

# Annual Report 2022

## Ljubljana Stock Exchange



**LJUBLJANSKA BORZA**  
**LJUBLJANA** *Stock Exchange*

Ljubljana, 13 April 2023



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# INTRODUCTION



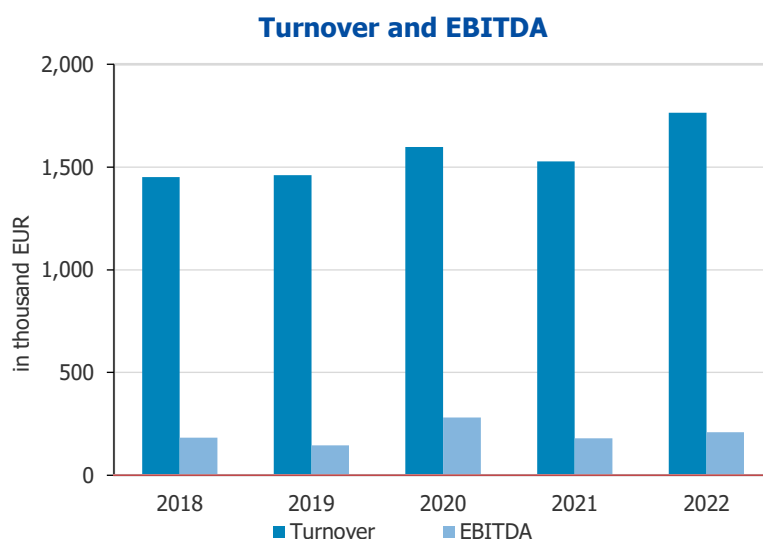
**LJUBLJANSKA BORZA**  
**LJUBLJANA** *Stock Exchange*



## Ljubljana Stock Exchange Highlights

**EUR 1,764,670**  
SALES REVENUE

**EUR 209,095**  
EARNINGS BEFORE  
INTEREST, TAXES,  
DEPRECIATION, AND  
AMORTISATION  
(EBITDA) 2021



(in EUR)	Key financial figures for the company Ljubljana Stock Exchange				
	2022	2021	2020	2019	2018
Called-up capital	1,400,893	1,400,893	1,400,893	1,400,893	1,400,893
Equity	2,472,500	2,435,243	2,521,857	2,441,902	2,471,796
Assets	2,792,173	2,719,836	2,879,438	2,752,688	2,771,539
Revenues (total)	1,765,490	1,528,145	1,601,857	1,470,623	1,453,553
- revenues from trading fees	610,311	521,805	595,719	436,776	503,905
- other revenues	1,155,179	1,006,340	1,006,138	1,033,847	949,648
Costs (total)	1,644,509	1,472,309	1,446,314	1,439,080	1,390,127
- labour costs	850,517	757,420	734,280	607,566	617,626
- other costs	793,992	714,889	712,034	831,514	772,501
EBITDA	209,095	180,223	281,813	145,334	183,454
Operating profit / loss (EBIT)	124,043	55,824	152,476	30,368	62,632
Profit / loss before tax	120,981	55,836	155,543	31,543	63,425
Taxes	-14,952	-13,120	-27,642	-9,212	-16,541
Net profit / loss for the period	106,029	42,716	127,901	22,331	46,885

### SHARE INFORMATION

Nr. of shares	33,571	33,572	33,573	33,574	33,575
Net profit per shares in EUR <sup>1</sup>	3.16	1.27	3.81	0.67	1.40
Dividend per share in EUR	3.16	1.26	3.81	1.41	1.69
Book value in EUR <sup>2</sup>	73.65	72.54	75.12	72.74	73.63

### NUMBER OF EMPLOYEES

Year-end	14	12	12 (+13)	11 (+3 <sup>3</sup> )	13
Average <sup>3</sup>	12.6	11.88	11.5	11.1	12.4

<sup>1</sup> Profit of the year/Average number of shares issued in the year

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

<sup>3</sup> 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 LJSE 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

The operations of the Ljubljana Stock Exchange in 2022 was held place in difficult conditions, which were defined by the consequences of the COVID-19 pandemic, the demanding geopolitical situation, the high growth of inflation and the unfavourable situation on the international financial markets. Regardless of the worsening conditions in the business environment, we achieved good results. We maintained our financial strength, increased the volume of operations and generated profit before taxation, which is 27% higher than planned and 117% higher than achieved in the same period last year.

