company for the purpose of preparing the books and annual report)
Companies Register Entry	1/04218/00, District Court of Ljubljana

Business

The Ljubljana Stock Exchange (hereinafter: LJSE or company) is a joint stock company founded to foster the matching of supply and demand in securities trading and in trading in other financial instruments. It ensures that transactions in securities and other financial instruments are carried out in a regulated, transparent, liquid and efficient manner, in line with the law and other regulations.

The company's objective is to maximise company value for shareholders in the long-term, parallel to ensuring the development, stability and safety of the Slovenian regulated market and complying with the regulations governing the market in financial instruments.

Transactions in securities and other financial instruments are organised pursuant to the law, the LJSE Articles of Association, the LJSE Rules, the LJSE Instructions and other LJSE acts adopted by the LJSE Management Board.

The company's Articles of Association stipulate the following as its business activities:

- Operating the stock exchange market in financial instruments for which it had obtained the Securities Market Agency's authorisation;
- Publishing securities prices;
- Providing information on the supply, demand and market value of securities, and other information on securities;
- Performing analytic research work in the financial market;
- Providing IT services to support trading;
- Operating the Slovenian multilateral trading facility (MTF);
- Operating the Slovenian officially appointed mechanism (OAM);
- Selling and maintaining the software developed for the purposes of providing its services.



Report of the Management Board

In 2020, the COVID-19 pandemic became a global phenomenon with wide and far-reaching consequences, including implications for the global and regional capital sector and, therefore, for the Ljubljana Stock Exchange as well.

All countries have observed a significant drop in economic activity. Among the measures to curb the pandemic, many had to do with the restriction of movement, both during the first and the second wave of the pandemic. In addition to the fall in economic activity and staff turnover in development and marketing services, this has had a further negative impact on the development and sale of new stock exchange services.

The LJSE responded to the pandemic crisis in a comprehensive manner. Initially, activities focused on ensuring the health of employees and business partners, the continuity of operations in the changed circumstances and identifying and managing risks. Already during the first wave, we showed our ability to optimise the flexibility of work according to the circumstances; work from home was organised for all employees practically overnight.

Further activities, however, have had a long-term focus so that the LJSE can operate without interruption in a very different business environment. In 2020, we paid particular attention to optimising costs and streamlining operations, which was also reflected in the plan for the year 2021. Achieving the strategic goals is extremely important to us, so we will continue to strive to provide our services at the highest possible level, as this is essential to maintain a high level of quality in organising and regulating the capital market.

The general estimate is that the COVID-19 pandemic in 2020 had no negative impact on the current business of the stock exchange. The loss of revenue relates mainly to revenue from the organisation of events (Partner Program, #FinancialLiteracy and Stock Exchange game project, Financial Conference).

The total revenue amounted to EUR 1,601,857 and total expenses were EUR 1,446,314. Compared to the planned revenues, the total revenues are EUR 48,112 or 3.1% higher than planned, while total expenses are EUR 80,961 or 5.3% lower than planned. The overall result for 2020 is positive, reflecting the increased stock market activity and internal cost optimisation of the LJSE.

Compared to 2019, total revenues increased by 8.9%, while expenses are at the level of expenses in 2019. In 2020, LJSE realised a positive cash flow of EBITDA in the amount of EUR 281,813, which is 99.6% more than in 2019. The operating result of the LJSE largely depends on income from trading, which amounted to EUR 595,719, 21.1% higher than in 2019. Listing fees revenue and listing maintenance fees amounted to EUR 465,831 and were 29.3% higher than in the previous year. Information-communication (ICT) services related to the Xetra® and SEO systems generated EUR 150,784, which is 3.1% lower than the previous year. Revenues from market data vending were higher than in the previous year; in 2020, they contributed EUR 277,403 of revenues or 5.5% more than the year before. The LJSE operates smoothly and without external indebtedness.

At the end of the year, the LJSE had 13 employees. Despite the small number of employees, the LJSE successfully performed all the tasks, which reflects good internal organisation and a high level of employee efficiency and motivation. Like every year, also in 2020, the LJSE devoted special attention to operations compliance and in-house corporate governance, which we try to continuously upgrade according to the



changing external circumstances or changed internal LJSE processes. Following the review of the operations of the LJSE, with an emphasis on the review of the IT area by the Securities Market Agency in 2020, the LJSE received an order and recommendations for the elimination of certain deficiencies. Except for the latter, the LJSE is also not facing any pending complaints or legal actions filed in 2020 by capital market stakeholders. As the LJSE was added to the list of essential service providers by the Information Security Administration and disagreed with that, it filed a lawsuit in an administrative dispute. According to the LJSE, the government's decision to name the Ljubljana Stock Exchange among IBS is not based on an appropriate legal and factual basis.

In addition to regular market management activities, in 2020, the LJSE carried out:

- Adjustment to work from home due to the COVID-19 epidemic;
- Upgrade of the SEO and INFO STORAGE system due to the adoption of annual reports in ESEF format;
- Definition of conditions and procedures for the admission of stock exchange members from third countries;
- Implementation of the stock exchange's self-assessment of compliance with Article 48 of MiFID II;
- Extension of trading time;
- Listing of a new type of securities - certificates of deposit (GDR);
- A member, who already has the status of liquidity provider for four shares, has been granted the status for one more share;
- Development and launch of new websites ljse.si and sienter.si;
- Establishment of an electronic document system and archive.

In 2020, positive synergy effects were achieved with the LJSE owner, Zagreb Stock Exchange, both in the field of the harmonisation of LJSE operations and organisation of the market with the objectives and business model of the LJSE owner, as well as in the field of optimisation and rationalisation of operations, namely:

- Implementation of new websites;
- Harmonisation of changes in the SI ENTER market segmentation with changes for the ZSE Progress market;
- Harmonisation of contractual relations with the Vienna Stock Exchange, particularly the harmonisation of the conditions for the extension of the agreement for Xetra.

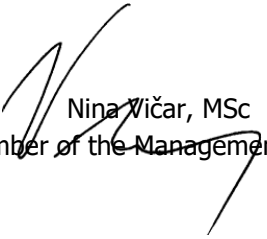
Movements on the Slovenian regulated capital market resulted in a decrease of the SBI TOP index, which dropped by 2.8% in 2020. The total turnover amounted to EUR 400,9 million in 2020 and was 21.7% higher than in the previous year. For the past few years, the LJSE can be viewed as an international market, as international investors with a 52.8% share in the turnover represent an important group of active investors in the Prime Market companies. In 2020, the downward trend in the number of listed companies from the Standard market continued; however, on the other hand, it is gratifying to note that two new bonds and one new issue of commercial paper were listed on the LJSE.




LJSE's operations in the coming years will predominantly depend on the level of activity on the stock exchange market, which in turn depends on the general economic position of Slovenia, state asset management and successful operations of listed companies. The LJSE will, together with other capital market stakeholders, continue to carry out many activities aimed at encouraging further development and promotion of the capital market.

Ljubljana, 7 April 2021

Ljubljana Stock Exchange


Nina Vičar, MSc
Member of the Management Board


Aleš Ipavec, MSc
President of the Management Board





Report of the Supervisory Board

Within its powers and competences, the LJSE Supervisory Board (hereinafter: Supervisory Board), in 2020, monitored the work of the Management Board and the company's operations, as well as periodically examined the company's results set out in its financial statements.

In 2020, the composition of the members of the Supervisory Board changed twice, in January 2020, when representatives of the owner were appointed due to the expiration of their term of office, and in April 2020, when in accordance with the Statute of the Ljubljana Stock Exchange and resolution of the General Meeting of Shareholders as at 13 January 2020, the composition of the members of the Supervisory Board has changed so that the Supervisory Board no longer has an employee representative. In 2020, the Supervisory Board consisted of the following members:

- **Mrs Ivana Gažić**, MSc, President of the Supervisory Board;
- **Mrs Patricia Bakšaj**, Deputy President of the Supervisory Board (until 13 January 2020);
- **Mr Matko Maravič**, LL.M., Deputy President of the Supervisory Board (from 13 January 2020);
- **Mr Tomislav Gračan**, MSc, Member of the Supervisory Board;
- **Mrs Darja Jermaniš**, MSc, Member of the Supervisory Board – employee representative (until 13 January 2020).

In 2020, the Supervisory Board met at four regular and four correspondence meetings. The Management Board submitted the materials for the Supervisory Board sessions at least seven days before the regular session and at least three days before the correspondence session.

The Supervisory Board also has a permanent Audit and Risk Committee, the composition of which has changed due to the constitution of the new Supervisory Board, as shown in the Corporate Governance Statement below. In 2020, the Audit and Risk Committee held four regular and one correspondence session.

In 2020, the Nomination Commission, which was appointed for the purpose of appointing the Management Board of the Ljubljana Stock Exchange, also met once.

Work of the Supervisory Board and its committees in 2020

In 2020, the Supervisory Board dealt with past and current operations. The Supervisory Board paid particular attention to monitoring the possible effects of the COVID-19 pandemic on LJSE's operations. In accordance with the SMA's recommendation regarding the payment of dividends, the Supervisory Board, together with the Management Board, proposed as a precaution that the accumulated profit remains undistributed. Following the end of the first wave of the epidemic, the Supervisory Board reassessed the financial situation on the basis of the semi-annual report for 2020, which included financial statements for the period of the first wave of the pandemic. Taking into account the plan for 2020, the Supervisory Board assessed that the LJSE has adequate capital to cover potential losses and provide liquidity in the event of a second wave of the pandemic. Therefore, the Supervisory Board proposed to the General Meeting that the accumulated profit be used for payment of dividends, which was later confirmed by the General Meeting.

Due to the expiration of the term of office of the LJSE Management Board, the Supervisory Board carried out the entire procedure of appointing a new Management Board and appointed a Nomination Committee to assess the suitability of both members of the Management Board. The Supervisory Board extended the term of office of the existing Members of the Management Board from 1 September 2020 to 31 August 2024.

Regularly, at its every meeting, the Supervisory Board closely monitored corporate governance, as well as rationalisation, compliance of the company's operations and risk management. It also adopted the Business and Financial Plan for 2021.

As regards the work of the Supervisory Board in 2020, it should be emphasised that the Supervisory Board, in addition to the above-mentioned activities:

- Discussed regular financial reports, compliance reports, reports on trading, listing and delisting of issuers and admitting and cancelling of member firms at each meeting;
- Was also promptly informed about the status of ongoing projects and activities and risk management, internal controls, the decisions taken and other events relevant to the stock exchange's operations;
- Discussed and agreed with the annual work plan for 2020 and 2021;
- Discussed and adopted the Annual Report of the Ljubljana Stock Exchange for 2019 and adopted materials for the General Meeting of Shareholders;
- Approved the financial plan for the 2021 financial year;
- Was briefed on the report on the implementation of internal audit activities and the status of implementation of recommendations in 2019, and the external audit report on the adequacy of the 2019 financial statements, to which it had no comments;
- Supported the proposed development activities, monitored the rationalisation and optimisation of operations.

For the purposes of the Supervisory Board's decision-making, all current financial reports, the annual report for 2019 and the financial plan for the 2021 financial year, as well as all reports on risk management, internal audit and internal controls, were previously discussed by the Audit and Risk Committee, which provided proposals of the resolutions to be approved by the Supervisory Board.

Performance and Remuneration of the Management Board

The Supervisory Board regularly monitored the work of the Management Board, particularly in detail at the regular meeting, when it determined the variable part of the salary in accordance with the employment contract and the accepted remuneration method, taking into account the profit or loss of the LJSE. The Supervisory Board's assessment is that in 2020, the management performed well, and the achieved business result is much higher than planned. A large part of the activities of the Management Board was focused on business optimisation and digitisation in the emergency situation due to the spread of the COVID-19 pandemic. A special focus was on ensuring the operation of the LJSE from a remote location, the smooth performance of all operational functions of the LJSE and the organisation of the LJSE's events and services in digital form.

Self-evaluation of the Supervisory Board

In 2020, the LJSE used equal or comparable concepts of corporate governance and supervision of operations and similar approaches to its clients and stakeholders as its parent company, i.e. the Zagreb Stock Exchange, which has a 100% ownership stake in the LJSE. This was also reflected in the representation in the Supervisory Board, which comprised two representatives of the Zagreb Stock Exchange and one representative of one of the biggest members of LJSE.

All Supervisory Board members have years of experience in the field of stock exchanges and capital markets, have good knowledge of the situation in the Slovene capital market, and some members are licenced subjects. Until 1 April 2020, one member of the Supervisory Board was also an employee representative. In



light of the above, the Supervisory Board assesses that the composition of the Supervisory Board as regards its representativeness, experience, and professional competence was adequate in 2020.

Members regularly attended the meetings in 2020 and actively participated in discussions on all items on the agenda.

We also consider the cooperation of the Management and Supervisory Boards to have been good. Good cooperation between both bodies was also the result of appropriate planning, which is also reflected in the successful achievement of operational and strategic objectives.

In cases where business issues were related to cooperation with the parent company, the resolutions of the Supervisory Board were appropriate and cost-effective and were not adopted to the detriment of the LJSE or the Slovenian capital market. The Supervisory Board did not address issues regarding the regulation of the organised market, which, according to the Financial Instruments Market Act, falls under the responsibility of the LJSE Management Board.

Annual Report 2019

The Supervisory Board reviewed the 2019 LJSE Annual Report, together with the Auditor's Report, at its meeting on 24 April 2020.

The financial statements were audited by Deloitte revizija, d.o.o.

The Annual Report that the Management Board presented to the Supervisory Board for review and approval is well drawn up and contains all the relevant components, supplements and disclosures stipulated by the Slovenian Companies Act and accounting standards.

The unqualified opinion of auditors Deloitte revizija, d.o.o., the fact that the company's operating results and movement of cash flows are compliant with the Slovenian Accounting Standards, along with the statements of the company's management saying that all significant facts related to the operations of the LJSE in 2020 have been disclosed and adequately argued, ensure that the financial statements are in all respects a true and fair reflection of the financial position of the LJSE as at 31 December 2020. The Supervisory Board had no comments on the Auditor's Report and content of the Annual Report.

We have studied the content of the Annual Report and the Auditor's Report with due diligence and decided at our meeting on 24 April 2020 to adopt the 2019 LJSE Annual Report formally.

Report and Explanations with Respect to Relations between the Ljubljana Stock Exchange and the Controlling Company Zagreb Stock Exchange or its affiliate company

In the previous financial year 2020, the LJSE did not conclude any legal transactions with the controlling company Zagreb Stock Exchange Inc. or its affiliated companies, nor did it carry out or fail to carry out any other action at the initiative or in the interest of these companies which would cause deprivation to the company or which would mean that the LJSE would not get a proper refund. The contract LJSE entered into with the Zagreb Stock Exchange in 2020 refers to the services of development and establishment of a new LJSE website and was not in any way a deprivation to the LJSE and does not mean that the LJSE will not get an appropriate refund, but will ensure additional optimisation of operations, thus increasing the possibility of LJSE services development and generating additional revenues in the coming years. In view



of the circumstances that were known at the time when the legal transaction was performed, or the act was carried out or failed to be carried out, the LJSE received a proper refund and was in no way deprived.

The Supervisory Board addressed the Report on Affiliated Companies together with the auditor's report on the financial statements at its regular meeting held on 23 April 2021.

The Report on relations with the Affiliated Companies was audited by auditors from Deloitte revizija, d.o.o.

The Report on relations with the Affiliated Companies was appropriately prepared and contains all components, explanations and disclosures prescribed by the Companies Act (ZGD-1). The auditing company Deloitte revizija, d.o.o issued a favourable opinion on the Report.

The Supervisory Board has no additional comments to the statement of the Management Board that in relations with the controlling company, the Zagreb Stock Exchange, or its affiliate companies, no transactions were entered into in 2020 that would cause deprivation for the LJSE.

Approval of Annual Report 2020, Proposal and Settlement of profit for 2020

The Members of the Supervisory Board were regularly informed about the operations of the LJSE at regular meetings of the Supervisory Board. The management reported on all interim reports. The Supervisory Board discussed the preliminary financial statements for 2020 at its regular meeting on 2 February 2021.

The Members of the Supervisory Board received the draft Annual Report for the financial year 2020 on 16 April 2021 and discussed it at its regular meeting on 23 April 2021.

Based on the draft Annual Report and the report of the audit company, the Supervisory Board assessed that the annual report of the Management Board credibly reflects the events and comprehensive information on the operations of the LJSE in 2020 and builds on the information that it regularly received during the business year. As no comments were received on the draft Annual Report and the Audit Report, the draft report was unanimously approved at the body's regular meeting on 23 April 2021. With this, the Annual Report was formally adopted in accordance with the provisions of Article 282 of the Companies Act and the Articles of Association of the LJSE.

Together with the Annual Report, the Supervisory Board also approves the proposal for the use of accumulated profit.

In 2020, the LJSE achieved a net profit of EUR 127,900.77, consisting of the net profit for the current year in the amount of EUR 142,716.57, the newly formed deferred tax assets in the amount of EUR 1,543.54, and 16,359.34 EUR of elimination of deferred tax assets. According to the decision of the Management Board and with the consent of the Supervisory Board, the total net profit for the financial year remains undistributed and, together with the retained earnings in the amount of EUR 25,042.79, constitutes the accumulated profit. Thus, the accumulated profit for the financial year 2020 is EUR 127,900.77. The Management Board and the Supervisory Board propose that the disclosed accumulated profit for 2020 is fully used for the payment of dividends to shareholders.

Mrs Ivana Gažić, MSc
President of the Supervisory Board

BUSINESS REPORT



LJUBLJANSKA BORZA
LJUBLJANA *Stock Exchange*



Corporate Governance Statement

The LJSE is a private joint-stock company, which complies with and implements the corporate governance principles arising out of legal norms, the company's internal acts and established best practices. Being one of the authors of the Slovenian Corporate Governance Code for Listed Companies (hereinafter: CG Code), the LJSE has actively striven to implement corporate governance principles into its business practice and has improved and supplemented its own system of governance by applying the relevant principles of best practice.

The company is operated by a two-tier system of governance, where the Management Board runs the business and is monitored by the Supervisory Board.

The LJSE has the following corporate bodies:

- The General Meeting;
- The Management Board;
- The Supervisory Board.

The company's Articles of Association also provide for two additional bodies, the Board of Members and the Board of Issuers, which have no direct influence on the LJSE governance but make indirect contributions to its reaching its objectives and strategy through their counselling functions.

General Meeting

The General Meeting (GE) is the company's highest body. It is composed of LJSE shareholders, who exercise their rights at the GE in matters pertaining to the company. The convening of the GE is governed by the Articles of Association of the LJSE in accordance with applicable law. The GE is convened by the Management Board on its own initiative, at the request of the Supervisory Board or at the request of the shareholders, taking into account the statutory and legal requirements. The GE is convened by a registered letter to the shareholders. The day on which the registered letter is sent is considered the day the convocation of the GE is published/announced. The right to take part and vote at a GM goes to all shareholders that are recorded as holders in the central registry of dematerialised securities (Central Securities Clearing Corporation or "KDD") at the end of the fourth day prior to the General Meeting (record date). GE is held at the LJSE registered office. The Management Board may determine in the convocation that the GE is held at the business address of the chosen notary public.

The GM is convened by the LJSE Management Board at least once a year, usually after having drawn up the annual report. The general meeting at which the appropriation of distributable profit and the discharge of liability are decided shall be held within eight months of the end of the financial year. The GM constitutes a quorum if at least one half of all shareholders with voting rights are represented at the meeting. Each ordinary no par value share carries one vote. The exercise of voting rights is stipulated in the LJSE Articles of Association.