Regardless of the adverse effects from the environment and the increased volume of operations, we were prudent in controlling costs, which allowed us to maintain the cost ratios at the planned level.

We are satisfied with what we have achieved. Achieving 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 necessary to maintain a high level of quality, organization and regulation of the capital market.

The general estimate is that the COVID-19 pandemic and the war in Ukraine in 2022 had no negative impact on the current business of the LJSE. The loss of revenue relates mainly to revenue from organizing events (R&D projects (Financial Conference, Partner Program, Financial conference, other education)).

The total revenue amounted to EUR 1,765,490 and total expenses were EUR 1,644,509. The profit before taxation in the amount of EUR 120,981 is 117% higher than the previous year. The net profitability of capital amounts to 4.42%. Based on rational cost management mainly the costs of IT services increased.

Compared to 2021, total revenues increased by 15.5%, while expenses are 11.7% higher than expenses in 2021. In 2022, LJSE realised a positive cash flow of EBITDA in the amount of EUR 209,095, which is 16.0% more than in 2021. The operating result of the LJSE largely depends on income from trading, which amounted to EUR 610,311, 17.0% higher than in 2021. Listing fees revenue and listing maintenance fees amounted to EUR 499,659 and were 13.3% higher than in the previous year. Information-communication (ICT) services related to the Xetra® and SEO systems generated EUR 151,714, which is 5.2% less than the previous year. Revenues from market data vending were higher than in the previous year; in 2022, they contributed EUR 340,362 of revenues or 6.1% more than the year before. The LJSE operates smoothly and without external indebtedness.

At the end of the year, the LJSE had 14 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 2021, 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. In 2021, the LJSE did not receive any extraordinary measures from the SMA, and is also not facing any pending complaints or legal actions filed by capital market stakeholders.

In addition to regular market management activities, in 2022, the LJSE carried out:

- continuing the migration of data from the BTSX system and its subsystems in accordance with the process of harmonization with the ZSE - creating a unified data warehouse (DWH) and reducing the role of T7 DBR,



- implementation of the migration of LJSE scripts and protocols from the servers of the Vienna Stock Exchange to the servers of the Zagreb Stock Exchange,
- provision of daily reporting of data on orders in accordance with the requirements of RST24,
- a major technical upgrade of the environment in which the SEO and INFO storage systems operate,
- acquisition of a new liquidity provider (for 1 instrument),
- two regular upgrades of the Xetra® T7 trading system,
- splitting the shares of two issuers of the Prime Market,
- amendment of the Instructions for liquidity providers,
- changes to the Instructions for indices, liquidity criteria, exchange rates and other statistics,
- implementation of the new ESEF validator SEO/INFO STORAGE,
- for one LJSE member, a change was made on the basis of universal legal succession,
- two stock market members were provided with the service of using stock market data,
- replacement of the signature component and upgrade of the process for timestamping broadcasts for SEO/OAM,
- establishment of an additional SEO/IH environment; dividing line between internal test and external test/simulation environment for SEO and users,
- upgrade of the system for ESMA reporting in accordance with changes to XSD schemes, upgrade of the process of processing ESMA responses (partially accepted and rejected reports),
- replacement of older hardware (for a leased line),
- activities related to the fulfilment of obligations and compliance with recommendations that arose during a detailed inspection of the LJSE's systems by ATPV;
- compliance and corporate activities:
- coordination of the Agreement on the management of the system for the central storage of controlled information with the Securities Market Agency,
- alignment with the revised Code of Corporate Governance with the adoption of new Rules of Procedure on the work of the Supervisory Board, revision of legal acts in the field of business compliance, ethical conduct, establishment of a procedure for reporting unethical conduct,
- establishment of a sustainable business system by adopting the Sustainable Business Policy and starting to raise awareness among employees in this area,
- monitoring of the MiFID II and MiFIR audit process regarding the establishment of the CTP system and participation in the initiative of 13 small stock exchanges under the aegis of WBAG,
- performing a self-assessment of the LJSE's compliance with Article 48 of MiFID II,
- continuing to approach the ISO/IEC 27001:2013 standard, two internal audits and a management review were carried out in 2022,

In 2022, 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:

- Continuation of the migration of data from the BTSX system and its subsystems in accordance with the process of harmonization with the ZSE - creating a unified data warehouse (DWH) and reducing the role of T7 DBR;
- Implementation of the improvement project and migration of LJSE scripts and protocols from the servers of the Vienna Stock Exchange to the servers of the Zagreb Stock Exchange;
- ensuring daily reporting of order data in accordance with the requirements of RST24.

Movements on the Slovenian regulated capital market resulted in a decrease of the SBI TOP index, which lost its value by 39.8% in 2022. The total turnover amounted to EUR 430,9 million in 2022 and was 21.1%



higher than in the previous year. For many years, the LJSE can be viewed as an international market, as international investors with a 48.7% share in the turnover represent an important group of active investors in the Prime Market companies. In 2022, 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 one new share in Standard market, three new bonds, one new issue of commercial paper and two open-end fund shares were listed on the LJSE.

Despite the prevailing global geopolitical challenges, the macroeconomic environment and other influences on our business environment in the Slovenian and wider regional framework of the Group, our forecast for the future is optimistic.

LJSE's operations in the coming years will predominantly depend on the level of activity on the capital 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.

However, this would not be possible without dedicated colleagues who truly care about our mission and who are ready to make an extra effort when necessary.

Ljubljana, 7 April 2022

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 2021, 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.

Business in 2022 continued to be conducted in a difficult environment. Following the cessation of all measures to prevent the spread of the COVID 19 pandemic at the beginning of the year, 2022 was marked by the war in Ukraine and the related uncertainty in the supply of raw materials, in particular energy resources, which led to a significant increase in the cost of living. Related to the changes in the energy markets, the preparations for the green transition of the economy were even more important in Slovenia and globally, to which the LJSE Supervisory Board also devoted its attention in 2022.

In accordance with the Articles of Association of the LJSE and in accordance with the resolution, adopted by the General Meeting of the LJSE, the Supervisory Board consists of 3 members. The current composition of the Supervisory Board is the following:

- **Mrs Ivana Gažić**, MSc, President of the Supervisory Board;
- **Mr Matko Maravić**, LL.M., Deputy President of the Supervisory Board;
- **Mr Tomislav Gračan**, MSc, Member of the Supervisory Board.

In 2022, the Supervisory Board met at four regular meetings. The meetings of the Supervisory Board were conducted partly via videoconference, and partly in physical presence. As a rule, the Management Board submitted the materials for the Supervisory Board sessions at least seven days before every session.

The Supervisory Board also has a permanent Audit and Risk Committee, which consists of members of the Supervisory Board. In 2022, the Audit and Risk Committee held four regular sessions.

In 2022, the Supervisory Board did not appoint any special purpose committee of the Supervisory Board to decide on a specific matter.

### Work of the Supervisory Board and the Audit and Risk Committee its committees in 2022

In 2022, the Supervisory Board reviewed the past and current performance and closely monitored the LJSE's operations also in the light of the difficult business environment. In 2022, the SMA did not issue any cautionary warnings regarding the payment of dividends, therefore the Supervisory Board decided on the use of the accumulated profit only on the basis of the audited results and proposed to the General Meeting, together with the Management Board, to use the accumulated profit entirely for dividends, which was also confirmed by the General Meeting later on.

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 2023.

As regards the work of the Supervisory Board in 2022, 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 LJSE's operations;
- Was informed about the successful completion of the process of the LJSE's compliance with the recommendation and order of the SMA, which were issued in the process of supervision the LJSE's operations with an emphasis on information security;
- Was briefed on the external audit report on the adequacy of the 2021 financial statements, to which it had no comments;
- Discussed and adopted the Annual Report of the LJSE for 2021 and materials for the General Meeting;
- Proposed an external auditor for review of the financial statements in period 2022 to 2024 to be appointed by the General Meeting;
- Discussed and approved the business and financial plan for the 2023, within which is also confirmed investments in information technology;
- Monitored internal audit activities and the status of implementation of internal auditors' recommendations in 2021 and 2022 through current and annual internal audit reports;
- Together with the Management Board, adopted the Sustainable Business Policy and other internal corporate governance acts in order to comply with the Slovenian Corporate Governance Code;
- Actively participated in the given proposals for development of new services and products and 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 2022 and the financial plan for the 2023 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 adopted 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 2022, the management performed well, and the achieved business result is slightly higher than planned. In addition to ensuring successful operational performance, a large part of the activities of the Management Board's activities was focused on risk management due to the departure of some key employees, the continuation of activities to optimise operations with the Zagreb Stock Exchange, the LJSE's participation in the activities of the SMA for the development of the capital market, as well as activities to increase the reputation and visibility of the LJSE by organising events for retail investors.