There were two General Meetings held in 2020.

The 40th GM as at 13 January 2020:

- Nominated new members of the Supervisory Board.
- Decided on the remuneration of the Supervisory Board members.



The 41st GM as at 24 August 2020:

- Reviewed the Annual Report for 2019, learned of the remuneration of the Management Board, decided on the use of accumulated profit for 2019, and on discharging the Management Board and Supervisory Board from responsibility.
- Discussed the internal audit reports for 2019 with the opinion of the Supervisory Board.

Supervisory Board

Under the Articles of Association, the Supervisory Board is composed of three to five members, of which all are elected by the GM. Until 1 April 2020, one of the Supervisory Board members was a representative of LJSE employees. The Supervisory Board is currently composed of three members. All Supervisory Board members have equal rights and obligations unless otherwise specified by the Articles of Association and are appointed for a four-year term.

Their course of action is stipulated in the Supervisory Board Rules of Procedure.

The Supervisory Board supervises the conduct of the company's operations and business in accordance with the current legislation, the LJSE Articles of Association and Rules of Procedure, and selects and appoints members of the Management Board. In accordance with the provisions of the Articles of Association, it also gives its consent to the Management Board of the company for the adoption of the annual business and financial plan and the company's strategy. The Supervisory Board meets at least four times in a year.

The work of the Supervisory Board is carried out in accordance with the legislation, recommendations of professional associations, in particular the Slovenian Directors' Association, and other recommendations of good practice, in particular the CG Code.

The Supervisory Board remuneration does not directly depend on the company's performance and is disclosed under Supervisory Board Remuneration in 2020, in the Notes to the Financial Statements.

Members of the Supervisory Board, with their actions, take into account the company's objectives and subordinate to them any other personal or individual interests of third parties. All Supervisory Board members filled out a questionnaire on conflicts of interest and a statement of independence. The conduct of members in case of conflict of interests is defined in the Rules of Procedure of the Supervisory Board.

The work of the Supervisory Board in 2020 is outlined in more detail in the report of the Supervisory Board.

The Supervisory Board was composed of the following members in 2020:

- Mrs Ivana Gažić, MSc, President of the Supervisory Board;
- Mrs Patricia Bakšaj, Deputy President of the Supervisory Board (until 13 January 2020);
- Mr Matko Maravić, LL.M., Deputy President of the Supervisory Board (from 13 January 2020);
- Mr Tomislav Gračan, MSc, Member of the Supervisory Board;
- Mrs Darja Jermaniš, MSc, Member of the Supervisory Board LJSE employee representative (until 1 April 2020).

Other functions of members of the Supervisory Board:

- Mrs Ivana Gažić, MSc:
 - President of the Management Board of Zagreb Stock Exchange, Inc;



- Member of the Management Board of Funderbeam South-East Europe, Croatia;
- President of the Supervisory Board of SEE LINK Skopje, Macedonia;
- President of the Supervisory Board of Pan Pek d. o. o.;
- Mr Matko Maravić, LL.M.,
 - President of the Supervisory Board of InterKapital vrijednostni papiri, d. o. o.;
 - Member of the Supervisory Board of Zagreb Stock Exchange, Inc;
- Mr Tomislav Gračan, MSc,
 - Member of the Management Board of Zagreb Stock Exchange, Inc.

The Supervisory Board may establish special Supervisory Board committees, either for the entire term of the Board or to account for complex issues that call for efficient solutions. The types of such committees, their composition and nomination of committee members are stipulated in the Supervisory Board Rules of Procedure.

Due to the change of the Supervisory Board in January 2020, the Supervisory Board appointed new members of the Risk and Audit Committee. Under the Financial Instruments Market Act and the Banking Act, and based on the Securities Market Agency's approval for the merger of the Audit Committee and the Risk Committee, the Supervisory Board appointed a joint Audit and Risk Committee as a permanent committee of the Supervisory Board in 2019. In 2020, the Audit and Risk Committee consisted of three members of the Supervisory Board.

Members of the Audit and Risk Committee:

- Mr Tomislav Gračan, MSc, President of the Committee;
- Mrs Ivana Gažić, MSc, Member of the Committee;
- Mr Matko Maravić, LL.M., Member of the Committee.

In 2020, the term of office of the Management Board of the Ljubljana Stock Exchange expired, so the Supervisory Board appointed an ad-hoc Nomination Committee and authorised it to assess the suitability of the proposed candidates for members of the Management Board. At its meeting on 24 August 2020 and based on a positive assessment of the suitability of the existing members of the Management Board, the Supervisory Board extended the term of office of both members from 1 September 2020 to 31 August 2024.

Management Board

The LJSE Management Board consists of the President and a Member, who jointly represent the LJSE in legal transactions. The Management Board is appointed by the Supervisory Board. Their term of office shall not exceed five years and may be renewable.

The LJSE Management Board has the following main tasks:

- Management and representation of the LJSE;
- Implementation of the company's development and operations strategy;
- Ensuring compliance with the provisions of the Markets in Financial Instruments Act;
- Organising and providing for a smooth workflow at the LJSE;
- Preparing programme and financial objectives of the LJSE's operations, etc.;
- Acting with the care of a conscientious and honest businessman and guarding business secrets.



The functioning of the Management board and the distribution of the fields, tasks and responsibilities between individual members is laid down in the Rules of Procedure of the Management Board. In accordance with the Organisation Rules and the Rules of Procedure of the Management Board, the members of the Management Board also have operational tasks in the field of management, meaning each member of the Management Board is responsible for a certain number of organisational units, which enables direct cooperation between the Management Board and the directors of the organisational units.

The payments, reimbursements and other benefits received by the LJSE Management Board are stipulated in their employment contracts as entered into between the Supervisory Board and each Management Board member, and in a small part depend on the company's performance directly. All payments, reimbursements and other benefits are disclosed in the Notes to the Financial Statements under Management Board Remuneration in 2020.

In accordance with applicable law, the Supervisory Board adopted the General Principles on the LJSE Remuneration Policy, which also include the remuneration policy for the members of the Management Board and are regularly monitored by the Supervisory Board every year within the framework of the Report on the Implementation of the Principles of Remuneration Policy.

A member of the Management Board must disclose to the Supervisory Board any potential conflict of interest and inform the other member of the Management Board about it. No member of the LJSE Management Board is a member of the supervisory bodies of other companies.

Members of the Management Board

- Aleš Ipavec, MSc, President of the Management Board

Aleš Ipavec has been an employee of the LJSE since August 2016. He began his term-of-office as President of the Management Board on 1 September 2016 for a four-year term, and his second four-year term on 1 September 2020. Before becoming President of the LJSE, Aleš Ipavec, Master of Economic Sciences, worked for Hypo Alpe-Adria Bank where he held various management positions, such as Head of Treasury Sales and Director of Financial Markets and Balance Sheet Management. In 2015, he became the Director of Financial Controlling, Treasury and Balance Sheet Management. He has a wealth of experience predominantly from the field of banking and trading in securities, which he obtained in his career that spans over 13 years and began in Abanka Vipava and continued in Hypo Alpe-Adria Bank. His first term as President of the Management Board in the LJSE was marked by a new business model with the establishment of the SI ENTER market, education and consulting within the Partner Programme and the #Financial Literacy Project, modernisation of operations and digitisation of business processes, which enabled smooth daily operation of LJSE during the emergency situation due to the COVID-19 pandemic.

- Nina Vičar, MSc, Member of the Management Board

She has been with the LJSE since 2005. After having joined the senior management team in 2008, she has mainly been in charge of trading, market operation, relations with trading members, market surveillance, development of LJSE services and attracting new remote members, as well as running marketing activities, and event management. She worked on several development projects and coordinated the implementation of the then new trading system, Xetra®, and she also covers the area of compliance of the LJSE's operations. She initially took office as Member of the Management Board on 15 May 2013. Her second term, which began on 1 September 2016, was marked mainly by the extensive harmonisation of the LJSE with the new regulations brought by the European MiFID II Directive, the successful implementation of the new



SI ENTER market and the improvement and digitisation of business processes. Her current four-year term started on 1 September 2020 and will end on 31 August 2024.

Board of Members and Board of Issuers

The Board of Members and Board of Issuers are the Ljubljana Stock Exchange counselling bodies composed to discuss significant expert and development matters related to the Ljubljana Stock Exchange member firms and listed companies as well as the regulated securities market in Slovenia. They cooperate with the Ljubljana Stock Exchange Supervisory Board and Management Board.

The two Boards are composed of at least five, but not more than eight members each and are appointed by the Management Board from among the representatives of the Ljubljana Stock Exchange member firms and listed companies as well as renowned capital market experts. The members of the Boards act in the interest of the capital market development.

Composition of the Board of Members:

- Stanislava Zadavec Capriolo, MSc (President of the Board), Director, The Bank Association of Slovenia;
- Mitja Tomažinčič (Deputy President of the Board), General Manager, Investment Banking and Custody, NLB, d. d. (from 15 March 2019);
- Simon Mastnak, MSc, Executive Director, Generali Investments;
- Igor Štemberger, President of the Management Board, Ilirika BPH d. d., Ljubljana;
- Martina Štefančič Vrščaj, Head of Securities Department, BKS Bank AG, Bančna podružnica.

Composition of the Board of Issuers:

- Uroš Ivanc (President of the Board), MSc, Member of the Management Board, Zavarovalnica Triglav, d. d.;
- Polona Pirš Zupančič (Deputy President of the Board), Member of the Management Board, Pozavarovalnica Sava, d. d.;
- Brane Kastelec, MSc, Director of Finance, Krka, d. d.;
- Barbara Jama Živalič, MSc, Executive Director of Finance and Accounting, Member of the Management Board, Petrol, d. d.;
- Uršula Kovačič Košak, Director of Financial Markets, NLB, d. d.,
- Vida Žurga, PhD, Member of the Management Board, Telekom Slovenije, d. d.

Corporate Governance in the Group

As at 30 December 2015, the LJSE is 100% owned by the Zagreb Stock Exchange.

As at 31 December 2020, the Zagreb Stock Exchange, in addition to being the 100% owner of the LJSE, was also:

- A 33.33% owner of the company SEE link d. o. o.;
- A 30% owner of the company Funderbeam South-east Europe d.o.o.;
- A 5 % owner of the Macedonian Stock Exchange d. d.



Statement on Compliance with the Corporate Governance Code

The LJSE is a private joint-stock company whose core business is operating the regulated securities market, for which it had obtained authorization from the Agency. The LJSE operates the regulated securities market in compliance with the ZTFI-1 and other regulations.

In accordance with Article 70 (5) of the Companies Act (hereafter ZGD-1), the LJSE also includes the Statement on Compliance with the CG Code as part of the business report.

As at 31 December 2020, the LJSE had one shareholder (100%), namely the company Zagrebačka burza, d.d., Ivana Lučića 2a, 10000 Zagreb, Croatia (hereafter: Zagreb Stock Exchange).

The LJSE as a co-signatory of the CG Code actively strives to encourage compliance with the CG Code and its corporate governance principles in the business practice and also improves its own corporate governance system according to the best practices principle. Therefore, the LJSE decided to voluntarily apply the CG Code, which was adopted on 27 October 2016 and entered into use on 1 January 2017 and based on which the Statement on Compliance with the CG Code is drawn up. The CG Code is publicly available on the LJSE's website in the Slovenian and English languages.

Some deviations in relation to each item of the CG Code, which derive mainly from the specific position, size and ownership structure of the LJSE, are explained below:

Explanation of the deviation from Item 5.7

In 2020, the LJSE's CG Statement was part of the external auditor's assessment within the regular audit, and no additional external assessment of the adequacy of the CG Statement was performed.

Explanation of the deviation from Item 6.2

Due to the nature of the ownership structure of the LJSE, which is 100% owned by the Zagreb Stock Exchange, also a public company, the LJSE does not invite its owner to such communication. Rather, the Zagreb Stock Exchange itself communicates its intentions regarding its investment management policy in the LJSE.

Explanation of the deviation from Item 8.5

In the process of appointing new members of the Supervisory Board, an assessment of the suitability of a new candidate is made in accordance with the internal Policy for Assessing the Suitability of a Member of the Management Board of the LJSE. In the process of appointing a new Supervisory Board in 2020, any conflict of interest was assessed for the purposes of assessing the suitability of candidates and in accordance with the Securities Market Agency Decision on Documentation to Prove Compliance with the Conditions for Appointing a Member of the Management Body and for the purposes of notifying the regulator on the nomination of the new members of the Supervisory Board.

Explanation of the deviation from Item 11

The LJSE does not publish the Statements of Independence of the Supervisory Board members on its website. Thus, the LJSE herein discloses that all three members of the Supervisory Board, capital representatives, have been identified as dependent, which is primarily due to the fact that these members



are also members of the management board of the Zagreb Stock Exchange, which is an affiliated company and, at the same time, the sole shareholder of the LJSE, while the third member represents one of the biggest LJSE members.

Explanation of the deviation from Item 18.1

The Supervisory Board of the LJSE does not have a permanent personnel committee or a nomination committee. In accordance with the Rules of Procedure of the Supervisory Board and the Policy for Assessment of the Suitability of a Member of the Management Body, the Supervisory Board may perform these functions by itself, or it may nominate a special nomination committee for the assessment of suitability or assessment of the changed circumstances relating to the fulfilment of the conditions for performing the function of the management body. In 2020, the Supervisory Board appointed the Nomination Committee to appoint the Management Board of the Ljubljana Stock Exchange.

Explanation of the deviation from Items 27 – 30: Transparency of Operations

Recommendations in these items refer to the LJSE's communication strategy, informing of the general public, public disclosure of important information and the publication of the corporate governance statement.

Of the matters from items 27 – 30 of the CG Code, which refer to listed companies' disclosure and informing the public, the LJSE as a non-public joint-stock company mainly informs its shareholder directly and the Securities Market Agency. The LJSE provides information to the public in accordance with the provisions of the ZTFI and executive acts, which mainly refer to regular operations of the LJSE as a securities market operator.

Diversity Policy

The Policy on the Diversity of the Management and Supervisory Boards of the LJSE (hereafter: Diversity Policy) is adopted by the Management Board and Supervisory Board and is published on the LJSE website. The Diversity Policy determines the main principles for ensuring diversity among members of the management board and the supervisory board, which are taken into consideration when selecting new members of the management board or the supervisory board and in the supervisory board performance self-evaluation. The aim of the Diversity Policy is to achieve a greater diversity of the company's management and supervisory board, which will contribute to the greater quality and efficiency of these bodies as a whole.

Pursuant to the Diversity Policy, the principles for ensuring diversity to be taken into account when appointing and assessing the composition of the management and supervisory boards are in particular:

- Heterogeneous composition of the management board and the supervisory board, which means that the members have mutually complementary professional knowledge, experience and skills;
- Adequate continuity should be ensured, which means an appropriate balance between the current and new members of the management board and the supervisory board;
- The pool of potential candidates for members of the management board and the supervisory board should also take into account diversity in terms of gender and age.

In the process of appointing the members of the Management Board and the Supervisory Board in 2020, the criteria that the Supervisory Board defined in accordance with the then applicable Policy for Assessing



the Suitability of Members of the Management Body of the LJSE and the Supervisory Board Resolution were taken into account. The criteria also considered their expertise, experience and skills.

Pursuant to the latest amendment to the Companies Act (ZGD-1K), which entered into force on 24 February 2021, the Supervisory Board, at its session on 23 April 2021, harmonised the Diversity Policy in the part related to determining the ratio of both genders in the management bodies. It was stipulated that according to the size, goals and composition of the members of these bodies of the LJSE, the appropriate ratio for achieving diversity by gender is 50% of under-represented gender in the Management Board and 33% in the Supervisory Board.

Risk management

Internal controls and risk management

Pursuant to the provisions of the ZTFI-1 and the Securities Market Agency's Resolution on Detailed Organisational Requirements for Operating a Stock Exchange Market, the LJSE as the Slovenian stock market operator meets all the requirements with respect to the general organisational standards and its governance system.

The LJSE had covered its business areas in its internal acts and processes adopted pursuant to the criteria stipulated in the Agency Resolution on Quality Standards for Operating the Stock Market. In this respect, the LJSE has implemented a reliable governance system and pursues, in line with the annual plan, activities to enhance the company's organisational structure and to develop and implement improvements in the area of efficient risk management processes and internal controls.

The LJSE has set up internal controls in all processes and organisational units at all levels, which include:

- A clear organisational structure with a clearly defined and transparent system of competences and powers;
- Effective procedures for identifying, assessing and monitoring the risks that the LJSE is or may be exposed to in its operations;
- An adequate internal control system that includes appropriate administrative and accounting procedures (reporting, workflows, limits for limiting risk exposure and physical controls).

With respect to process control and internal controls, the LJSE has documented all its relevant processes, responsibilities and risks. The key processes are clustered into a special Process, Source and Risk Model, which provides an unified insight into LJSE operations according to a selected dimension and a quick understanding of the competences and organisation of the LJSE, as well as providing internal and external stakeholders with an insight into its processes. The model may be upgraded for the purposes of systematic valuations and risk reporting. All this facilitates prompt and more transparent internal auditing.

In 2020, the main challenge was managing and mitigating the negative effects of the pandemic, with most risk management activities also focusing on this issue.

As a first step, measures were taken to provide for the safety and health of employees and business partners as well as to ensure a continued supply to businesses. Additional attention was given to credit risk management as an increased risk of defaults by our customers was to be expected.



A report on the impact of the coronavirus (COVID-19) pandemic on the LJSE's operations and risk management is available in the section Impact of the pandemic on the LJSE's operations.

Risk management in the LJSE focuses on strategic, financial, operational, and IT risks related to the use of information technology.

The LJSE manages risk at two levels: the Management Board makes general assessments and assumes the main strategic and financial risks as well as operational and IT risks, while the agents of the main LJSE processes make more detailed assessments and further assume the key operational risks.

To this end, the Management Board prepared a special document, "Instructions for Risk Management", in 2014 and presented it to the Supervisory Board for review. The document recognises the following main risks facing the LJSE: operational non-compliance, operational inadequacy and regulatory non-compliance. The main strategic risks in the event of a major decrease in the number of listed companies and members include the long-term risk of the adequacy of the company's existing business model, with respect to which we are drawing up the requisite strategic and operational plans and making sure they are being implemented.

In the context of risk management, the LJSE regulates the internal control system in more detail with the document Organisation of Internal Control system, thereby setting up and maintaining an appropriate level of the internal control system. The Supervisory Board approved the organisation of the internal control system in December 2018.

The key LJSE processes operators make detailed assessments of the main operational risks and react to them by managing ten important areas, which in turn consist of ten key processes based on which the LJSE functions as the market operator of a regulated, orderly and efficient securities market, and two key IT systems. The LJSE also devotes a lot of attention to employee training and awareness-raising, an adequate and efficient organisation of work, division of competences, well-defined and documented decision-making procedures, and also monitors compliance with regulations closely.

Thus recognised and assessed operational risks are a suitable basis for drawing up the LJSE's mid-term and annual internal audit plan. In terms of operational risks, the LJSE made some improvements in 2020:

- LJSE projects (digitisation, development and launch of new websites ljse.si and sienter.si, harmonisation of changes in the SI ENTER segment with changes for the ZSE Progress market, harmonisation of contractual relations with the VSE, in particular the harmonisation of the conditions for the extension of the agreement for Xetra, upgrade of the SEO and INFO STORAGE system due to the adoption of annual reports in ESEF format).
- Compliance and corporate activities (implementation of the stock exchange's self-assessment of compliance with Article 48 of MiFID II, HR changes).
- The focus was therefore on ensuring the health of employees, on the optimisation of work and continuity of operations in the changed circumstances and on identifying and managing risks.