### **Self-evaluation of the Supervisory Board**

In 2022, 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. Due to their connection with the LJSE, all three members of the Supervisory Board identified themselves as dependent members. However, all members of the Supervisory Board 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 all of them are licenced subjects. The composition of the Supervisory Board also implements the principles of the LJSE's Diversity Policy. The



Supervisory Board monitors and assesses the suitability of individual Supervisory Board members each time changes arise that may affect the eligibility of a Supervisory Board member. In light of the above, the Supervisory Board assesses that the composition of the Supervisory Board as regards its representativeness, experience, professional competence and diversity was adequate in 2022.

Supervisory Board members regularly attended and actively participated in all agenda items in 2022.

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.

The Supervisory Board did not decide on matters relating to the management of trading venues, which falls under the responsibility of the LJSE Management Board in accordance with the Financial Instruments Market Act. Whenever 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.

## **Annual Report 2021**

The Supervisory Board reviewed the 2021 LJSE Annual Report, together with the Auditor's Report, at its meeting on 21 April 2022.

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 unadjusted 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 21 April 2022 to adopt the 2021 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 2022, 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 concluded with the Zagreb Stock Exchange in 2022 is related to the establishment of an additional support service provided by the Zagreb Stock Exchange for the purpose of transmitting market



data to the SMA and is linked to an existing contract for the maintenance of the data warehouse (DWH) and other support services. This contract was concluded in order to optimise and concentrate the LJSE's existing and future IT services, which does not in any way imply any deprivation to the LJSE, nor does it mean that the LJSE will not get an appropriate refund, but were concluded to ensure additional optimisation of operations, including the optimisation of costs, thus increasing the possibility of LJSE services development and generating additional revenues in the coming years.

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 20 April 2023.

The Report on relations with the Affiliated Companies was audited by auditors from PricewaterhouseCoopersd.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 PricewaterhouseCoopersd.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 2022 that would cause deprivation for the LJSE.

### **Approval of Annual Report 2021, Proposal and Settlement of profit for 2022**

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 2022 at its regular meeting on 30 January 2023.

The Members of the Supervisory Board received the draft Annual Report for the financial year 2022 on 13 April 2023 and discussed it at its regular meeting on 20 April 2023.

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 2022 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 20 April 2023. 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 2022, the Ljubljana Stock Exchange achieved EUR 106,028.80 of net profit, which consists of net profit for the current year in the amount of EUR 107,720.46, and newly formed deferred tax assets in the amount of EUR 2,488.03 and elimination of deferred tax assets in the amount of EUR 4,179.69 EUR. According to the resolution of the Management Board and with the consent of the Supervisory Board, the total net profit for the financial year remains undistributed and forms distributable profit. The reported accumulated profit



for 2022 amounts to EUR 106,028.80 . The Management Board and Supervisory Board propose the accumulated profit for 2022 be fully used for the payment of dividends to the shareholder.

Mrs Ivana Gažić, MSc  
President of the Supervisory Board

A handwritten signature in black ink, appearing to read 'Ivana Gažić', written over a faint horizontal line.

# 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 as much as possible 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 seventh (7) 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 GE is represented by a single shareholder - the Zagreb Stock Exchange, and therefore the rules of the Companies Act regarding the convening of the universal general meeting apply. However, according to the Articles of Association, 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.

In 2022, one General Meetings was held.



The 43<sup>rd</sup> GM as at 8 June 2022:

- Reviewed the Annual Report for 2021, learned of the remuneration of the Management Board, decided on the use of accumulated profit for 2021, and on discharging the Management Board and Supervisory Board from responsibility.
- Decided on the remuneration of the Supervisory Board members.
- Appointed a firm for external audit of the financial statements for the financial years 2022-2024.
- Discussed the internal audit reports for 2020 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. 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 selected 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 2022 is outlined in more detail in the report of the Supervisory Board.