No significant deviations from the expected practices and thus no increased operational risks were detected.

The system of internal controls and risk management in the financial accounting field is tailored to the size and organisation of the company, where there is little division of labour and many functions are combined. The company has established an effective system of internal controls to ensure that the financial information is timely, complete, truthful and credible, which is defined by the Accounting Rules and Instructions and



Procedures of Internal Control in the financial accounting field. Financial monitoring is performed as financial monitoring of data during their entry and processing. Internal controls are performed before each recording of business events in such a way as to verify the accuracy and completeness of the disclosed events. Individual control processes and procedures are, for example, various control activities carried out in the fields of:

- Development and adoption of bookkeeping documents;
- Recording of business events in the books;
- Payroll and other employee benefits;
- Cash register operations;
- Documentation preparation for the execution of the annual inventory of assets and liabilities;
- Implementation and monitoring of payment transactions and reporting on the state of liquidity to the Management Board.

Basic control procedures, which relate primarily to the control of the correctness of business events and data, comprise:

- Initial recording of business events, the powers and responsibilities of persons who initiate and authorise business events (powers and responsibilities are clearly defined by the Rules);
- Completeness of capturing and processing of business events and data;
- Accuracy of business events monitoring.

In addition to preventive (direct) controls, which are carried out in advance, ex-post controls (indirect) are also carried out.

For the purpose of risk management in the financial and accounting field, the company has established a risk register. Due to the established effective system of internal controls, which ensures that financial information is timely, complete, truthful and credible, the probability for individual risks to occur is small.

Internal audit

Pursuant to the provisions of the Charter on Internal Audit, confirmed by the Management and Supervisory Boards, the LJSE organises its internal audit by contracting two external experts in internal auditing and by engaging the in-house Chief Audit Executive.

Internal audit was based on the adopted Internal Audit Midterm Plan for the current and following year, which is in turn based on the Risk Assessment and the Internal Audit Annual Plan for the period.

Within the framework of internal audit LJSE looks especially at the processes of market operations and trading (focusing on the stock exchange trading system Xetra® software solutions) and at the process of ensuring business continuity. Internal audit also regularly examines whether the recommendations are being implemented, and assesses the Management Board's measures to mend the established deficiencies and improve operations. All these activities are promptly communicated to the Management and Supervisory Boards and aggregately presented in the Annual Internal Audit Plan at the end of the year and to the External Audit as a summary at the end of the year.



External audit

Our financial statements for 2020 are being audited by Deloitte revizija, d.o.o. Our company complies with the CG Code and with the Securities Market Agency's recommendations to hire a different auditor every five years.

Other information (as at 31 December 2020)

- Substantial direct and indirect holding of securities

The Zagreb Stock Exchange Inc., Ivana Lučića 2a, 10000 Zagreb, Croatia, holds 100% of all LJSE shares. The LJSE shares are not owned by any holder of an indirect qualifying holding.

- Holders of securities with special control rights

The LJSE shares have no special control rights attached to them.

- Limited voting rights

The LJSE shares with ticker symbol LSER have no limitations on voting rights.

- LJSE rules on replacement of members of its management bodies and amendments of its Articles of Association

Procedures and conditions regarding the replacement of members of management bodies are prescribed by law, the Articles of Association of the Exchange and the Rules of Procedure of the Supervisory Board. In the process of appointing new members, in addition to the legal conditions for appointment, the assessment of the suitability of an individual candidate for a new member of the management body is taken into account. Such assessment may be made by the Supervisory Board or a special nomination committee. In 2020, assessments of the suitability of candidates were made for the Supervisory Board members appointed in January 2020 and for both members of the Management Board whose term of office was extended in April 2020.

Amendments and supplements of the LJSE Articles of Association are subject to the LJSE General Meeting, pursuant to the law. Articles of Association stipulate that a GM resolution on amendments and supplements can be adopted provided it is supported by a two-thirds majority of the share capital present.

- Powers of members of the company management (especially issue or purchase of own shares)

As stipulated by the LJSE Articles of Association, the Management Board consists of the President and Member of the Management Board, who jointly represent the LJSE in legal transactions. Neither of them may be authorised to individually represent the LJSE and the entirety of its business operations and activities. The Management Board adopts resolutions unanimously and is not authorised to acquire or dispose of own shares.

Human Resource Management

The primary objective that the LJSE strives to achieve in human resource management is to form an optimal personnel structure, including by educational profile. The essential areas of human resource management, aside from a prudent employment policy, include the provision of an efficient remuneration and promotion



system, concern for continuing education, training and development of employees and monitoring employee satisfaction.

Concern for good interpersonal relations, quality of life and work, optimal working conditions, interesting work challenges, social security, and a safe working environment is the foundation of a stimulating working environment in which we can connect individuals' goals and needs with the goals of the company. Together, we are building a culture of mutual trust, respect, cooperation and teamwork, continuous learning and responsible and effective work. We strive to ensure that our activities reflect the responsibility of employees and the values we are committed to.

Employees

At the end of 2020, the LJSE had 13 employees, the same as the year before. The average number of employees in 2020 is 11.54.

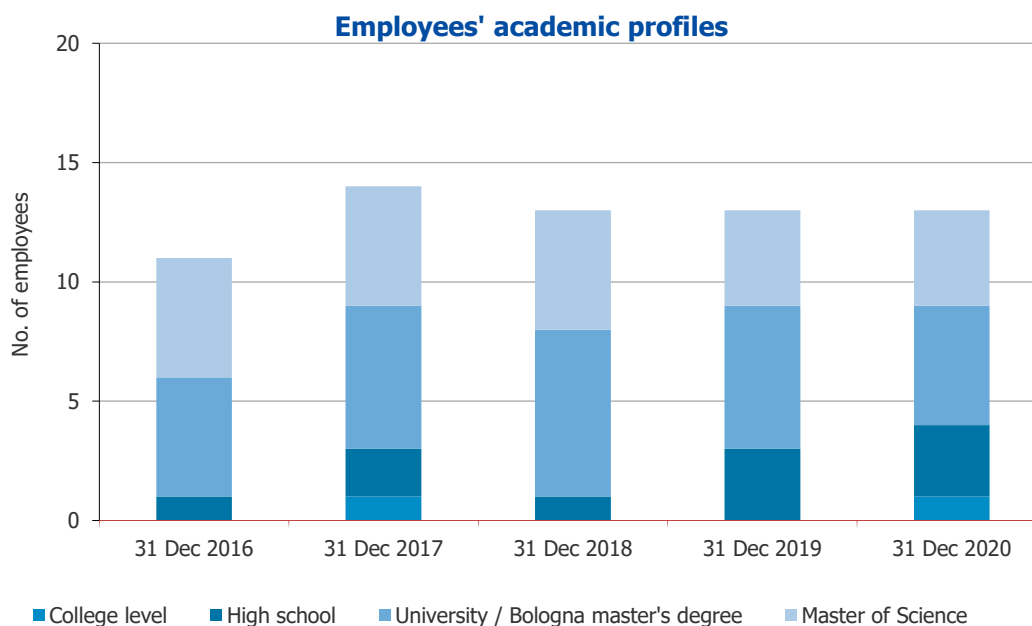
In 2020, hiring at the Ljubljana Stock Exchange was more intense compared to previous years due to the substitutions of employees whose employment was terminated and the substitutions of employees due to extended absence. Following the rationalisation of labour costs in 2020, the company limited recruitment from the external market like in the past few years and exceptionally approved hiring due to the increased volume of activities in the area where there was no suitable staff that could be reallocated. The LJSE thus recruited for a fixed term a head of business development in the General Service Sector and a secretary in the Cabinet of the Management Board, and also offered one employee the opportunity to be promoted due to the departure of the head of the Management Board.

The LJSE did not benefit from any reimbursement measures related to the reimbursement of labour costs adopted by the government with regard to curbing the COVID-19 epidemic. Also, none of the employees was laid off.

Demographics and employees' academic profiles

The average age of the company's staff is 38.6 years, whereby 62.0% are women and 38.0% men.

At the end of 2020, the employees' educational profiles were as follows: 1 employee (8%) had a secondary-school degree, 3 employees (23%) had a higher training or Bologna bachelor's degree, 5 employees (38%) had a bachelor's degree or Bologna master's degree, and 4 employees (31%) had a master's degree.



Staff training and development

Fast development in all areas requires employees to upgrade their expertise constantly. Since there is no development without knowledge, we try to offer our staff training and education in line with the business process needs and therefore give them the opportunity to grow and advance both personally and professionally.

An important tool that enables efficient leadership and personal development of our employees is the annual appraisal interview, at which each employee and their manager define the objectives for the following year, set the priorities and discuss mutual expectations both with respect to the employee's work and personal development. Based on this interview, they plan future training and upgrades of expertise and skills. All LJSE employees conduct annual interviews with their managers.

Staff motivation

The LJSE has been improving the quality of life of all its employees for several years. We have been promoting a healthy lifestyle and bonding by holding sports and social events.

Since 2001, the LJSE has been contributing to supplementary retirement schemes with Skupna pokojninska družba d.d. and Prva Osebnostna zavarovalnica d.d. on behalf of its employees, thereby increasing their long-term social security.



A safe and healthy environment

The LJSE considers a safe and healthy working environment for its employees to be of great importance. We realise that such an environment is a prerequisite for efficient and quality work and have therefore worked toward further reducing all risks resulting from work processes that our staff are faced with. Consistent with our Health and Safety Statement and Risk Assessment, the LJSE regularly refers its employees to health inspections, while it also provides them with good working conditions and periodically (once a year) carries out lighting and microclimate readings along with potential dangerous airborne substance measurements. Physical and mental well-being and a favourable psychosocial climate are guaranteed by open communication between employees; in addition, we encourage the system of health promotion with healthy nutrition.

Communicating with employees

At the LJSE, we also pay special attention to communication with our employees. We make sure that communication is responsible and ethical, and encouraged at all levels. Thus, we seek to create a productive working environment, enhance the sense of belonging, build a culture of mutual trust and respect, continuous learning and responsible and effective work. Because the company employs a smaller number of employees, communication can therefore be more personal and effective.

Employee meetings with the Management Board are held several times a year, where the President and the Member of the Management Board inform the employees about the business results in the past year, the plans for the current year, the company's strategy of development activities, both within the company and on the capital market, and other current information. Communication is also carried out through the employee representative, who is also a member of the company's Supervisory Board,

Social corporate responsibility

The LJSE acknowledges its responsibility toward the environment in which it operates. Each year we receive numerous requests to sponsor sports, humanitarian and education programmes and always support some of them. At the end of the year, we mainly provide donations to societies cooperating with institutions helping children with special needs and the underprivileged. We also fund projects that raise awareness about the capital markets in Slovenia.

In addition, the LJSE has been a year-long active supporter of projects and activities aimed at improving corporate governance in Slovenia, as this promotes one of the key strategic objectives of the company and the entire capital market, i.e. working towards a high-quality regulated market.

Mission, vision and strategic objectives

Mission

The mission of the LJSE is to ensure a secure, transparent, efficient and successful operation of the regulated segment of the Slovene capital market. We shall continue to perform this role with the highest

level of integrity. In addition to operating the stock market, the LJSE shall actively work on the development of the local capital market in the segment of small and medium-sized enterprises (hereafter: SMEs). We wish to bring the LJSE and the mechanisms with which SMEs can more easily achieve their economic and financial goals closer to SMEs.

Vision

Our aim is to become the information and financial intersection point for the local and regional capital market. We wish to offer the highest quality services to all users of our services and business partners, to improve and supplement them constantly, and to be ahead of the competition. Our vision is to become the most modern and the fastest-growing stock exchange of South-Eastern Europe.

Strategy and strategic objectives

The LJSE pursues the following strategic goals:

- Maintaining a high level of quality, organisation and regulation of the market;
- Further growth of the capital market and increase of liquidity of the local market;
- Listing new securities on the stock exchange market and SI ENTER;
- Development of Funderbeam infrastructure for financing enterprises in their initial stage of growth;
- Finding new financial resources through the promotion of long-term saving schemes;
- Joint activities for the development and promotion of the capital market with all market stakeholders;
- Achieving international comparability and recognition of the market through regional integration with the Zagreb Stock Exchange;
- Enhancing the LJSE's reputation;
- Supporting the development of the primary market;
- Increasing the efficiency and performance of the LJSE's operations.

Basic macroeconomic indicators for Slovenia

							forecast		
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Real GDP growth (%)	2.8	2.2	3.2	4.8	4.4	3.2	-6.6	4.3	4.4
GDP per capita (PPS EU28=100) ¹	83	83	84	86	87	89			
Government debt (% of GDP)	80.3	82.6	78.5	74.1	70.3	65.6			
Current deficit (% of GDP)	-5.5	-2.8	-1.9	-0.1	0.7	0.5			
Inflation (year-end) ²	0.2	-0.4	0.5	1.7	1.4	1.8	-0.9	1.6	1.8
Registered unemployment	13.1	12.3	11.2	9.5	8.2	7.7	8.7	9.2	8.4

Sources: Institute of Macroeconomic Analyses and Development (IMAD), Statistical Office of the Republic of Slovenia (SORS)

¹ Measured in Purchasing Power Standard (PPS)

² Inflation is measured in the consumer price index

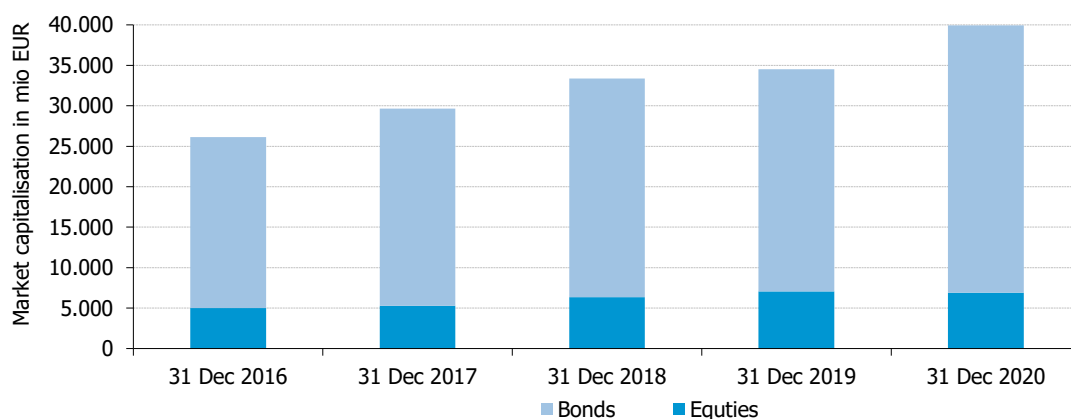
Ljubljana Stock Exchange operations in 2020

Despite the outbreak of the COVID-19 epidemic, in 2020, the LJSE encountered a 21.7% increase in turnover compared to 2019. Compared to 2019, the SBITOP index fell by 2.8% in 2020.

Market capitalisation

In 2020, share market capitalisation decreased by 2.1% compared to 2019, amounting to EUR 6,919.4 million at the end of December 2020, accounting for 14.8% of the GDP for the previous year (Q4 2019 – Q3 2020: EUR 46,795.1 million, Source: SORS). This decrease results from the decrease of share prices and the delisting of two companies from the Standard Market. The value of market capitalisation of bonds increased by as much as 20.4% compared to 2019 due to increased listings of debt instruments in 2020.

Market capitalisation 2016 – 2020

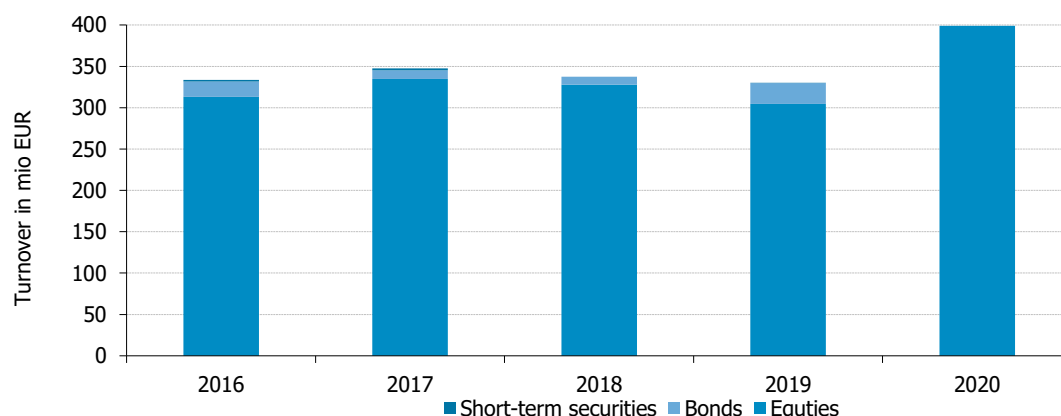


Source: Ljubljana Stock Exchange

Turnover

The total turnover on the LJSE amounted to EUR 400.9 million in 2020, while turnover without block trades amounted to EUR 380.3 million, which is as much as 36.1% higher than in 2019. The largest turnover was achieved in shares, EUR 399.1 million or 99.5% of total turnover. The structure of turnover is followed by bonds with 0.5% of total turnover.

Turnover 2016 – 2020



Source: Ljubljana Stock Exchange

In 2020, the share of equity turnover was up 7.2%, while the share of bond turnover was down 7.2%. In 2020, ordinary trades represented 94.8% of all trades (in 2019 84.8%). The average daily turnover totalled EUR 1.6 million (1.3 million in 2019), with 170 recorded trades per day on average (119 in 2019).

Turnover of LJSE Member Firms

The trading member with the highest total turnover in 2020 was Interkapital vrijednosni papiri, which contributed 25.6% of total turnover, followed by BKS Bank AG, Bančna podružnica contributing 23.7% and Ilirika borzno posredniška hiša, contributing 15.2% of total turnover. The turnover structure of member firms remains similar to 2019, as the top 5 member firms generated 85.7% of total turnover. At the end of 2020, the LJSE had 9 member firms. The number includes 4 remote members, which generated 47.4% of all stock exchange turnover in 2020.

Member	Turnover in 000 EUR	Share
INTERKAPITAL VRIJEDNOSNI PAPIRI	205,524	25.6%
BKS BANK AG, BANCNA PODRUZNICA	190,159	23.7%
ILIRIKA BORZNO POSREDNISKA HISA	121,517	15.2%
WOOD & COMPANY FINANCIAL SERVICES	101,146	12.6%
NOVA LJUBLJANSKA BANKA	69,261	8.6%
OTHER	114,276	14.3%
TOTAL	801,883	100%

Source: Ljubljana Stock Exchange

Most traded equities on the LJSE

The most traded share in 2020 was once more Krka (KRKG) from the Prime Market, which generated 47.2% of all equity turnover. The runner-up in terms of turnover was Petrol (PETG), which generated 12.9% of all equity turnover, while NLB (NLBR) came third, generating 11.7%. On the bond market, it was Telekom Slovenije 1st issue (TLS1) that had the highest turnover.