The Supervisory Board was composed of the following members in 2022:

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

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 Supervisory Board of SEE LINK Skopje, Macedonia;
  - Non-Executive Director of the Macedonian Stock Exchange, Inc;



- 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.

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 2022, 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.

## 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 2022.

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, which he obtained in his career that spans over 13 years and began in Abanka Vipava and continued in Hypo Alpe-Adria Bank.

- 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 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 proposed by Ljubljana Stock Exchange members, Bank Association of Slovenia or issuers and appointed by the Management Board of the Ljubljana Stock Exchange. The list is published on the Ljubljana Stock Exchange website. 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.;
- Igor Štemberger, President of the Management Board, Ilirika BPH d. d., Ljubljana;
- Martina Štefančič Vrščaj, Head of Securities Department, BKS Bank AG, Bančna podružnica.
- Daniel Medved, Director of Investment Banking Department, Nova KBM, d.d.
- Igor Javoršek, Director of the Global Markets Department, SKB, d.d., Ljubljana

#### **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.;
- Irma Gubanec, Member of the Management Board, Telekom Slovenije, d. d.,
- Gregor Gajšek, Head of legal department, Cinkarna Celje, d.d.;
- Tea Vatovec, Head of controlling department, Luka Koper, 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 2022, 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 29.98% 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 2022, 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, despite not being a publicly listed company.

The latest update of the CG Code was adopted on 9 December 2021 and entered into force on 1 January 2022, to be applied for the first time for the preparation of the Corporate Governance Statement relating to the financial year 2022. In 2022, the LJSE has further aligned its corporate governance with the new developments brought about by the new Code, including the establishment of a Sustainable Business Policy and sustainable goals.

This CG Statement has been drawn up on the basis of the new CG Code, which is publicly available in Slovenian and English on the Ljubljana Stock Exchange's website (Stock Exchange Rules and Other Acts (ljse.si)).

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 5.6**

The LJSE does not use an external independent institution to assess the adequacy of the CG Statement, as it is internally reviewed annually by the Legal Office and the Management Board every year. In addition, it is duly verified by the external auditor in the context of the regular audit and their consultants.

#### **Explanation of the deviation from point 6**

The LJSE implements its remuneration policy in accordance with the general principles of the remuneration policy set by the LJSE's Supervisory Board, which is responsible for monitoring their implementation in practice, and does so on an annual basis. The LJSE intends to establish a remuneration policy and a remuneration report, as recommended by the CG Code in point 6, in 2023.

#### **Explanation of deviation from point 7**

The LJSE, as a non-public company and according to the criteria of the Companies Act for determining the size of companies as a small company, is not legally obliged to report on its non-financial performance. Nevertheless, as a co-signatory to the CG Code, it has voluntarily chosen to follow good practice in sustainable business and is making every effort to embed environmental and social criteria in its corporate governance and business processes. Therefore, in 2022, it formulated and adopted a Sustainable Business Policy, which sets out the main orientations and long-term goals in the area of sustainable business of the LJSE, where the Exchange, given its size, number of employees and relevance of actions, sees its greatest sustainable contribution to society in ensuring its core mission - the provision and management of the securities market and the establishment of a green financing market. Given that the Sustainability Policy was adopted in 4Q 2022, the LJSE will include the Sustainability Report in its Annual Report for the financial year 2023.

#### **Explanation of the deviation from Item 8.2**

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 point 10**

The LJSE has one shareholder and therefore the simplified rules of the Companies Act applicable to the holding of a universal general meeting apply to the convening, solicitation of proxies for the GE and the conduct of the GE.

### **Explanation of the deviation from Item 10.10**

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 Body of the LJSE. The current members of the Supervisory Board were appointed at the beginning of the 2020, when potential 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 13**

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 two of the 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. Members of the Supervisory Board shall manage all potential conflicts of interest, that might arise from their position of dependence, in accordance with measures to prevent conflicts of interest, as explained in more detail in the LJSE CG Policy, which is published on the website.