Most traded equities	Turnover in 000 EUR	Number of transactions	Market capitalisation in EURm as of 31 Dec 2020
KRKA	188,257	13,618	2,997
PETROL	51,402	4,840	678
NLB	46,867	5,197	916
ZAVAROVALNICA TRIGLAV	33,798	4,784	682
POZAVAROVALNICA SAVA	28,715	4,123	319
OTHER	50,052	10,058	1,327
TOTAL	399,092	42,620	6,919

Source: Ljubljana Stock Exchange

LJSE turnover structure according to markets in 2020

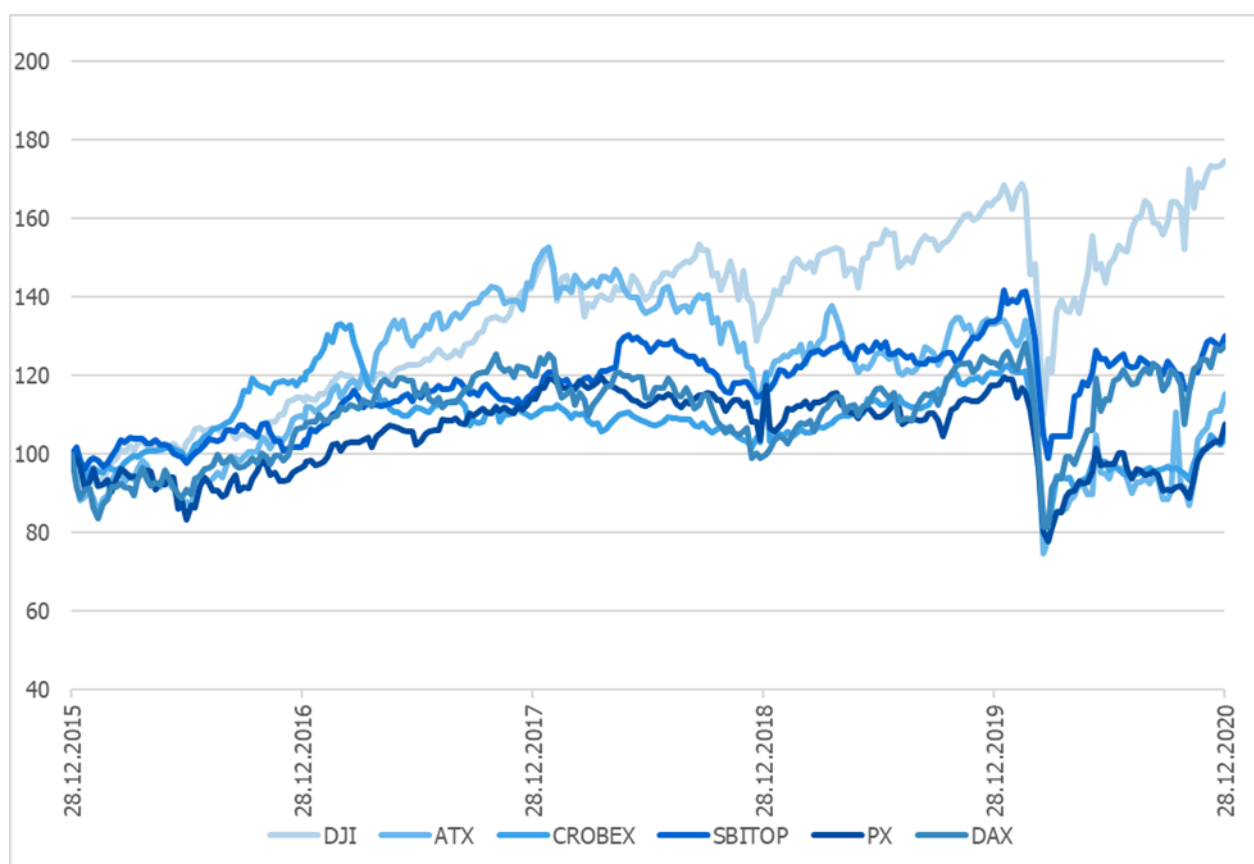
Market	Turnover	Share
EQUITIES - PRIME MARKET	374,981,370	93.5%
EQUITIES - STANDARD MARKET	24,110,476	6.0%
BONDS	1,849,800	0.5%
TREASURY BILLS	0	0.0%
COMMERCIAL PAPERS	0	0.0%
TOTAL	400,941,645	100%

Source: Ljubljana Stock Exchange

The LJSE blue-chip index SBI TOP

The SBITOP index reached its highest value on 19 February 2020 at 983.96 points. Afterwards, the spread of the SARS-CoV-2 virus in Slovenia triggered a sharp decline in the value of the index, which reached its low on 23 March 2020 at 685.52 points (a 26% drop compared to its value at the end of 2019). Then, its value began to grow again and, at the end of the year, it recorded a 2.8% percent drop compared to its value at the end of 2019. The closing value of SBITOP on the last trading day was at 900.37 points.

The graph below shows the performance of SBITOP against selected world indices in EUR (31 Dec 2015 = 100).



Source: Ljubljana Stock Exchange



Important Ljubljana Stock Exchange activities in 2020

LJSE development and promotion activities and events

Quarter	Activity
1Q 2020	InterCapital becomes a Market Maker for TLSG shares
	Support and sponsorship of the Moje Finance project: "Financial Literacy of Youth"
	"Slovenian Listed Companies Online" webcast
	The Ljubljana Stock Exchange Rings the Bell for Gender Equality
2Q 2020	The first listing of GDRs on the SI ENTER market
	Listing of 65 new shares on the SI ENTER Market
	The Supervisory Board reappointed Aleš Ipavec, MSc, as President of the Management Board and Nina Vičar, MSc, as Member of the Management Board, for a new 4-year term of office, effective from 1 September 2020 and until 31 August 2024 inclusive.
	Ljubljana Stock Exchange joins the EBRD Research Coverage Programme, which launched a special research program to support the development of small and medium-sized enterprises in selected countries. Sava Re d. d. was selected to participate.
	Rules and Instructions of the Exchange – entry into force and application
	The Ljubljana Stock Exchange, in cooperation with the Chamber of Commerce and Industry, organised an online round table "Where to get money in times of crisis?"
	"Slovenian Listed Companies Online" webcast
3Q 2020	New SI ENTER Rules
	"Slovenian Listed Companies Online" webcast
	Prolongation of Trading Hours on the Regulated Market
	Prolongation of Trading Hours on the SI ENTER Market
4Q 2020	37th Financial conference
	Amendments of the Trading Instructions
	Amendments of the Instructions for Index, Liquidity Criteria, Price List and other Statistical Data
	Amendments of the SI ENTER Rules
	A new website of the Ljubljana Stock Exchange
	The Door to the Financial World, an online event intended to promote financial literacy among young people
	Investor Days of the Ljubljana Stock Exchange (LJSE) and the Zagreb Stock Exchange (ZSE) was held online for the first time
	Presentation of LJSE awards to the best listed companies and member firms
	New legal acts due to the ESEF upgrade of the SEO and INFO STORAGE

Domestic and international market promotion and international cooperation

In 2020, the Ljubljana Stock Exchange successfully carried out or cooperated in a series of promotion activities to present the Slovenian listed companies and the Slovenian capital market.

The main programme consisted of the following activities:

- Three webcasts: "Slovenian Listed Companies Online";



- An investment conference in Ljubljana, Slovenia, in cooperation with the Zagreb Stock Exchange; the conference was carried out in an online format;
- Presentation of awards to the best issuers and member firms;
- Issuing capital market promotion publications.

Investment conferences in 2019 where the Ljubljana Stock Exchange listed companies participated

Event	Venue and date	Organiser/s
"Slovenian Listed Companies Online" webcast	Ljubljana, Slovenia 23 March 2020	Ljubljana Stock Exchange
"Slovenian Listed Companies Online" webcast	Ljubljana, Slovenia 1 June 2020	Ljubljana Stock Exchange
"Slovenian Listed Companies Online" webcast	Ljubljana, Slovenia 2 September 2020	Ljubljana Stock Exchange
Wood's Frontier Investor Days	Bucharest, Romania 3 – 4 September 2020	Wood & Co.
Investment Conference of Wood & Co.	Prague, Czech Republic 1 – 4 December 2020	Wood & Co.
Investor Days of the Ljubljana and Zagreb Stock Exchanges in Ljubljana	Ljubljana, Slovenia 8 – 9 December 2020	Ljubljana and Zagreb Stock Exchanges

Partner programme

In 2018, the Ljubljana Stock Exchange, in cooperation with renowned financial experts and reputable finance institutions, developed a two-year entrepreneurial program of educational and advisory nature, which was upgraded in 2019. The Partner Programme is intended for all ambitious entrepreneurs, managers and owners with a clear vision and a desire to elevate their company to a higher level of business and step ahead of the competition.

The Partner Programme is aimed at educating companies (managers, owners) about the functioning of the capital market and the possibilities of small companies in the Ljubljana Stock Exchange ecosystem. In addition to the educational work (workshops), companies are connected with other stakeholders in the capital market (consultants, investors, etc.), depending on the individual needs of the companies themselves.

In 2020, all activities related to the Partner Programme were cancelled due to the situation and measures related to COVID-19. All activities have thus ceased to be carried out and will be continued when the situation allows.

Other activities, media promotion and publications

- In 2020, the following publications were updated or issued anew with a view to promoting the capital market and our listed companies:
 - Guide for Investors 2020 (publication in Slovenian);
 - Slovenian Capital Market (Slovenian and English versions);
 - Monthly and annual statistical reports.



- The Ljubljana Stock Exchange prepared a virtual event to promote the financial literacy of young people and also publicly presented the BORZA Slovenia board game, which it developed for the same purposes and the development of which was supported by: Krka, NLB, Petrol, Zavarovalnica Triglav as the main supporters of the project, and Ilirika, BKS Bank and KDD as ancillary supporters of the project. The board game is a central educational instrument for young people's financial literacy as part of the educational project #FinancialLiteracy.
- We supported and sponsored the Moje Finance projects: 'Financial Literacy of Youth' and 'Financial School for Teenagers'.

Market surveillance and best market practices

Monitoring member firms and trades

Pursuant to the ZTFI, the LJSE monitors member firms and trades to detect breaches of the LJSE Rules (disorderly market conditions, market abuses). In 2020, the LJSE reviewed 27 trading supervision examination reports and, based on these examinations, issued 2 reports on completed examinations or notices on suspicious trades and forwarded them to the Securities Market Agency.

Support to trading members

The LJSE cooperates closely with its trading members, both in regular daily market operations and in implementing changes and novelties to securities trading.

Counselling and support to listed companies

In 2020, the LJSE offered counselling and support to issuers of securities listed on the stock exchange market on how to ensure compliance with the Rules and other LJSE Acts and legislation concerning the financial instruments market.

In addition, in 2019, the LJSE updated the Guidelines on Disclosure for Listed Companies, which serve as a tool for the implementation of good disclosure practices mostly to the Prime and Standard Market companies, and carried out several individual training courses regarding disclosure obligations for listed companies.

In 2020, due to the difficult situation and emergency measures to curb the COVID-19 epidemic, the legislative deadline for the publication of audited annual reports and semi-annual reports was exceptionally extended by one month. Besides, the Ljubljana Stock Exchange extended by one month the deadline set by the LJSE Rules for publication of quarterly reports for the first quarter of the financial year 2020. In addition, the LJSE upgraded the SEO and INFO STORAGE web applications in 2020 due to the publication of annual reports in the new ESEF format prescribed by European regulations and provided issuers with additional support in the testing of their ESEF annual reports with the ESEF validation tool used by INFO STORAGE, which will continue in 2021, when the obligation for issuers shall enter into force.

In 2020, the LJSE reviewed a total of 20 examinations of monitoring disclosure and fulfilment of conditions by issuers on the stock exchange market and SI ENTER and, based on these examinations, issued five

reports on completed examinations or notices on non-compliance with the obligation of disclosure of the regulated information.

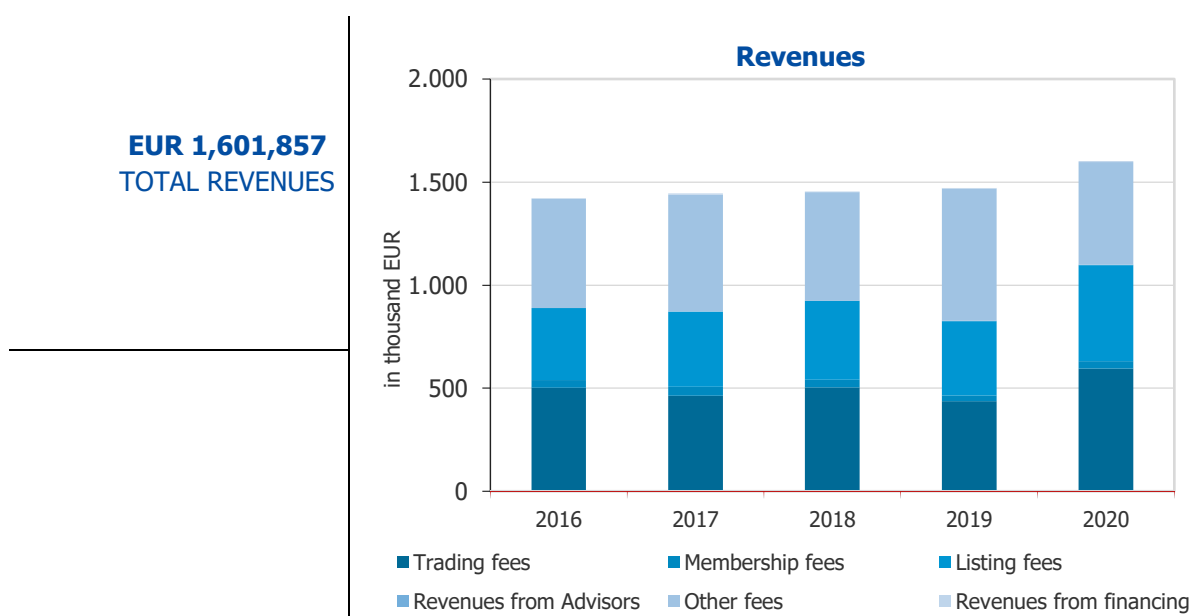
Business operations analysis

Ljubljana Stock Exchange operations in 2020

In 2020, the COVID-19 pandemic became a global phenomenon with wide and far-reaching consequences for the global and regional capital sector and, therefore, for the LJSE as well. All countries have observed a significant drop in economic activity. The pandemic and staff turnover in development and marketing services had a strong impact on the development and sale of new stock exchange services in 2020. Also, the implementation of events had to be adapted to electronic platforms. In the difficult and uncertain pandemic situation, the LJSE remains focused on its strategic guidelines, which includes supporting the development of the primary market and increasing the efficiency and effectiveness of the LJSE's operations.

We can conclude that the LJSE ended the business year successfully. The overall result for 2020 is positive, reflecting the increased activity on the stock market and internal cost optimisation of the LJSE. In doing so, the LJSE did not receive any state aid to address the consequences of the COVID-19 epidemic.

Revenues



Compared to the same period in 2019, total revenue was up 8.9% and amounted to EUR 1,601,857.

As much as EUR 1,100,603 of total revenue originates in the company's core business, i.e. trading fees, membership fees and listing fees.

Over the past five years, the share of the revenue from our core business has ranged from 56.4% in 2019 to 63.8% in 2018. In 2020, revenue from our core business represented 68.7% of operating revenue.



- *Revenue from trading fees*

Compared to previous years, the turnover in 2020 was higher by 36.1%. Revenue from trading fees thus amounted to EUR 595,719, which is 37.2% of total revenue. Compared to the revenue generated in 2019, revenue in 2020 is higher by 36.4 % or EUR 158,942.

- *Membership fees*

They amounted to EUR 36,000 and represented 2.2% of total revenue. On 31 December 2020, the LJSE had 9 members.

- *Revenue from listing fees*

Listing fees generated EUR 465,831 of revenue. In the structure of revenue, they represent 29.1% of total revenue. In addition to new listings, which generated EUR 59,940, this also includes annual maintenance fees for listed securities (Prime Market and Standard Market shares and bonds) in the amount of EUR 369,391; annual maintenance fees for securities in the SI ENTER market in the amount of EUR 5,250; revenue from fees for adopting decisions on listing expansions, on delistings and on suspensions of trading, which contributed EUR 31,250. Compared to 2019 revenue, the revenue in 2020 is higher by 29.3% or EUR 105,487.

- *Revenue from Authorised Advisors*

Revenue from authorised advisors for the PROGRESS Segment amounts to EUR 3,053 and relates to the fee for deciding on acquiring the Status of an Authorised Advisor in the amount of EUR 130, the fee for acquiring the Status in the amount of EUR 670, and the annual status maintenance fee in the amount of EUR 2,253.

- *Revenue from SEOnet and INFO STORAGE services*

Revenue from SEOnet and INFO STORAGE services amounts to EUR 150,784, representing 9.4% of total revenue, which is a decrease of 8.0% from 2019.

- *Revenue from the co-organisation of the Conference and other education*

Revenue from the co-organisation of the Financial Conference with the Finance Business Daily was realised in the amount of EUR 7,535, which in the total revenue structure represents a 0.5% share.

- *Revenue from data dissemination*

Data dissemination generated 3.8% of total revenue, totalling EUR 61,200.

- *Revenue sharing with the Vienna Stock Exchange*

Under the agreement on sharing revenue, the LJSE transferred data dissemination and index licensing to the Vienna Stock Exchange on 1 April 2010. Thus, its share of data dissemination revenue in 2020 amounted to EUR 216,203 and index licensing revenue to EUR 1,853. In the structure of revenue, they represent 13.6% of total revenue.

- *Revenue from the licence fee for the use of LJSE indices*

At the end of 2020, a license agreement was signed for the use of Ljubljana Stock Exchange indices. Revenue under this title for 2020 amounts to EUR 400.

- *Revenue from organising events*

Revenue from organising events is realised in the amount of EUR 30,413 and represents a 1.9% share in the total revenue structure. It comprises revenue from organising the Partner Programme in the amount of

EUR 20,413 and revenue from the #FinancialLiteracy project and Stock Exchange game in the amount of EUR 10,000. All revenue relates to the completion of activities agreed on in 2019. The COVID-19 pandemic and staff turnover in development and marketing services in 2020 had a strong impact on the development and sale of new stock exchange services. Measures related to COVID-19, in particular restrictions on movement, made activities in this area impossible.

- *Intercompany revenue*

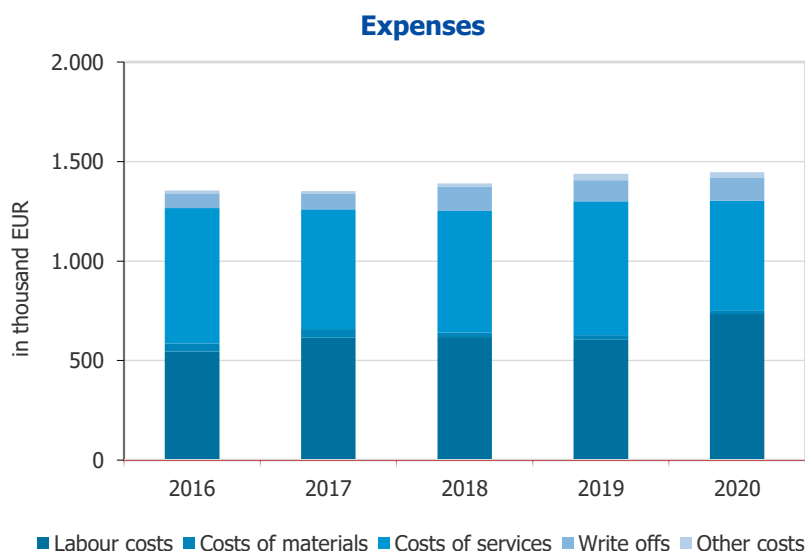
Intercompany revenue in the amount of EUR 350 relates to revenue from sharing the income from fees of data dissemination with the Zagrebačka Burza.

- *Other operating revenue*

Other revenue is realised in the amount of EUR 28,170, of which EUR 13,428 relates to revenue from paid doubtful and disputed receivables and EUR 8,000 to the sale of the BTS trading system to Albania.

Expenses

EUR 1,446,314
TOTAL EXPENSES



Total expenses amounted to EUR 1,446,314, up by 0.5% from 2019.

Most of the expenses are operating expenses, while financing expenses and extraordinary expenses represent only a small segment.

In 2020, labour costs represent 50.8% of all costs.

Costs of materials and services represent 39.8% and write-offs 8.9%.

- *Employee benefits cost*

On 31 December 2020, the LJSE had 13 employees or 11.54 employees, considering the hours worked. The company's costs of salaries for 2020 amount to EUR 734,280, which is 50.8% of total expenses.

Salaries include bonus payments. Variable remuneration paid for business performance in 2020 amounted to EUR 86,979. In addition, the employee benefits cost also includes EUR 17,090 of unpaid bonuses to the Management Board for 2019 and the costs of provisions for severance pay in the amount of EUR 1,938.



- *Costs of materials*

Costs of materials amount to EUR 18,609 and include EUR 5,458 of energy costs, EUR 7,603 of expert literature and subscription costs, EUR 3,546 of stationery costs and EUR 2,002 of other costs of materials.

- *Costs of services*

Costs of services amount to EUR 550,757. The largest items are the costs of business premises maintenance (EUR 25,980), leases and rents (EUR 31,265), advertising and entertainment costs (EUR 7,119), the costs of services by natural persons (EUR 28,116), counselling services (EUR 47,691), the costs of IT services (EUR 238,515), postal and telephone costs (EUR 150,924), the costs of organising events (EUR 15,985), the costs of surveillance over stock exchange operations (EUR 84,840), and intercompany costs for the services provided by Zagrebačka Burza in the amount of EUR 21,050.

- *Depreciation and amortisation*

Depreciation and amortisation cost amounts to EUR 114,784. It refers to EUR 29,884 of amortisation of intangible fixed assets, EUR 45,860 of depreciation of the building and EUR 39,040 of depreciation of equipment and other tangible assets. On average, the proportion of written-off intangible fixed assets is 91.9%; thus, the proportion of carrying intangible assets is 8.1%. On average, the proportion of written-off equipment and other tangible assets is 62.6%; thus, the proportion of carrying equipment and other tangible assets is 37.4%.

- *Other operating costs*

Other operating costs amounted to EUR 5,705.

- *Revaluatory operating expenses*

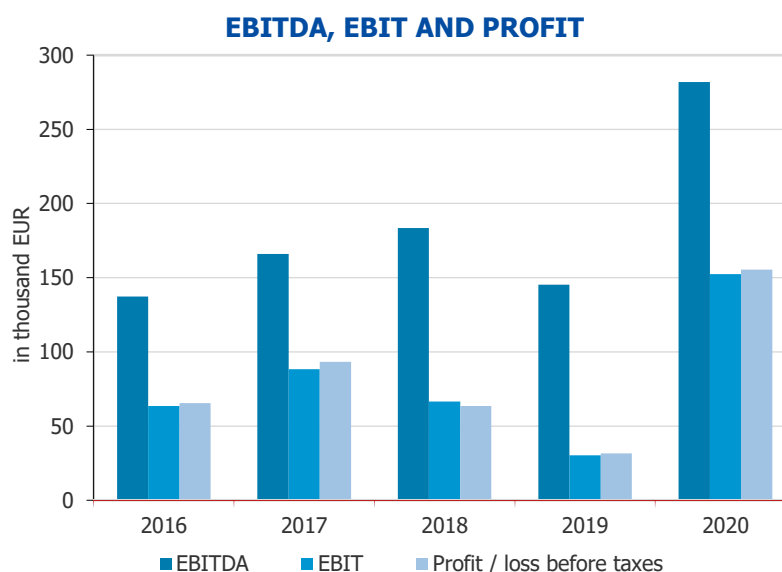
Revaluatory operating expenses in the amount of EUR 14,554 refer to expenses from write-offs of intangible fixed assets and write-offs of property, plant and equipment in the amount of EUR 11,524 and to expenses from allowances for bad receivables in the amount of EUR 3,030.



Profit or loss for the period

EUR 281,813
EBITDA

EUR 155,543
PROFIT / LOSS
BEFORE TAXES



EBITDA, calculated as operating profit, increased by depreciation costs and revaluatory operating expenses, was higher by 93.9% in comparison with the previous year, amounting to EUR 281,813.

EBIT was EUR 152,476, and profit before taxes amounted to EUR 155,543.

Assets

EUR 2,879,438
ASSETS

(in EUR)		
	31 Dec 2020	31 Dec 2019
Non-current assets	1,427,764	1,298,410
Current assets	1,374,791	1,378,377
Deferred costs and accrued revenue	76,883	75,900
Total assets	2,879,438	2,752,688
Equity	2,521,857	2,442,112
Provisions	15,684	13,843
Non-current liabilities	53,624	61,079
Current liabilities	168,281	163,644
Short term accrued costs and deferred revenue	119,992	72,010
Total equity and liabilities	2,879,438	2,752,688



Performance indicators

Ratio	2020	2019	2018	2017	2016
Financial condition ratios					
Equity financing rate	87.58	88.72	89.21	88.17	89.52
Long-term liabilities rate	7.71	8.16	6.87	9.11	8.11
Long-term financing rate	89.44	90.94	90.45	89.65	90.22
Equity rate	55.55	57.36	56.50	54.05	58.95
Investment ratios					
Operating fixed assets rate	41.91	45.87	60.76	65.43	51.40
Long-term assets rate	49.58	47.17	62.25	66.77	53.04
Short-term assets rate	50.42	52.83	30.55	24.72	46.96
Horizontal financial structure ratios					
Equity to operating fixed assets	2.09	1.93	1.47	1.35	1.74
Immediate solvency ratio	7.25	7.20	3.82	2.13	5.14
Quick ratio	8.17	8.42	5.05	2.99	6.04
Current ratio	8.17	8.42	5.05	2.99	6.04
Operating efficiency ratios					
Operating efficiency ratio	1.11	1.02	1.05	1.07	1.05
Total efficiency ratio	1.11	1.02	1.05	1.07	1.05
Profitability ratios					
Net return on equity - ROE	5.29	0.91	1.87	3.24	3.84

Impact of the pandemic on the LJSE's operations

The world has been facing a pandemic that also affects the operations of the Ljubljana Stock Exchange. In January and February 2020, the operations of the LJSE continued without disruption and according to plan. In March 2020, however, the business environment deteriorated considerably as the pandemic began. Since its outbreak, the company has been closely monitoring the situation. In the preparation and implementation of measures, the LJSE strictly follows the instructions of the authorities.

Regardless of the fact that the operations of the Ljubljana Stock Exchange in 2020 are good and above expectations, the epidemic of the new coronavirus affects our operations to a certain extent, having had a strong impact on the development and sale of new stock exchange services in 2020.

Despite the measures in force in the territory of the Republic of Slovenia to limit the coronavirus epidemic (Covid-19), operations on the Ljubljana Stock Exchange have proceeded as smoothly as possible with some adjustments in the work process. We have taken a number of measures to protect our employees and partners. Already during the first wave, we showed our ability to optimise and adapt work to the circumstances; it was organised from home for all employees practically overnight. Achieving the strategic goals is extremely important to us, so we will continue to strive to provide our services at the highest possible level; this is essential to maintain a high level of quality, organisation and regulation of the capital market.



In its Winter Forecast of Economic Trends (December 2020), the Institute of Macroeconomic Analysis and Development (IMAD) predicts that Slovenia's GDP will shrink by 6.6 percent in 2020. The decline will be followed by a recovery in the next two years, but the economic activity will not reach the pre-epidemic level until 2022. The forecasts for Slovenia's main trading partners for 2020 have improved somewhat since June. With the recovery of the economic activity and the agreement at the EU level on the financial package for the recovery of the European economy, confidence indicators also improved significantly in the period from May to July. After a deep fall in the second quarter, the economy recovered even more than forecast in the third quarter. For the last quarter, a renewed decline is expected, but it will be smaller than in the spring, partly due to the adaptation of businesses and consumers to the new circumstances. It is estimated that the economic impact of the second wave of the epidemic will be concentrated mainly on the service sector and less on activities integrated into international trade. Owing to the deteriorated epidemiological conditions, a more pronounced economic recovery is being delayed into the second half of next year. Economic growth in 2021 (at 4.3%) is consequently expected to be lower than predicted in our Autumn Forecast (5.1%). This year, added value is set to decline the most in the hospitality industry, entertainment and recreation, arts, personal service activities and transportation. With the retention of some restrictions in Slovenia and its trading partners, the recovery will be gradual and differentiated across sectors. The greatest risk to the realisation of the forecast is still associated with the duration and severity of the epidemic. A longer and stronger second wave of infections with stricter containment measures or possible new waves of infections and thus further major closures of economies will continue to represent the greatest risk to a stable recovery. In the event of a faster permanent improvement in epidemiological conditions or faster-than-expected availability of a vaccine or medicine for widespread use, the activity could also recover more rapidly than predicted.

The LJSE responded to the crisis caused by the epidemic with an integrated approach. Initially, activities focused on ensuring the continuity of operations in the changed circumstances and on identifying and managing risks. Further activities, however, have a long-term focus so that the LJSE can operate without interruption in a very different business environment.

Ever since the pandemic began, the safety and health of the company's employees and business partners, as well as smooth operation in changed circumstances, have always been prioritised. With immediate adaptation processes to ensure higher availability and use of digital channels, all employees were already working from home in the first wave of the pandemic. Work has also been carried out from home since the autumn when the government declared a second wave of the pandemic.

Ensuring sufficient liquidity is high on the priority list. Liquid assets of the company amounted to EUR 1,419,032 and represented almost 50% of total assets. The company has all liquidity surpluses or free cash tied up with commercial banks, i.e. 80% of cash is tied up in the short term. The liquidity position of the company remains strong, and the values of liquidity indicators are high. Dynamic liquidity plans are prepared on a daily basis with a time horizon of 3 months.

Regarding credit risk management, we closely follow all receivables monitoring procedures in accordance with internal acts. Due to the nature of our business partners, we have no receivables secured. Based on analysing and monitoring outstanding receivables in the past and also on an ongoing basis, our business partners are estimated to have good solvency. In addition, the nature of operations and billing for services, with payment deadlines ranging from 8 to 15 days, allows us to monitor receivables on an ongoing basis and have an appropriate response time to recovery. We monitor customer payments on a daily basis and,



where appropriate, adopt measures to reduce credit risk. Despite the negative impact on the economy, payment discipline has not deteriorated significantly so far.

Particular attention was given to HR management. All employees worked from home in the first and second waves of the pandemic. None of the employees were laid off temporarily. When the epidemiological situation improved after the first wave, returning to work was gradually carried out under strict safety measures and protocols. Concern for the health of our employees and customers continues to be a priority.

The investments to be made in 2020 were temporarily limited to the most urgent ones necessary to ensure smooth and secure operations. The company will decide on the remaining investments based on business conditions.

Cost optimisation and streamlining of operations have the highest priority among the company's future tasks as well. Essential activities in this area include identifying possible savings and streamlining business processes.

The overall assessment is that the COVID-19 pandemic in 2020 had no negative effect on current operations. The loss of revenue primarily relates to revenue from organising events (Partner Programme, #FinancialLiteracy project and Stock Exchange game, Financial Conference). Given the good turnover and, consequently, higher trading fees in this year, which are higher than budgeted for the same period by 21.1%, the company recorded a gross profit of EUR 155,543.

Due to the uncertainty about further developments, the Ljubljana Stock Exchange prepared different scenarios for operations in 2021. Considering the results achieved so far and current developments, we expect that the operating performance in 2021 will be within the scenarios that we have prepared with regard to the continuation of the pandemic. The scenarios considered various cases ranging from the possibility that restrictions are lifted in March to the possibility that major measures are eliminated in the last quarter of 2021. It is estimated that the implementation of R&D projects strongly depends on the release of measures, which is why it is assumed that their implementation is possible only in the autumn. However, if the epidemiological situation does not stabilise by the summer, the implementation of these projects will not begin until next year. Thus, we anticipated that the realisation of R&D projects would reach between 50% and 0% of the planned revenues. Given the estimated decrease in sales in the coming months, the streamlining of costs, and the adjusted volume of investments, the company's EBITDA for 2021 could amount to between 80 and 90 percent of the budgeted EBITDA for 2021. Despite the fact that trading in the first three months of 2021 does not indicate that the epidemic could have an impact on the realisation of revenues from this title, the estimate of a 10% reduction in turnover was also verified, which would have an additional impact on reducing the planned EBITDA for 2021 by 50 percent.

Before the pandemic, the Ljubljana Stock Exchange was in a very good operational and financial condition. Despite the difficult business conditions, it will continue to pursue its strategic objective of ensuring stable operations also by maintaining an appropriate debt to EBITDA ratio.



Events after the end of the accounting period

- The emergence of the virus and of the global pandemic still affects the operations of the company. For more information, refer to the section Impact of the pandemic on the LJSE's operations.
- There were no events after the reporting date that would significantly affect the disclosed operations in the year 2020.

Objectives and plans for 2020

The future after COVID-19, which can also be called a new reality, remains unclear. The belief that things will soon simply return to normal is not realistic. As part of the planning, business and financial scenarios for rapid recovery and productivity growth were examined, the main goal of which is to develop new products and acquire issuers in all stock markets. Even though a longer-term view, it is key to the future of healthy growth that we desperately need when COVID-19 is defeated.

Our 2021 targets are ambitious. In drawing up the plan for 2021, we have assumed, however, that the pandemic will be effectively contained through vaccination in the first half of 2021. We want to highlight that there remains considerable uncertainty as to the achievement of the plan, which is related to the further course of the pandemic. This is particularly relevant if:

- Insufficient vaccination coverage is achieved before summer 2021, and the pandemic continues,
- The measures to curb the pandemic are still in place at the end of the second quarter, in particular, those taken by countries to restrict movement,
- The economy is slower to recover, which will lead to economic growth that is lower than expected.

The LJSE's main objective in 2021 will again be stable management and operations of the stock exchange market and operations compliance in all areas of the LJSE's operations. In addition, the LJSE's objectives will be oriented towards various activities to encourage further development and promotion of the capital market, which will be carried out in broader cooperation with capital market stakeholders.

For the year 2021, it is expected that the activities on the stock market will be positive, mainly due to the successful operations of listed companies and numerous activities for capital market development performed by the LJSE. The possibilities for stimulating further growth of the capital market are seen primarily through the education of users of stock exchange services, the promotion of long-term savings schemes, the sale of shares of state-owned companies through the capital market, and through joint activities for the development and promotion of the capital market by all market participants. We will continue our regular activities of acquiring new issuers and new types of financial instruments on all markets of the Ljubljana Stock Exchange, acquiring new member firms and wider promotional activities of the stock market.

Also expected in the future are the positive effects of closer regional integration with the Zagreb Stock Exchange, which will bring numerous synergistic effects and opportunities for further market development.

Our main activities planned for 2021 are:

- Stable and efficient day-to-day operation of the market;
- Acquisition of new products to all LJSE markets;
- Acquisition of new member firms, especially international;



- Promotion of financial literacy among young people;
- Encouraging market making activities;
- Local and international market promotion (roadshows);
- Cooperation with the Zagreb Stock Exchange in development and promotion projects;
- Promotion of measures for further development of the Slovenian capital market.

FINANCIAL STATEMENTS



LJUBLJANSKA BORZA
LJUBLJANA *Stock Exchange*



CONTENTS

Statement on Management Responsibility	48
Financial statements for the financial year 2020	50
Balance sheet.....	50
Income statement	51
Statement of comprehensive income	51
Cash flow statement.....	53
Statement of changes in equity for 2020.....	53
Statement of changes in equity for 2019.....	53
Notes to financial statements	54
Balance sheet.....	67
Income statement	77
Management Board remuneration in 2020.....	80
Supervisory Board remuneration in 2020	81
Audit costs.....	81
Related party transactions	81
Events after the reporting period	81



Statement on Management Responsibility

The Management Board hereby endorses the financial statements of the Ljubljana Stock Exchange for the financial year ended 31 December 2020, with notes thereto, along with the accounting guidelines of the annual report.

We hereby reaffirm our responsibility for a fair presentation of the financial statements in accordance with the Slovenian Accounting Standards. The Management Board confirms that suitable accounting policies were adhered to and that accounting valuations were conducted sensibly and according to the precautionary principle. The financial statements have been produced on the basis of going concern.

The Management Board is responsible for the appropriate management of accounts, for the adoption of the measures required to safeguard company assets, and for the prevention of exposure to fraud and other irregularities.

Ljubljana Stock Exchange



Nina Vičar, MSc
Member of the Management Board





Aleš Ipavec, MSc
President of the Management Board



Financial statements for the financial year 2020

Balance sheet

<i>(in EUR)</i>	<i>Notes</i>	31 Dec 2020	31 Dec 2019
ASSETS		2,879,438	2,752,688
Non-current assets		1,427,764	1,298,410
Intangible assets and long-term deferred and accrued items	1.1	129,883	118,876
Property, plant and equipment	1.2	1,076,967	1,143,805
Long-term investments	1.3	200,000	0
Deferred tax assets	1.4	20,913	35,729
Current assets		1,374,791	1,378,377
Short-term investments	1.5	200,410	200,410
Short-term operating receivables	1.6	154,639	200,515
Cash and cash equivalents	1.7	1,019,743	977,453
Short-term deferred costs and accrued revenues	1.8	76,883	75,900
EQUITY AND LIABILITIES		2,863,754	2,738,845
Equity	1.9	2,521,857	2,442,112
Called-up capital		1,400,893	1,400,893
Capital surplus		462,775	462,775
Revenue reserves		423,159	423,159
Revaluation surplus		107,130	107,912
Retained earnings		0	25,043
Net profit or loss for the period		127,901	22,331
Provisions and long-term accrued costs and deferred revenues	1.10	0	0
Provisions for terminal leave pay or long-service benefits		15,684	15,684
Long-term liabilities	1.11	53,624	61,079
Long-term financial liabilities		28,495	35,766
Deferred tax liabilities		25,129	25,313
Short-term liabilities	1.12	168,281	163,644
Short-term financial liabilities		3,681	4,613
Short-term trade payables		164,600	159,031
Short-term accrued costs and deferred revenues	1.13	119,992	72,010

Notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.