### **Explanation of deviation from point 26.8**

The LJSE has defined in the internal rules of procedure of the Management Board and the Supervisory Board the procedure for obtaining the Supervisory Board's approval for related party transactions and has established internal procedures for assessing whether a transaction has been entered into in the ordinary course of business of the activities of the LJSE and on arm's length terms. In the area of related party transactions, the LJSE deviates from the CG Code's recommendation in point 26.8, which stipulates that a company must, immediately after entering into a related party transaction, publicly disclose the material elements of such transaction on its website. The deviation in this part is due to the specific situation of the LJSE and its status as a non-public company, as the obligation of public disclosure under the law does not apply to non-public companies (Article 281d of the Companies Act).

### **Explanation of the deviation from Items 30 – 33: 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. The LJSE does not fully follow the recommendations from the Transparency of Operations chapter, primarily because LJSE, as a non-public company, is not obliged to fulfil the disclosure obligations relating to public companies. Regardless of this, on matters from items 30 – 33 of the CG Code, which relate to disclosures or public information by public limited companies, the LJSE informs mainly its shareholder, directly at the General Meeting or through the Supervisory Board, and the Securities Market Agency.



The LJSE provides information to the public in accordance with the provisions of the ZTFI-1 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;
- Ensuring adequate continuity, 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 accordance with the latest amendment to the Diversity Policy, adopted on the basis of the latest amendment to the Companies Act (ZGD-1K), the policy defines 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.

A comprehensive risk management system plays a key role in realizing the LJSE's strategic goals. It enables reliable and successful business even in uncertain situations, such as the COVID-19 pandemic and the war in Ukraine.

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).

This allows us to take appropriate and timely action and to maintain the risk profile at the level defined in the risk appetite. The system is clear, transparent and well documented.

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 2022, the main challenge was managing and mitigating the negative effects of the pandemic, with most risk management activities also focusing on this issue.

Although the business environment was affected by COVID-19 and the war in Ukraine, as well as the related inflation and rising prices of energy products, this did not affect the regular activities of the LJSE. Despite the fact that there was no impact on the credit risk, we focused additional attention on the management of this only, as an increased risk of defaults by our customers was to be expected.

A report on the impact of the coronavirus (COVID-19) pandemic and the war in Ukraine on the LJSE's operations and risk management is available in the section Impact of the pandemic and the war in Ukraine 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 2021:

- LJSE projects (major technical upgrade of the environment in which the SEO and INFOHRAMBA systems operate, implementation of the new ESEF validator SEO/INFOHRAMBA, replacement of the signature component and upgrade of the process for time-stamping of broadcasts for SEO/OAM, establishment of an additional SEO/IH environment, dividing line between the internal test and external test/simulation environment for SEO and users, upgrade of the system for ESMA reporting in accordance with changes in XSD schemes, upgrade of the ESMA response processing process (partially accepted and rejected reports, migration of data from the BTSX system and its subsystems to DWH).
- Compliance and corporate activities (final compliance with the recommendations and orders of the Securities Market Agency over the operation of the LJSE in the supervisory procedure, harmonization of the Contract on the management of the system for the central storage of controlled information with the Securities Market Agency, harmonization with the revised Code of Corporate Governance with the adoption of the new Rules of Procedure on the work of the Supervisory Board, renewal of legal acts in the field of business compliance, ethical conduct, establishment of a procedure for reporting unethical conduct, establishment of a sustainable business system with the adoption of the Sustainable Business Policy and the beginning of employee awareness in this area, monitoring of the MiFID II and MiFIR audit process regarding the establishment of the CTP system and participation in the initiative 13 small stock exchanges under the auspices of WBAG, amendment of the Instructions for liquidity providers, amendment of the Instructions for index, liquidity criteria, price list and other statistics, update of security policies, establishment of a register of external contractors and other activities with an emphasis on increasing cyber resistance, continued approach to the ISO/IEC 27001:2013 standard, in 2022 two internal audits and a management review were carried out, the cancellation of the decision of the Government of the Republic of Slovenia on the designation of the stock exchange as a provider of essential services in accordance with the Information Security Act).
- 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 is an independent, objective and advisory tool for the systematic and professional evaluation of the effectiveness of risk management procedures, the completeness and functionality of internal control systems and the management of LJSE operations.

The internal audit examines key risks in the LJSE's operations, mainly in the areas of:

- Management of market operations and trading (focusing on the LJSE trading system Xetra® software solutions);
- Conducting and storing public announcement of issuers and managing SEO and INFO STORAGE system, and
- ensuring business continuity.