Income statement

(in EUR)	Notes	2020	2019
Net sales	2.1	1,582,257	1,409,443
Net sales revenues from domestic market		1,133,533	995,670
Net sales revenues from abroad		448,723	413,773
Other operating revenues	2.2	15,254	51,292
Costs of goods, material and services	2.3	569,365	691,923
Costs of materials used		18,609	20,095
Costs of services		550,757	671,827
Labour costs	2.4	734,280	607,566
Costs of wages and salaries		572,431	460,169
Pension insurance costs		14,585	12,329
Other social insurance costs		96,424	81,917
Other labour costs		48,902	39,308
Provisions		1,938	13,843
Write-downs	2.5	129,337	114,966
Depreciation and amortisation		114,784	107,411
Revaluatory operating expenses associated with intangible assets and property, plant and equipment		11,524	1,376
Revaluatory operating expenses associated with operating current assets		3,030	6,179
Other operating expenses	2.6	5,705	21,211
Financial revenue from investments		1,172	2,585
Financial revenue from operating receivables		3,015	0
Financial expenses for financial liabilities		925	1,283
Financial expenses for operating liabilities		195	127
Other revenues		158	7,303
Other expenses		6,506	2,003
Income tax	2.7	-12,827	-11,102
Deferred taxes	2.8	-14,816	1,890
NET PROFIT OR LOSS FOR PERIOD	2.9	127,901	22,331

Notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.



Statement of comprehensive income

<i>(in EUR)</i>	<i>Notes</i>	2020	2019
Net profit or loss for the year		127,901	22,331
Changes of intangible assets and property, plant and equipment revaluation surplus			4,758
Changes in reserves resulting from the valuation at fair value		-782	
Total comprehensive income for the year	2.10	127,119	27,089

Notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.



Cash flow statement

<i>(in EUR)</i>	2020	2019
A. Cash flows from operating activities		
a) Income Statement items	358,390	138,368
Operating revenue	1,587,038	1,417,864
Operating expenses excluding depreciation and amortisation	-1,219,185	-1,269,530
Income taxes and other taxes not included in operating expenses	-9,464	-9,966
b) Changes of net operating assets in Balance Sheet items	9,175	-106,128
Change in trade receivables	47,542	-19,636
Change in deferred costs and accrued revenue	-1,138	-20,456
Change in deferred tax assets	14,816	-1,890
Change in operating debts	5,569	10,380
Change in accrued items and provisions	-57,431	-69,768
Change in deferred tax liabilities	-183	-4,758
c) Net cash from operating activities (a + b)	367,565	32,240
B. Cash flows from investing activities		
a) Cash receipts from investing activities	2,325	1,008,317
Interest received	2,185	2,585
Proceeds from disposal of intangible assets	0	0
Proceeds from sale of property, plant and equipment	139	455,758
Proceeds from disposal of current assets	0	549,973
b) Cash disbursements from investing activities	-270,315	-46,311
Purchase to acquire intangible assets	-51,985	-43,665
Purchase of property, plant and equipment	-18,330	-2,646
Payments in connection with non-current investments	0	0
Payments in connection with current investments	-200,000	0
c) Net cash from investing activities (a + b)	-267,990	962,006
C. Cash flows from financing activities		
a) Cash receipts from financing activities	-782	0
Capital increase	-782	0
b) Cash disbursements from financing activities	-56,502	-65,672
Interest paid	-925	-1,283
Repayment of financial liabilities	-8,203	-7,616
Dividends paid	-47,373	-56,773
c) Net cash from financing activities (a + b)	-57,284	-65,672
D. Net cash and cash equivalents as at end of period	1,019,743	977,453
Net increase in cash and cash equivalents (Ac+Bc+Cc)	42,290	928,574
Cash and cash equivalents as at beginning of period	977,453	48,879

Notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.



Statement of changes in equity for 2020

(in EUR)	Called-up capital	Capital surplus			Revenue reserves			Net profit / loss	Total equity
	Share capital	Payments over carrying amount in redemption of shares	Amounts from simplified capital decrease	General equity revaluation adjustment	Statutory reserves	Revaluation reserves	Retained earnings	Net profit / loss for the period	
A.1. Balance at 31 Dec 2019	1,400,893	143	364,570	98,063	423,159	107,912	25,043	22,331	2,442,112
Backward calculations									
Retrospective adjustments									
A.2. Balance at 1 Jan 2020	1,400,893	143	364,570	98,063	423,159	107,912	47,373	0	2,442,112
Changes in equity - transaction									
B.1. with owners							-47,373		-47,373
Payment of dividends							-47,373		-47,373
Total comprehensive income for B.2. 2020	0	0	0	0	0	-782	0	127,901	127,119
Profit / loss for the period								127,901	127,901
Changes in revaluation surplus related to intangible assets						-782	0		-782
C. Balance at 31 Dec 2020	1,400,893	143	364,570	98,063	423,159	107,130	0	127,901	2,521,857
ACCUMULATED PROFIT FOR 2020	-	-	-	-	-		0	127,901	127,901

Pursuant to the resolution of the General Meeting of 24 August 2020, the accumulated profit determined as at 31 December 2019 in the amount of EUR 47,373.48 was entirely intended for the payment of dividends to the shareholder, which resulted in the gross value of EUR 1.41 per share.

The book value of the share as at 31 December 2020 amounts to EUR 75.12.

Statement of changes in equity for 2019

(in EUR)	Called-up capital	Capital surplus			Revenue reserves			Net profit / loss	Total equity
	Share capital	Payments over carrying amount in redemption of shares	Amounts from simplified capital decrease	General equity revaluation adjustment	Statutory reserves	Revaluation reserves	Retained earnings	Net profit / loss for the period	
A.1. Balance at 31 Dec 2018	1,400,893	143	364,570	98,062	423,159	128,196	9,888	46,885	2,471,796
Backward calculations									
Retrospective adjustments									
A.2. Balance at 1 Jan 2019	1,400,893	143	364,570	98,062	423,159	128,196	56,773	0	2,471,796
Changes in equity - transaction									
B.1. with owners	0	0	0	0	0	0	-56,773	0	-56,773
Payment of dividends							-56,773		-56,773
Total comprehensive income for B.2. 2019	0	0	0	0	0	-20,285	25,043	22,331	27,089
Profit / loss for the period								22,331	22,331
Changes in revaluation surplus related to intangible assets						-20,285	25,043		4,758
C. Balance at 31 Dec 2019	1,400,893	143	364,570	98,062	423,159	107,912	25,043	22,331	2,442,112
ACCUMULATED PROFIT FOR 2019	-	-	-	-	-		25,043	22,331	47,373

Notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.



Notes to financial statements

Reporting entity

Ljubljanska borza, d. d., Ljubljana (hereinafter the LJSE or the "Company") is a company domiciled in Slovenia. Its registered office is at Slovenska cesta 56, 1000 Ljubljana. Below, we present the financial statements of the Company for the year ended 31 December 2020.

Relations with other companies

The Company has no participating interests in other companies, neither directly nor through other entities acting on behalf of the company.

As at 31 December 2020, the LJSE had one shareholder (100%), namely Zagrebačka burza, d.d., Ivana Lučića 2a, 10000 Zagreb, Hrvatska. The Group Annual Report for 2020 will be available at the registered office of the owner.

Basis of preparation

Statement of compliance

The financial statements of the company are prepared in accordance with the Companies Act (ZGD-1) and Slovenian Accounting Standards (SRS 2016).

Basis of presentation

In compiling the Financial Statements, the LJSE considered:

- The basic accounting assumptions:
 - Adherence to the principle of accounting on an accrual basis, and
 - Going concern;
- The qualitative characteristics of financial statements (comprehensibility, relevance, reliability and comparability).

Measuring Bases

In preparing the enclosed financial statements and notes to financial statements, the historical cost convention was adhered to.

Functional and Presentation Currency

The financial statements are drawn up in Euro, i.e. in the functional currency of the LJSE, Inc.

Use of estimates and judgements

The preparation of the financial statements requires the management to make estimates and judgements based on the assumptions used and reviewed that affect the reported amounts of assets, liabilities, revenue

and expenses. How the estimates are produced and the related assumptions and uncertainties is disclosed in the notes to individual items.

The estimates, judgements and assumptions are reviewed on a regular basis. Because estimates are subject to subjective judgement and a degree of uncertainty, actual results might differ from the estimates. Changes in accounting estimates, judgements and assumptions are recognised in the period in which the estimates are changed if the change affects that period only. If the change affects future periods, they are recognised in the period of the change and in any future periods.

Estimates and assumptions are mainly used in the following judgements:

1. Leases

The Company applied the following accounting judgements that significantly affect the determination of the amount of right-of-use assets and lease liabilities:

- Identifying a lease

A contract is identified as a lease if it gives the Company the right to control a leased asset. The Company controls the asset if it can use the asset and has the right to obtain economic benefits from the use of the asset.

- Determining the lease term

The Company determines the lease term as the non-cancellable period of a lease, together with both:

- The period covered by an option to extend the lease if it is reasonably certain that this option is going to be exercised;
- The period covered by an option to terminate the lease if it is reasonably certain that this option is not going to be exercised.

In most cases, the lease term is stipulated in the contract. When the term is not specified, the Company estimates the lease term by considering the assessment of the need to use the asset, taking into account its plans and the long-term business direction.

- Determining the discount rate

The discount rate equals the interest rate at an average interest rate of the loan agreements concluded with non-financial corporations in credit institutions, published by the Bank of Slovenia in its bulletin.

2. Revenue from contracts with customers

The Company applied the following accounting judgements that significantly affect the determination of the amount and recognition of revenue from contracts with customers:

- Determining the timing of satisfaction of performance obligations
- Revenue from the sale of services is fully recognised by the Company at the time the service is provided. From the moment the service is provided, the Company no longer has control of the services provided.

3. Estimating the useful lives of depreciable assets

When estimating the lives of assets, the Company takes into account the expected physical wear and tear, the technical and economic obsolescence as well as expected legal restrictions and other restrictions of use. In addition, the Company checks the useful life of significant assets in case circumstances change and the useful life needs to be changed and depreciation charges revalued.

4. Estimation of the fair value of assets

Fair value is used for financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss and for derivatives. All other items in the financial statements represent the cost or amortised cost.



In measuring the fair value of a non-financial asset, the Company must take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities measured and disclosed in the financial statements at fair value are classified within the fair value hierarchy based on the lowest level of input data that is significant to the fair value measurement as a whole:

Level 1 – quoted (unadjusted) prices in active markets for similar assets and liabilities;

Level 2 – valuation techniques that are based directly or indirectly on market data;

Level 3 – valuation techniques that are not based on market data.

For assets and liabilities disclosed in the financial statements in previous periods, the Company determines at the end of each reporting period whether transfers have occurred between levels by re-assessing the classification of assets based on the lowest level input that is significant to the fair value measurement as a whole.

5. Estimate of provisions for employee post-employment and other long-term benefits

Defined post-employment and other benefit obligations include the present value of post-employment benefits on retirement and jubilee benefits. They are recognised based on an actuarial calculation approved by the management. An actuarial calculation is based on the assumptions and estimates applicable at the time of the calculation, and these may differ from the actual assumptions due to future changes. This mainly refers to determining the discount rate, the estimate of staff turnover, the mortality estimate and the salary increase estimate. The defined benefit obligations are sensitive to changes in the said estimates because of the complexity of the actuarial calculation and the item's long-term nature.

6. Assessing the possibility of using deferred tax assets

The Group/Company recognises deferred tax assets in connection with provisions for jubilee benefits and post-employment benefits on retirement, for the calculated depreciation at a higher rate than the tax-deductible depreciation, impairment of receivables and tax losses.

On the day the financial statements are completed, the Company verifies the amount of disclosed deferred tax assets and liabilities. Deferred tax assets are recognised if it is probable that future taxable net profits will be available against which deferred tax assets can be utilised in the future. Deferred taxes are decreased by the amount for which it is no longer probable that tax breaks associated with the asset can be utilised.

Impact of the COVID-19 pandemic on assessments and judgments

Due to the worsened macroeconomic environment caused by the COVID-19 epidemic, the LJSE has reviewed its critical accounting estimates and judgments in areas that could be negatively affected by the epidemic, especially asset quality, impairment and provisions, fair value measurement of financial assets and taxes.

1. Impairment of receivables

Despite the deterioration of the macroeconomic environment, there is no increase in risk with regard to the ongoing monitoring of receivables and regular recovery.

Based on the analysis and monitoring of outstanding receivables in the past and also on an ongoing basis, it is estimated that our business partners have strong solvency. In addition, the nature of operations and



billing for services, with payment deadlines ranging from 8 to 15 days, allow us to monitor receivables on an ongoing basis and thus the response time for recovery. The majority of receivables from both trade receivables and interest receivables relate to outstanding receivables, their share being 70.1%.

For debtors who fail to settle their obligations within the deadline, i.e. when the invoice is due, regular recovery takes place through written reminders. They are sent at least once a month, as a rule, between the 15th and 20th day of the month based on the last day of the previous month, with a payment deadline of 8 days from the issuance of the reminder.

An assessment of contracts with customers was made, and the current estimate is that there is no need to amend the contractual provisions.

2. Financial assets

In accordance with the investment policy and taking into account the security principle, the Company may invest liquidity surpluses or liquid assets in:

- At least 2/3 of financial investments in deposits, bonds and other debt securities and bond funds,
- Up to 1/3 of financial investments in shares and equity funds.

The following financial principles are taken into account in the management of financial assets:

- Security principle,
- Liquidity principle,
- Dispersion principle, and
- Profitability principle.

The primary investment goal is to maintain investment security, which is achieved by maintaining a low risk of individual segments, predominantly investing in debt securities of issuers with the highest credit rating, restrictions on investments in riskier securities, introducing additional criteria and restrictions on equity investments and banning investing in excessively risky securities and investments.

The next goal is to achieve portfolio profitability. The target average annual return of the portfolio is 3 - 5% while maintaining the commitment to respect the primary principle, i.e. the security principle.

The liquidity principle is ensured by planning investments in highly liquid financial investments, which enable the investment to be converted into money quickly and without significant loss of value.

When deciding on the type of financial investment, the following criteria are taken into account:

- Macroeconomic picture of the world economy and the issuing countries, where the funds are potentially invested (economic growth, inflation, currency ratios and their trend forecasts),
- Geopolitical situation and the associated risks (global, particular),
- General trends in the global capital market,
- Potential of an individual industry,
- Analysis of an individual issuer and its securities,
- Investment cost (transaction costs, fund commissions, etc.).

The company has all liquidity surpluses or free cash tied up with commercial banks, i.e., an 80% share of assets tied up in the short term.



3. Use of state aid to address the consequences of the COVID-10 epidemic

The company has not received any state aid to address the effects of the COVID-19 epidemic. We also did not receive any rent concessions as a result of the mitigation of the COVID-19 epidemic.

4. Maturity of assets and liabilities

The Company's working capital, i.e. the difference between short-term assets and short-term liabilities, is positive, which means that the Company has sufficient liquid assets to finance regular operations.

(in EUR)	31 Dec 2020	31 Dec 2019
Short-term assets	154,639	200,515
Short-term liabilities	78,243	69,331
Difference - Working capital	76,396	131,184

The company has all liquidity surpluses or free cash tied up with commercial banks, i.e., an 80% share of assets tied up in the short term. The company's liquidity position remains strong, and the values of liquidity indicators are high.

5. Taxes

The LJSE recognised deferred tax assets accrued on the basis of temporary differences in an amount that, given future profit estimates, is expected to be reversed in the foreseeable future (i.e., within five years). Therefore no decrease in the amount of deferred tax assets is needed as of 31 December 2020, even taking into account the effect of COVID-19.

Important Accounting Principles

In recognising and valuating items, the provisions of the SAS were adhered to as a rule, except in valuating items for which the SAS allow for different valuation methods, where the Company used the principles described below.

The same accounting policies were followed in the preparation of these financial statements as for the year ended 31 December 2019.

Intangible assets and long-term deferred costs and accrued revenues

The Company's intangible assets include long-term property rights and long-term deferred costs and accrued revenue.

After initial recognition, intangible assets are recognised at cost value. These assets are measured at cost value less accumulated amortisation.

Amortisation of intangible assets is provided on a straight-line basis.



Amortisation rates:

	Rate in %
Intangible assets	20.0
Software	20.0
Licences	20.0

The amortisation period and amortisation method for an intangible asset with finite useful life is reviewed at least at each financial year-end. If the asset's expected useful life differs significantly from previous estimates, the amortisation period changes accordingly. The amortisation rates did not change in 2020 and are the same as in 2019.

The value of an intangible asset is also estimated on the reporting date to assess whether there are objective indications of impairment. For an intangible asset with indefinite useful life and/or for an intangible asset not yet in use, its recoverable amount is calculated once a year irrespective of whether indications of impairment exist or not.

Impairment losses are recognised in the Income Statement as revaluatory operating expenses associated with intangible assets.

Reversed impairment losses for intangible assets are only recognised if their recoverable amount increases and this increase can be objectively related to an event after the recognition of loss. Impairment losses are reversed only up to the carrying amount that would be recognised after deducting accumulated depreciation if no impairment losses had been recognised in previous periods.

Long term deferred costs and accrued revenues refer to long-term deferred costs.

Property, plant and equipment

The Company's property, plant and equipment item includes: building and associated land, equipment and small tools with useful lives of over a year and cost values of up to EUR 500 each.

Property, plant and equipment that meet the criteria for recognition are initially recognised at cost value, composed of the purchase price and all costs of preparing the asset for its intended use.

After initial recognition, items of property, plant and equipment are measured at cost value. The building and associated land are measured at revaluation value. If subsequently incurred costs related to property, plant or equipment increase the asset's future benefits as compared to previous evaluations, they increase its cost value.

As at 1 July 2007, the Company presents the building with its associated land after the initial recognition in accordance with the revaluation model under SAS 1.33.

Each item of property, plant and equipment is depreciated separately, using the straight-line depreciation method.

Land is not depreciated.



Depreciation rates:

	Rate in %
Buildings	3.75
Computers	20.0 - 40.0
Furniture and other equipment	20.0 – 30.0
Vehicles	20.0

Depreciation of an item of property, plant and equipment obtained in the current year begins on the first day of the following month after it has become available for use. Assets in the course of construction or manufacturing are not depreciated until they are available for use.

An asset's residual value and remaining useful life are examined on the reporting date and adjusted accordingly if expectations differ from previous estimates. The depreciation rates did not change in 2020 and are the same as in 2019.

Property, plant and equipment are examined every year for indications of impairment. If any such indications exist, an estimate of the recoverable amount is made, which is the higher of its net selling price, less the cost of selling, and value in use. If an asset's recoverable amount exceeds its carrying amount, the asset is not impaired.

If the carrying amount of an asset or a group of assets exceeds their recoverable amount, the Company reduces the recognised cost values of its property, plant and equipment and proportionately reduces the relevant impairment loss.

Reversed impairment losses for property, plant and equipment are only recognised if their recoverable amount increases and this increase can be objectively related to an event after the recognition of loss. Impairment losses are reversed only up to the carrying amount that would be recognised after deducting the accumulated depreciation if no impairment losses had been recognised in previous periods.

Property, plant and equipment disposed of or destroyed are no longer recorded on books of account since no benefits can be expected of them. Any incurred profits increase the operating revenues and any incurred losses increase the operating expenses.

The Company holds business property (2 parking spaces for company vehicles) under a lease. In 2020, it had no finance leases with lease terms exceeding one year.

In accordance with the SAS 1.27, the Company changed the method of disclosing the effects of lease contracts in 2019, except in the case of short-term leases and leases of low-value assets, and used a uniform approach to the recognition and measurement of all leases.

The right-of-use assets for most leases were recognised based on the carrying amount as if SAS 1.27 had always been applied, apart from the use of incremental borrowing rate at the date of initial application.

The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any previously recognised prepaid and accrued lease payments. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company also applied the available practical expedients wherein it:

- Applied the short-term leases exemptions to leases with the lease term that ends within 12 months of the date of initial application,
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application,
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The Company applies the exemption to short-term lease recognition (i.e. to leases that have a lease term of 12 months or less and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. The Company recognises lease payments on short-term leases and leases of low-value assets as an expense on a straightline basis over the lease term.

Revaluation of the building with associated land

At least every five years or more often, in case of external indications for revaluation, the Company commissions a certified appraiser to appraise its property.

If the revaluation increases the building's carrying amount, the increase is recognised directly in Equity under the item revaluation surplus. An increase in revaluation is recognised in operating revenue in the Income Statement if the impairment loss is derecognised. Impairment of fair value is recognised in the Income Statement. A decrease in carrying amount due to revaluation is initially debited to the revaluation reserve, and later the difference is recognised in the operating expenses in the Income Statement.

In 2017, the Company obtained a statement on the fair value of the building and its associated land.

On the basis of the acquired fair value statement by an authorised property appraiser, the LJSE adjusted the carrying amount of the property at fair value on 31 December 2017 with the elimination of the decrease from the previous impairment in the amount of EUR 69,121.92 and by excluding the depreciation adjustment to the cost of the purchase or revalued cost of the building in the amount of 142,107.80 EUR; then the net amount was revalued to a new fair value of EUR 168,154.99, which became the new revalued value from which amortisation is calculated. With the unchanged useful life and using the straight-line method, the depreciation rate increased from 3.150% to 3.537%.

Receivables

Receivables of all types are initially recognised at amounts stipulated in the relevant documents, under the assumption they will be collected. Receivables denominated in foreign currency are converted at the reference exchange rate of the ECB rate at the end of the period, and any translation difference is recognised as financial revenue or expenditure.

Subsequent increases or decreases of receivables increase the relevant operating (or financial) revenue or expenses.

Allowances for bad receivables are formed when their collection is doubtful, if we have information of the poor financial condition of the buyer or of the compulsory settlement or liquidation of the buyer. As dictated by experience from previous accounting periods and considering expectations, allowances for bad receivables are mandatorily formed at the end of each financial year. Allowances for bad receivables are



formed for the entire amount of outstanding receivables, for all receivables not settled within 90 days after they were due. Receivables are impaired individually.

Cash and cash equivalents

Cash and cash equivalents include cash on bank accounts and cash in hand.

Cash and cash equivalents denominated in the national currency are recognised at nominal value. Foreign currency and foreign exchange is converted into the national currency as at the day received, applying the exchange rate as of that day. The foreign currency account balance is converted at the middle exchange rate as at the day of the Balance Sheet. The exchange rate difference is recorded under financial revenue or expenses.

Equity

Total equity is distributed into share capital, share premium amount, amounts from the simplified decrease of share capital, retained net profit from previous periods and net profit for the financial year. The share capital is recognised in the national currency.

Provisions and long-term accrued costs and deferred revenues

Provisions and long-term accrued costs and deferred revenues include long-term deferred revenues that will cover the anticipated expenses within a period longer than one year. When services are charged, therefore, they are not included in the Income Statement, since at the time, there is no need to settle those expenses.

Provisions are defined for present liabilities, which stem from obligating past events and are expected to be settled at a time period that is not certain and in the amount which can be reliably estimated. The purpose of provisions is to collect amounts in the form of accrued costs or expenses, which, in the future, will enable the Company to cover the then incurred costs or expenses.

Provisions for employee post-employment and other long-term benefits

Defined post-employment and other benefit obligations include the present value of post-employment benefits on retirement and jubilee benefits. They are recognised based on an actuarial calculation approved by the management. An actuarial calculation is based on the assumptions and estimates applicable at the time of the calculation, and these may differ from the actual assumptions due to future changes. This mainly refers to determining the discount rate, the estimate of staff turnover, the mortality estimate and the salary increase estimate. Defined benefit obligations are sensitive to changes in the said estimates because of the complexity of the actuarial calculation and the item's long-term nature.

Pursuant to the law, the collective agreement and the internal rules, the Company is obligated to pay its employees' jubilee benefits and post-employment benefits on retirement, for which it has established long-term provisions. Other obligations related to employee post-employment benefits do not exist.

The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of post-employment benefits on retirement and the costs of all expected



jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Post-employment benefits on retirement and jubilee benefits are charged against the provisions created.

Labour costs and costs of interest are recognised in the statement of profit or loss, whereas the adjustment of post-employment benefits or unrealised actuarial gains or losses arising from post-employment benefits are recognised in other comprehensive income.

Liabilities

Current and non-current liabilities of all types are initially recognised in the amounts stipulated by the relevant documents, assuming that creditors will demand their execution.

Current liabilities may subsequently increase or decrease, directly or independently of the executed payment, by an amount agreed with the creditor. Subsequent increases of current liabilities increase the relevant operating (or financing) expenses (costs).

Short-term accrued and deferred items

Active short-term accrued and deferred items include short-term deferred costs (expenses) and temporarily accrued revenue. Short-term deferred costs include amounts that, upon incurrence, do not burden the Company's activity and do not affect the Income Statement. Temporarily accrued revenue is incurred when the Income Statement recognises revenue that has not yet been received or charged for. The recognition of short-term accrued revenue and deferred costs in the books of account and the Balance Sheet is reversed when their possible incurrence no longer exists or when short-term accruals and deferrals are no longer needed. Short-term deferred costs (expenses) are converted into accrued costs (expenses) when they are recognised in the Income Statement.

Accrued expenses are extinguished when the relevant liability is recognised or payment is made. Short-term accrued revenue is extinguished when the relevant receivable is recognised or payment is received.

Accrued costs, accrued expenses and deferred revenue include accrued costs (expenses) and short-term deferred revenue. Accrued costs include costs expected but not yet incurred and refer to the period of the Income Statement. Short-term deferred revenue is incurred when the Company's services had been charged for but not yet rendered. Revenue can also be deferred for a short term when at the time of sale, it is still doubtful whether it will be received. The recognition of short-term accrued costs and deferred revenue in the books of account and the Balance Sheet is reversed when their possible incurrence no longer exists or when short-term deferrals and accruals are no longer needed. Short-term accrued costs (expenses) subsequently take the place of the actual incurred costs (expenses) of the same type and are thus no longer included in the Income Statement for the relevant financial year. Short-term deferred revenue is transformed into accrued revenue when the relevant services have been rendered or when they become eligible for inclusion into the Income Statement, and the relevant costs have to be covered.

During the year and upon drawing up the financial statements, the Company verifies whether it is justified and necessary to recognise short-term accruals and deferrals. In estimating the accuracy of their value, we take into account the potential changes caused by events after their recognition.



Recognition of revenue

Operating revenue is sales revenue and other operating revenue related to products and services.

Revenue from the sale of services is recognised by the Company at the time the service is fully provided.

A sale of services is recognised in the accounting period in which the services are rendered by reference to the completion of the transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

For long-term projects, the revenue from services rendered is recognised based on the stage of completion as at the balance sheet date. Under this method, the revenue is recognised in the accounting period in which the services are rendered.

Financial revenue is revenue from investments. It is incurred from non-current and current investments. It consists of accrued interest, exchange differences related to investments, any surplus of disposal price over their carrying amount in disposals of non-current and current investments, as well as revaluatory financial revenue. Interest income is recognised upon incurrence, i.e. when charged, using the effective interest rate method. It is only recognised when there is no doubt about its amount or recoverability.

Other revenue consists of exceptional items that increase the Company's revenue for the period.

Recognition of expenses

Expenses include costs and expenses of commercial, administrative and other tasks, along with costs related to the sale of products and services, as well as operating expenses from revaluation of fixed and current assets. Expenses are fully recognised as operating expenses in the period in which they are incurred. Upon initial recognition, expenses are categorised according to type, as costs of materials, costs of services, depreciation costs, employee benefits cost and costs of amounts due, irrespective of income.

Financial expenses include expenses for financial activities and expenses for investment. They consist of exchange differences, the shortage of disposal price compared to carrying amounts in disposals of non-current investments, as well as financial expenses from revaluation.

Other expenses consist of exceptional items that decrease the Company's revenue for the period.

Taxes

Tax expense includes accrued income tax and deferred tax.

Income tax is charged on the basis of revenues and expenses given in the Income Statement pursuant to the temporary tax legislation.

Deferred tax is provided on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets or liabilities are recognised as revenue or expenses in the Income Statement.



The Company forms deferred tax assets for all deductible temporary differences – arising from asset impairment, temporarily non-tax-deductible amortisation and unused tax loss – to the extent that it is probable that taxable profit will be available.

Cash flow statement

Based on Balance Sheet data as at 31 December 2019 and as at 31 December 2020, and based on the Income Statement for 2020, as well as considering other relevant data from internal sources relating to revenue and expenses, the Cash Flow Statement was drawn up under version II of SAS 2016.

1 Balance sheet

1.1 Intangible assets

EUR 129,883

(in EUR)	31 Dec 2020	31 Dec 2019
Long-term property rights	1,238,904	1,266,947
Intangible assets under construction	0	0
Long-term deferred costs	29,566	29,412
Accumulated amortisation of intangible assets	-1,138,587	-1,177,483
Carrying amount	129,883	118,876

Intangible assets as at 31 December 2020 include recognised rights for the use of software for computer data processing with a carrying amount of EUR 100,317 and long-term deferred costs in the amount of EUR 29,566.

All intangible assets have finite useful lives.

Movements of intangible assets:

(in EUR)	Long-term property rights	Long-term deferred costs	Intangible assets under construction	Total
Cost of purchase				
Balance as at 31 Dec 2019	1,266,947	29,412	0	1,296,359
Additions	51,989	739	0	52,728
Transfer	0	584	0	584
Disposals	80,033		0	80,033
Balance as at 31 Dec 2020	1,238,904	29,566	0	1,268,470
Accumulated amortisation				
Balance as at 31 Dec 2019	1,177,483	0	0	1,177,483
Annual amortisation	29,884	0	0	29,884
Disposals	68,780	0	0	68,780
Balance as at 31 Dec 2020	1,138,587	0	0	1,138,587
Carrying amount				
Balance as at 31 Dec 2019	89,465	29,412	0	118,876
Balance as at 31 Dec 2020	100,317	29,566	0	129,883

(in EUR)	Long-term property rights	Long-term deferred costs	Intangible assets under construction	Total
Cost of purchase				
Balance as at 31 Dec 2018	1,223,282	27,029	0	1,250,311
Additions	43,665	2,854	0	46,518
Transfer	0	0	0	0
Disposals	0	471	0	471
Balance as at 31 Dec 2019	1,266,947	29,412	0	1,296,359

- Continued -

(in EUR)	Long-term property rights	Long-term deferred costs	Intangible assets under construction	Total
Accumulated amortisation				0
Balance as at 31 Dec 2018	1,153,024	0	0	1,153,024
Annual amortisation	24,458	0	0	24,458
Disposals	0	0	0	0
Balance as at 31 Dec 2019	1,177,483	0	0	1,177,483
Carrying amount				0
Balance as at 31 Dec 2018	70,258	27,029	0	97,287
Balance as at 31 Dec 2019	89,465	29,412	0	118,876

Additions in long-term property rights in 2020 refer to the development and introduction of a new website of the LJSE in the amount of EUR 45,112, the development and introduction of a new website # Financial literacy in the amount of EUR 1,860, the upgrade of the LJSE.SI portal in the amount of EUR 4,454 and the upgrade of the SEOnet in the amount of EUR 563.

As at the Balance Sheet date, all the Company's liabilities from purchases to acquire intangible assets are settled.

As at the Balance Sheet date, the Company has an obligation to purchase intangible fixed assets in the amount of EUR 17,590 with the maturity of 15 January 2021 and in the amount of EUR 24,042 with the maturity of 28 January 2021.

Long-term deferred costs and accrued revenues include deferred costs of digital certificates and brand acquisition in the total amount of EUR 1,145 and payments to the reserve fund in the amount of EUR 28,421.

1.2 Property, plant and equipment

EUR 1,076,967

(in EUR)	31 Dec 2020	31 Dec 2019
Building	1,025,431	1,025,431
Accumulated depreciation of building	-112,383	-66,523
Right of use (buildings and land)	39,349	39,349
Accumulated depreciation of right of use	-7,871	-3,935
Other property, plant and equipment	347,864	330,678
Property, plant and equipment under construction	0	0
Accumulated depreciation of property, plant and equipment	-215,424	-181,196
Carrying amount	1,076,967	1,143,805

As at 31 December 2019, the item property, plant and equipment (PPE) included the current value of the building (EUR 944,527) and the current value of other PPE (EUR 132,440).

For 2020, the assumptions from the valuation acquired in 2017 were reviewed. The market conditions in 2020 do not show any significant changes from the acquired valuation; therefore, a revaluation is not required in 2020.

If the building and associated land were recognised at the cost model, the carrying amount of the building and associated land as at 31 December 2020 would have totalled EUR 782,423.

Movements of property, plant and equipment (PPE):

(in EUR)	Buildings	Right to use - IFRS 16	Equipment	Small tools	Equipment under preparation	Total PPE
Cost of purchase						
Balance as at 31 Dec 2019	1,025,431	39,349	330,678	0	0	1,395,459
Additions	0	0	18,326		18,326	36,652
Transfer	0	0	0		18,326	18,326
Disposals	0	0	1,140		0	1,140
Enhancement	0	0	0		0	0
Impairment	0	0	0		0	0
Balance as at 31 Dec 2020	1,025,431	39,349	347,864	0	0	1,412,645
Accumulated depreciation						
Balance as at 31 Dec 2019	66,523	3,935	181,196	0	0	251,653
Annual depreciation	45,860	3,936	35,104			84,900
Disposals	0		875			875
Enhancement	0					0
Impairment	0					0
Balance as at 31 Dec 2020	112,383	7,871	215,424	0	0	335,678
Carrying amount						
Balance as at 31 Dec 2019	958,909	35,414	149,482	0	0	1,143,805
Balance as at 31 Dec 2020	913,049	31,478	132,440	0	0	1,076,967

(in EUR)	Buildings	Right to use - IFRS 16	Equipment	Small tools	Equipment under preparation	Total PPE
Cost of purchase						
Balance as at 31 Dec 2018	1,456,061	0	375,884	0	7,418	1,839,363
Additions	0	39,349	10,052	0	2,646	52,047
Transfer	0	0	0	0	0	0
Disposals	-430,629	0	-55,259	0	-10,063	-495,951
Enhancement	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Balance as at 31 Dec 2019	1,025,431	39,349	330,678	0	0	1,395,459
Accumulated depreciation						
Balance as at 31 Dec 2018	46,216	0	201,862	0	0	248,077
Annual depreciation	45,860	3,935	33,216	0	0	83,012
Disposals	-25,553	0	-53,882	0	0	-79,436
Enhancement	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Balance as at 31 Dec 2019	66,523	3,935	181,196	0	0	251,653
Carrying amount						
Balance as at 31 Dec 2018	1,409,845	0	174,023	0	7,418	1,591,285
Balance as at 31 Dec 2019	958,909	35,414	149,482	0	0	1,143,805

New purchases of PPE include purchases of office equipment in the amount of EUR 4,822, IT equipment in the amount of EUR 11,401 and other equipment in the amount of EUR 2,103.

Eliminations refer to the sale of PPE and elimination of operating fixed assets from bookkeeping records pursuant to the resolution adopted by the inventory commission.

None of the assets from this group have legal restrictions imposed or are pledged as a guarantee.

As at the Balance Sheet date, the Company has no liabilities from purchases to acquire property, plant and equipment.

1.3 Non-current investments

EUR 200,000

(in EUR)	31 Dec 2020	31 Dec 2019
Other loans	200,000	0
Total	200,000	0

A long-term deposit in the amount of EUR 200,000 is deposited with the commercial banks in Slovenia for a period of 2 years and at an interest rate of 0.35% in nominal terms.

1.4 Deferred tax assets

EUR 20,913

(in EUR)	31 Dec 2020	31 Dec 2019
Deferred tax assets	20,913	35,729
Total	20,913	35,729

Deferred tax assets in the amount of EUR 20,913 are recognised on all deductible temporary differences arising from the difference between the depreciation charge for the building in the amount of 3.537%, and tax-deductible amortisation in the amount of 3.00%, as well as for impairments of trade receivables, and unused tax loss.

Deferred taxes are charged at the rate of 19%, at which it is expected that the deferred tax assets will also be settled.

Movement of long term deferred tax assets in 2020:

(in EUR)	Difference between depreciation charged (3,537%) and tax-deductible depreciation (3,0%)	Impairment of trade receivables	Unused tax loss	Provisions	Total
As at 1 January 2020	1,889	12,083	20,442	1,315	35,729
Newly formed in 2020	875	494	0	175	1,544
Used in 2020	0	-2,605	-13,755	0	-16,360
As at 31 December 2020	2,764	9,972	6,687	1,490	20,913



1.5 Current investments

EUR 200,410

(in EUR)	31 Dec 2020	31 Dec 2019
Investments into precious metals	383	383
Short-term banks deposits	200,027	200,027
Total	200,410	200,410

A short-term deposit of EUR 200,027 is deposited with the commercial banks in Slovenia and refers to the short-term deposit in the amount of EUR 100,000 for a period of 6 months and at a 0.05% nominal interest rate and a short-term deposit in the amount of EUR 100,000 for a period of 12 months and at a 0.25% nominal interest rate.

Investments into precious metals refer to two gold bars.

1.6 Short-term trade receivables

EUR 154,639

(in EUR)	31 Dec 2020	31 Dec 2019
Trade receivables	140,188	175,854
Receivables due from other entities	14,451	24,661
Total	154,639	200,515

• Trade receivables

EUR 140,188

(in EUR)	31 Dec 2020	31 Dec 2019
Trade receivables due from residents	53,204	95,993
Doubtful and disputable trade receivables from residents	51,345	61,892
Trade receivables due from non-residents	86,984	79,861
Doubtful and disputable trade receivables from non-residents	220	220
Allowance for bad receivables	-51,565	-62,112
Total	140,188	175,854

• Receivables due from other entities

EUR 14,451

(in EUR)	31 Dec 2020	31 Dec 2019
Short-term advanced paid	98	770
Interest receivables	951	2,497
Default interest receivable	-920	-1,484
Receivables due from other entities	14,322	22,877
Total	14,451	24,661

Other short-term receivables refer to input VAT in the amount of EUR 7,137, namely to VAT receivables from invoices for December 2020, to receivables from paid advance payments for corporation tax in the amount of EUR 6,928, and to other receivables, in the amount of EUR 257.

The company has no claims with its Management Board members, employees with special powers or Supervisory Board members.



• **Short-term receivables by maturity (gross trade receivables, advances and interest)**

(in EUR)	Non past due	Past due 30 days	Past due 60 days	Past due 90 days	Past due 120 days	More than 120 days	Total
Trade receivables due from residents – trading fees	22,193						22,193
Trade receivables due from residents – other	25,694	953	3,848			381	30,876
Trade receivables due from residents – doubtful						51,345	51,345
Trade receivables due from non-residents	86,981					3	86,984
Trade receivables due from non-residents – doubtful						220	220
Other short-term advances and overpayments	98						98
Interest receivable	30						30
Default interest receivable	0						0
Default interest receivable – doubtful						920	920
Total	134,997	953	3,848	0	0	52,869	192,667

The majority of receivables, both trade receivables and interest receivables, are non-past due receivables, representing 70.1% of all receivables. For claims overdue by over 90 days and for doubtful claims and for claims in cases of compulsory settlement or bankruptcy, we formed allowances. In forming allowances, we considered all claims not settled within 90 days and all payments received until January 2021.