In addition, internal audit provides independent and unbiased assurances regarding the management of key risks, the governance of the company and the functioning of internal controls, thereby enhancing and protecting the value of the LJSE. 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.

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.

Based on the internal methodology and comprehensive risk analysis for 2022, the internal audit conducted 3 audit reviews. Most of the recommendations made in 2022 were implemented within the agreed deadlines.

### External audit

On June 8, 2022, the General Meeting of Shareholders of the Ljubljana Stock Exchange appointed PricewaterhouseCoopers d.o.o. as auditor of the company for the financial years 2022, 2023 and 2024.

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 2021)

- 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. The latest assessments of the suitability of candidates for members of the Supervisory Board and the Management Board of the LJSE were made in 2020, when the management bodies were reappointed. The suitability of the members of the Management Board and the Supervisory Board is also assessed in any changed circumstances that may affect the fulfilment of the conditions for an individual member of the Management Body.

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. Only properly educated and motivated employees can perfectly fulfil their work obligations. At the LJSE, we strive for continuous professional education of our employees, as a result of which they can successfully cope with the challenges of constantly accompanying work. However, we are aware that merely educating employees is not enough, as employees must also be properly motivated to work.

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

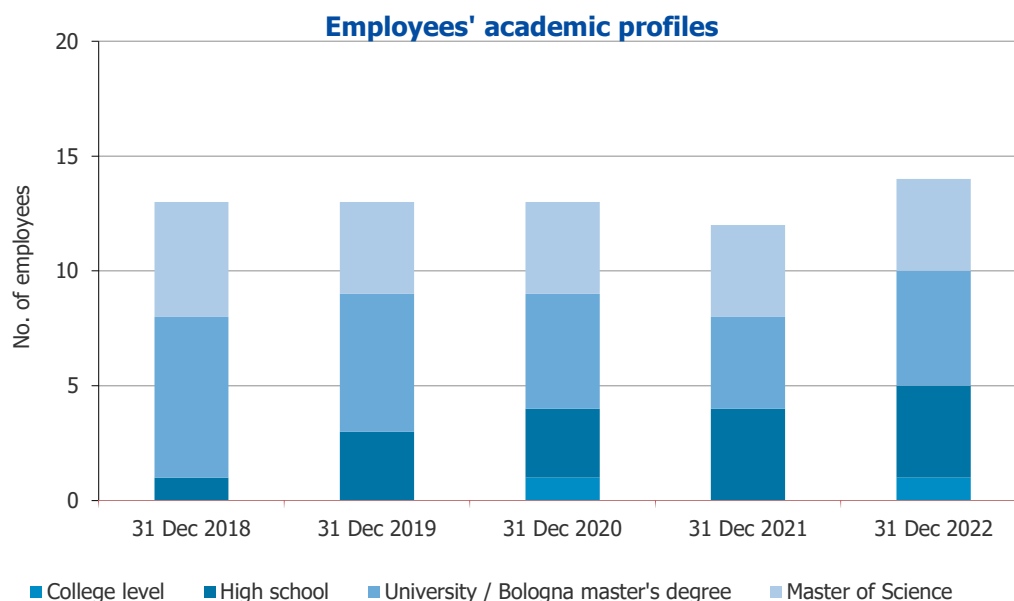
At the end of 2022, the LJSE had 14 employees, two person more than in 2021. The average number of employees in 2022 is 12.56.

In 2022, the LJSE hired three new employees, namely one employee in the market management department and one employee in the information technology department as a replacement for employees whose employment at the LJSE was terminated previously, and in addition, due to the increased volume of work in the IT field hired one additional employee. The reduction in the number of employees, when the employment relationship of one employee was terminated, was the result of looking for a challenge elsewhere.

### Demographics and employees' academic profiles

The average age of the company's staff is 40.4 years, whereby 64.0% are women and 36.0% men.

At the end of 2022, the employees' educational profiles were as follows: 1 employee had a high school education (7.1%), 4 employees (28.6%) had a higher training or Bologna bachelor's degree, 5 employees (35.7%) had a bachelor's degree or Bologna master's degree, and 4 employees (28.6%) had a master's degree.



## Staff training and development

Employees are the key to our success, so we encourage their professional and personal development, mutual cooperation, transfer of relevant information and creativity. Fast development in all areas requires 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. The LJSE has spent 0.4% of operating revenue on staff training.