In the field of credit risk, the company follows the established procedure of collecting trade receivables, which ensures that the majority of our outstanding receivables are settled.

Review of corrections in value adjustments of receivables in 2020:

(in EUR)	Receivables	Penal interest	Total
As at 31 December 2019	62,112	1,484	63,595
- Recovered receivables for which a correction was made (adjustment)	-13,147	-563	-13,710
+ Additional increase in value adjustment	2,600		2,600
Status of the Adjustment as of 31 December 2020	51,565	920	52,485

The company does not hedge its receivables.



1.7 Cash and cash equivalents

EUR 1,019,743

(in EUR)	31 Dec 2020	31 Dec 2019
Cash in hand	738	120
Bank balance:	1,019,005	977,333
Current account	468,953	427,281
Redeemable EUR deposit	550,052	550,052
Total	1,019,743	977,453

1.8 Short-term deferred costs and accrued revenue

EUR 76,883

(in EUR)	31 Dec 2020	31 Dec 2019
Short-term deferred costs	30,753	35,469
Short-term accrued revenues	46,130	40,431
- Listing maintenance fees for bonds	46,130	40,431
Total	76,883	75,900

Short-term deferred costs refer to the lease of the licenses in the amount of EUR 18,151, costs of the company's property insurance in the amount of EUR 1,407, costs of the responsibility insurance and supplementary health insurance in the amount of EUR 7,754 and other in the amount of EUR 3,441. These costs relate to the financial year 2021.

Accrued revenue refers to listing maintenance fees for government bonds (issued by the Republic of Slovenia) for 2020, in the amount of EUR 46,130. The listing maintenance fees will be charged in 2021 after one year of listing. Other issuers are charged with listing maintenance fees (for shares and bonds) for the term of each calendar year.

1.9 Equity

EUR 2,521,857

(in EUR)	31 Dec 2020	31 Dec 2019
Called-up capital	1,400,893	1,400,893
Capital surplus	462,775	462,775
- Payments in excess of cost in disposal of own shares	143	143
- Amounts from a simplified reduction of share capital	364,570	364,570
- General equity revaluation adjustment	98,062	98,062
Revenue reserves	423,159	423,159
- Statutory reserves	423,159	423,159
- Other reserves	0	0
Revaluation surplus	107,130	107,912
- Building revaluation surplus	133,224	133,224
- Actuarial loss	-966	0
- Allowance for revaluation surplus relating to deferred tax assets	-25,129	-25,313
Retained earnings	0	25,043
Net profit or loss for the period	127,901	22,331
Total	2,521,857	2,442,112

• Share capital

EUR 1,400,893

Share capital consists of 33,571 regular no par value shares.

• **Capital surplus** **EUR 462,775**

(in EUR)	31 Dec 2020	31 Dec 2019
Payments in excess of cost in disposal of own shares	143	143
Amounts from a simplified reduction of share capital	364,570	364,570
General equity revaluation adjustment	98,062	98,062
Total	462,775	462,775

The general equity revaluation adjustment refers to the revaluation of share capital back to 2001.

• **Revenue reserves** **EUR 423,159**

(in EUR)	31 Dec 2020	31 Dec 2019
Statutory reserves	423,159	423,159
Other revenue reserves	0	0
Total	423,159	423,159

• **Revaluation surplus** **EUR 107,130**

(in EUR)	31 Dec 2020	31 Dec 2019
Building revaluation surplus	133,224	133,224
Actuarial loss	-966	0
Allowance for revaluation surplus relating to deferred tax assets	-25,129	-25,313
Total	107,130	107,912

1.10 Provisions, and long-term accrued costs and deferred revenue **EUR 15,684**

(in EUR)	31 Dec 2020	31 Dec 2019
Provisions for pensions and similar liabilities	15,684	13,843
Total	15,684	13,843

Considering the staffing developments in 2020, the LJSE additionally formed provisions for terminal leave pay and jubilee benefits to employees in the amount of EUR 1,841.

Provisions are formed for estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Post-employment benefits on retirement and jubilee benefits are charged against the provisions created.

Assumptions used in the calculation:

- Interest rate on long-term government bonds with a maturity of 10 years of 0.75% in nominal terms,
- The expected long-term growth of salaries, anniversary bonuses and non-taxable amounts of 0.5% annually,
- Gross pay per employee.

1.11 Long-term liabilities

EUR 53,624

(in EUR)	31 Dec 2020	31 Dec 2019
Long-term financial liabilities	28,495	35,766
Deferred tax liabilities	25,129	25,313
Total	53,624	61,079

Long-term financial liabilities in the amount of EUR 28,495 refer to the business lease of 2 parking spaces for company vehicles.

Deferred tax liabilities are recognised under the revaluation reserve, which relates to the revaluation of a building to fair value in 2017.

1.12 Short-term liabilities

EUR 168,281

(in EUR)	31 Dec 2020	31 Dec 2019
Short-term financial liabilities	3,681	4,613
Payables to suppliers	85,637	88,941
Payables from advances	720	760
Other trade payables	78,243	69,331
Total	168,281	163,644

Short-term financial liabilities in the amount of EUR 3,681 refer to the current portion of the finance lease for the purchase of a company car.

Other short-term operating liabilities relate to short-term liabilities to employees in the amount of EUR 55,927, VAT liabilities in the amount of EUR 20,995 and other short-term operating liabilities in the amount of EUR 1,321.

• Payables to employees

EUR 55,927

(in EUR)	31 Dec 2020	31 Dec 2019
Payables from net wages and wage compensations	25,408	22,418
Payables from contributions for gross wages and wage compensations	11,406	10,071
Payables from taxes for gross wages and wage compensations	9,437	7,610
Payables from other earnings from employment	1,348	1,712
Payables from payer's contributions	8,329	7,300
Total	55,927	49,110

• Payables to the government and other institutions

EUR 22,291

(in EUR)	31 Dec 2020	31 Dec 2019
Payables from VAT	20,995	17,296
Payables from income tax	0	0
Other payables to the government and other institutions	1,296	1,829
Total	22,291	19,125

• **Short-term liabilities by maturity (payables to suppliers and advances)**

(in EUR)	Non past due	Past due 30 days	Past due 60 days	Past due 90 days	Past due 120 days	More than 120 days	Total
Payables to suppliers - domestic	19,734	1,768			52	54	21,607
Payables to suppliers - foreign	64,030						64,030
Payables from advances	720						720
Total	84,484	1,768	0	0	52	54	86,357

The majority of trade payables relate to outstanding liabilities, which represent 98.9% of all liabilities.

1.13 Short-term accrued costs and deferred revenue

EUR 119,992

(in EUR)	31 Dec 2020	31 Dec 2019
Accrued costs	117,162	51,567
Short-term deferred revenues	2,830	20,443
Total	119,992	72,010

Accrued costs refer to the costs of the audit of the financial statements for 2020, which amount to EUR 4,118, to the costs of a risk management audit in the amount of EUR 867, to the costs of the review of the report on affiliated subjects in the amount of EUR 542, to the obligations arising from bonuses to the employees and the Management Board for 2020 in the amount of EUR 104,068, to the cost of unused annual leave in the amount of EUR 1,450, and other accrued costs in the amount of EUR 6,117.

Short-term deferred revenue in the amount of EUR 2,830 represents deferred revenue from the licence fee for the use of LJSE indices relating to the year 2021.

1.14 Off-balance-sheet liabilities and receivables

As at 31 December 2020, the company recognised no off-balance-sheet liabilities or receivables. The company's assets are not used for any insurance and are free from all charges.



2 Income statement

2.1 Net sales revenues

EUR 1,582,257

(in EUR)	2020	2019
a. Revenue from core business	1,100,603	828,985
- Trading fees	595,719	436,776
- Membership fees	36,000	28,500
- Listing fees	465,831	360,344
- Fees from authorised Advisors	3,053	3,364
b. Other revenue	481,654	580,458
- SEOnet and INFO STORAGE services	150,784	163,840
- Seminars	7,535	21,624
- Data dissemination	61,200	39,250
- Revenues sharing with WBAG	218,057	225,293
- Revenues from licence fee for use of LJSE indices	400	0
- Revenues from organising events	30,413	103,218
- Intercompany revenues	350	5,629
- Other	12,916	21,604
Total	1,582,257	1,409,443

2.2 Other operating revenues

EUR 15,254

(in EUR)	2020	2019
Revenues from rental of premises	0	350
Revenues from dissolved provisions	472	0
Revenue from building revaluation	0	0
Revenues from revaluation (previous impairment)	13,428	0
Revenues from sale of fixed assets	139	49,048
Other revenues	1,215	1,894
Total	15,254	51,292

2.3 Costs of material and services

EUR 569,365

(in EUR)	2020	2019
Costs of material	18,609	20,095
Power supply	5,458	7,471
Office supplies, expert literature and publications	11,149	10,324
Costs of LJSE publications	0	778
Other costs of material	2,002	1,522
Costs of services	550,757	671,827
Transportation	653	2,468
Maintenance costs	111,963	134,961
Leases and rents	206,705	198,265
Reimbursements of labour-related costs	497	5,417
Payment transactions and insurance premiums	11,556	10,197

- Continued -



(in EUR)	2020	2019
Intellectual and personal services	56,285	70,468
Advertising and entertainment	7,120	44,174
Services by individuals without a registered business	28,116	46,019
Costs of other services	127,860	159,859
Total	569,365	691,923

2.4 Employee benefits cost

EUR 734,280

(in EUR)	2020	2019
Wages and salaries	572,431	460,169
Pension insurance	67,580	57,350
- Pension and disability insurance contributions	52,994	45,022
- Additional pension insurance	14,585	12,329
Social security	48,723	40,840
- Health insurance, employment and parental protection contributions	43,429	36,896
- Voluntary health insurance	5,294	3,944
Other labour costs	43,608	35,364
- Commuting, meals allowance, holiday allowance, benefits	43,608	35,364
Provisions	1,938	13,843
Total	734,280	607,566

The company employed a total of 13 people in 2020. This equals 11.54 people considering the hours worked. The total costs of wages and salaries (gross wages and wage contributions) amount to EUR 734,280.

2.5 Write-offs

EUR 129,337

(in EUR)	2020	2019
Depreciation and amortisation	114,784	107,411
Revaluatory operating expenses associated with intangible assets and property, plant and equipment	11,524	1,376
Revaluatory operating expenses associated with operating current assets	3,030	6,179
Total	129,337	114,966

• Depreciation and amortisation

EUR 114,784

(in EUR)	2020	2019
Amortisation of intangible assets	29,884	24,458
Building amortisation	45,860	45,860
Depreciation of property, plant and equipment	35,104	33,216
Depreciation of other property, plant and equipment	3,936	3,876
Total	114,784	107,411

• Revaluatory operating expenses associated with intangible assets and PPE

EUR 11,554

Revaluatory operating expenses for intangible assets and property, plant and equipment refer to the exclusion of software that is no longer in use, the sale of fixed assets and the exclusion of fixed assets from the accounting records by decision of the inventory commission.

• **Revaluatory operating expenses associated with current assets** **EUR 3,030**

Revaluatory operating expenses associated with current assets refer to allowances for bad receivables, which are formed for receivables overdue by 90 days and for doubtful receivables, both in the total amount of EUR 2,600, and to revaluatory operating expenses from the calculated final deductible share of VAT in the amount of EUR 430.

2.6 Other operating expenses **EUR 5,705**

(in EUR)	2020	2019
Other operating expenses	4,784	18,197
- Tributes	0	9,100
- Membership fees	650	2,517
- Tax paid for using building land	4,014	6,555
- Cost of court and administrative fees	120	25
- Other expenses	922	3,014
Total	5,705	21,211

2.6.1 Expenses by function

All expenses refer to the expenses incurred in the course of general activities.

2.7 Income tax **EUR 10,870**

Income tax is levied on the basis of revenue and expenses in the Income Statement, which, pursuant to the Slovenian regulations, are reduced by deduction items and increased by addition items.

In 2020, the tax base was established in the amount of EUR 182,456. For the year 2020, the company exempts tax relief in the amount of EUR 42,551. This way, the tax base for 2020 amounts to EUR 67,509 and the tax on profit in the amount of EUR 12,827. The effective tax rate for 2020 is 8.2%.

Income tax charged:

(in EUR)	2020	2019
Profit / loss before tax	155,543	31,543
Tax incentives and premiums:	-15,638	26,887
- Tax relief	-42,551	-20,826
- Tax premiums	5,085	0
Deductions relief	21,827	47,714
Tax loss covering	-72,396	0
Tax base	67,509	58,430
Tax rate	19%	19%
Tax charged	12,827	11,102

As at 31 December 2020, the uncovered tax loss amounted to EUR 35,195.

2.8 Deferred tax

EUR 14,816

When calculating the net profit or loss for the accounting period, deferred tax receivables in the amount of EUR 1,543 are recognised, and deferred tax assets for temporary differences in the amount of EUR 16,359 are eliminated, which reduces the net profit for the financial year in the amount of EUR 14,816.

2.9 Net profit for the year

EUR 127,901

The net profit for the 2020 financial year amounts to EUR 127,901. Pursuant to the resolution adopted by the LJSE Management Board and the consent given by the Supervisory Board, the net profit for 2019 remains unallocated and forms accumulated profit. Thus, the accumulated profit for the financial year 2020 is EUR 127,901. The Management Board and the Supervisory Board propose the accumulated profit for 2020 be used entirely for the payment of dividends to shareholders.

Accumulated profit:

<i>(in EUR)</i>	2020	2019
Net profit or loss for the period	127,901	22,331
Retained earnings from previous year	0	25,043
Decrease in / reversal of capital reserves	0	0
Decrease in / reversal of revenue reserves	0	0
Accumulates profit or loss	127,901	47,373

2.10 Total comprehensive income for the period

EUR 127,119

Total comprehensive income for the financial year 2020 amounts to EUR 127,119, consisting of net profit for the financial year in the amount of EUR 127,901 and changes in reserves from the revaluation of a business building in the amount of EUR 782.

3 Management Board remuneration in 2020

In 2020, the Management Board received remuneration in the following amounts:

<i>(in EUR)</i>	Mr Aleš Ipavec, MSc President	Mrs Nina Vičar, MSc Member
Fixed pay (gross)	96,000	71,593
Variable pay (gross)	10,821	7,948
Fringe benefits	4,606	1,714
Other earnings and reimbursements	3,257	3,250
Additional pension insurance	2,819	2,819
Total	117,503	87,324



4 Supervisory Board remuneration in 2020

In 2020, the Supervisory Board received remuneration in the following amounts:

<i>(in EUR)</i>	Fee for holding office (gross)
- Mrs Ivana Gažić, MSc, President	1,800
- Mrs Patricija Bakšaj, Deputy President (until 13 Jan 2020)	0
- Mr Matko Maravić, Deputy President (from 13 Jan 2020)	1,452
- <u>other members:</u>	
Mr Tomislav Gračan, MSc	1,500
Mrs Darja Jermaniš, MSc (until 1 Apr 2020)	375
Total	5,127

5 Audit costs

The audit of the financial statements for the financial year 2020 amounted to EUR 8,234 – inclusive of VAT, the audit of the company's risk management amounted to EUR 867, and the costs of audit of the Report on Relations with Affiliated Parties amounted to EUR 542. Internal audit costs for the financial year 2020 amounted to EUR 8,637.

6 Related party transactions

The company undertook business with the controlling company on the basis of concluded contracts by using market prices for services.

Statement of receivables from and liabilities to related parties as at:

<i>(in EUR)</i>	31 Dec 2020	31 Dec 2019
Receivables from companies in the group		
ZSE	350	300
SEE Link	/	/
Funderbeam SEE	/	/
MSE	/	/
Liabilities to companies in the group		
ZSE	26,692	25,200
SEE Link	/	1,650
Funderbeam SEE	/	/
MSE	/	/



The table shows revenues and expenses to related parties in the year:

(in EUR)

	2020	2019
Sales revenues in the group		
ZSE	350	5,629
SEE Link	/	/
Funderbeam SEE	/	/
MSE	/	/
Purchase of materials and services		
ZSE	21,050	8,527
SEE Link	13,840	15,824
Funderbeam SEE	/	/
MSE	/	/

In the table, the data of ZSE does not show the amount related to the investment in intangible fixed assets in the amount of EUR 24,042.

7 Events after the reporting period

- The emergence of the virus and of the global pandemic still affects the operations of the company. For more information, refer to the section Impact of the pandemic on the LJSE's operations.
- There were no events after the reporting date that would significantly affect the disclosed operations in the year 2020.

INDEPENDENT AUDITOR'S REPORT



LJUBLJANSKA BORZA
LJUBLJANA *Stock Exchange*



Deloitte revizija d.o.o.
Dunajska cesta 165
1000 Ljubljana
Slovenia
VAT ID: S162560085
Tel: +386 (0) 1 3072 800
Fax: +386 (0) 1 3072 900
www.deloitte.si

INDEPENDENT AUDITOR'S REPORT to the shareholders of Ljubljanska borza d.d. Ljubljana

Opinion

We have audited the financial statements of the Ljubljanska borza d.d. Ljubljana (hereinafter 'the Company'), which comprise the balance sheet as at 31 December 2020, and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with Slovene Accounting Standards (hereinafter 'SRS').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information

Management is responsible for the other information. The other information comprises the information, included in Annual report, other than the financial statements and our auditor's report thereon.

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, assess whether the other information is materially inconsistent with the financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that other information include material misstatement we need to report such circumstances.



MAKING AN
IMPACT THAT
MATTERS
since 1845

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the "Deloitte organization") serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 312,000 people make an impact that matters at www.deloitte.com.

In Slovenia the services are provided by Deloitte revizija d.o.o. and Deloitte svetovanje d.o.o. (jointly referred to as "Deloitte Slovenia") which are affiliates of Deloitte Central Europe Holdings Limited. Deloitte Slovenia is one of the leading professional services organizations in the country providing services in audit and assurance, consulting, financial advisory, risk advisory, tax and related services, through over 160 national and foreign professionals.

Deloitte revizija d.o.o. - The company is registered with the Ljubljana District Court, registration no. 1647105 - VAT ID S162560085 - Nominal capital EUR 74,214.30.

© 2021. For information, contact Deloitte Slovenia.



Deloitte.

In relation to this and based on our procedures performed, we report that:

- Other information are, in all material respects, consistent with the financial statements;
- Other information are prepared in compliance with applicable law or regulation; and
- Based on our knowledge and understanding of the Company and its environment obtained in the audit, we did not identify any material misstatement of fact related to the other information.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with SRS, 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 its ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process and for approving audited annual report.

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 auditing rules 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 auditing rules, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Deloitte.

- 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.

With those charged with governance we communicate the planned scope and timing of the audit and significant findings from the audit, including deficiencies in internal control we have identified during our audit.

DELOITTE REVIZIJA d.o.o.

Katarina Kadunc
Certified auditor

*For signature please refer to the
original Slovenian version.*

Ljubljana, 7 April 2021

Deloitte.

DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 3

TRANSLATION ONLY, SLOVENE ORIGINAL PREVAILS



Contact info

Ljubljanska borza, d. d., Ljubljana / Ljubljana Stock Exchange

Address	Slovenska cesta 56, 1000 Ljubljana, Slovenia
Telephone	+386 1 471 02 11
Fax	+386 1 471 02 13
E-mail	info@ljse.si
Website	www.ljse.si