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 review the goals of the previous year, discuss key task and expectations regarding 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. Therefore, in 2022, we made a plan to promote health at the workplace with an annual plan of activities, which we update every year and will continue to implement in the future, and we tried to increase the number of activities from year to year, thereby maintaining the health of our employees and equipping them with tools needed to deal with predominantly sedentary work.

Since 2001, the LJSE has been contributing to supplementary retirement schemes with Triglav 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

	2016	2017	2018	2019	2020	2021	Forecast		
							2022	2023	2024
Real GDP growth (%)	3.2	4.8	4.5	3.5	-4.3	8.2	5.0	1.4	2.6
GDP per capita (PPS EU27=100) <sup>1</sup>	84	86	87	88	89	90			
Government debt (% of GDP)	78.5	74.2	70.3	65.4	79.6	74.5			
Current deficit (% of GDP)	-1.9	-0.1	0.7	0.6	-7.7	-4.7			
Inflation (year-end) <sup>2</sup>	0.5	1.7	1.4	1.8	-1.1	4.9	9.8	3.9	2.2
Registered unemployment	11.2	9.5	8.2	7.7	8.7	7.6	5.8	5.5	5.3

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

<sup>1</sup> Measured in Purchasing Power Standard (PPS)

<sup>2</sup> Inflation is measured in the consumer price index



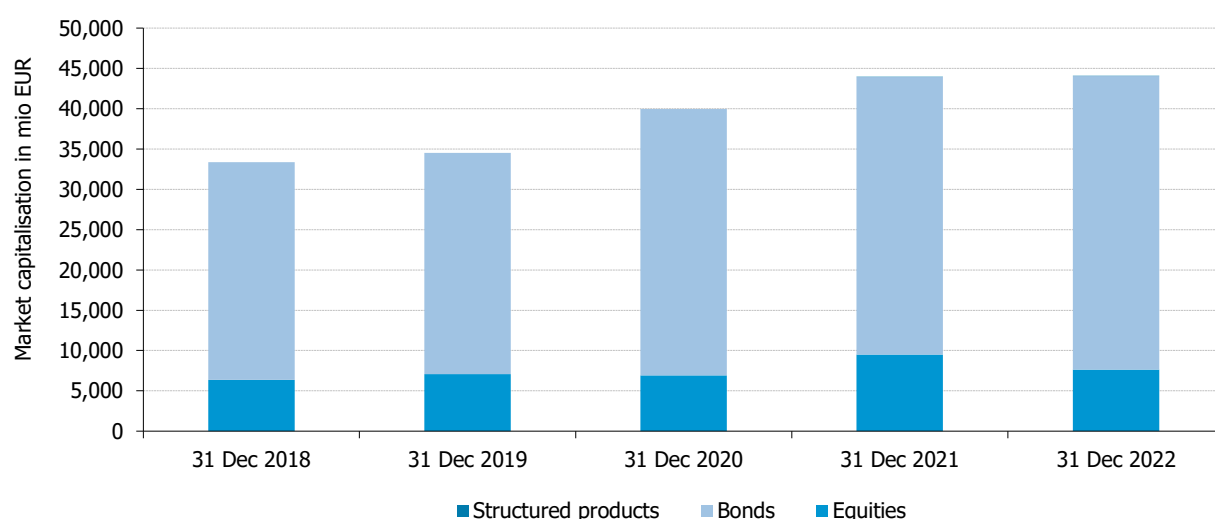
## Ljubljana Stock Exchange operations in 2022

In 2022 the LJSE encountered a 13.4% increase in turnover compared to 2021. The SBITOP index fell by 16.9% in the previous year, whereas the decrease of the SBITOP TR index was a little lower on the account of dividend yield, namely 10.8%.

### Market capitalisation

In 2022, share market capitalisation decreased by 19.8% compared to 2021, amounting to EUR 7,632.0 million at the end of December 2022, accounting for 13.2% of the GDP for the previous year (Q4 2021 – Q3 2022: EUR 57,758.3 million, Source: SORS). This decrease results from the decrease of share prices and from delisting of two shares from the organised market. The value of market capitalisation of bonds reached a 5.8% growth compared to 2021.

#### Market capitalisation 2018 – 2022



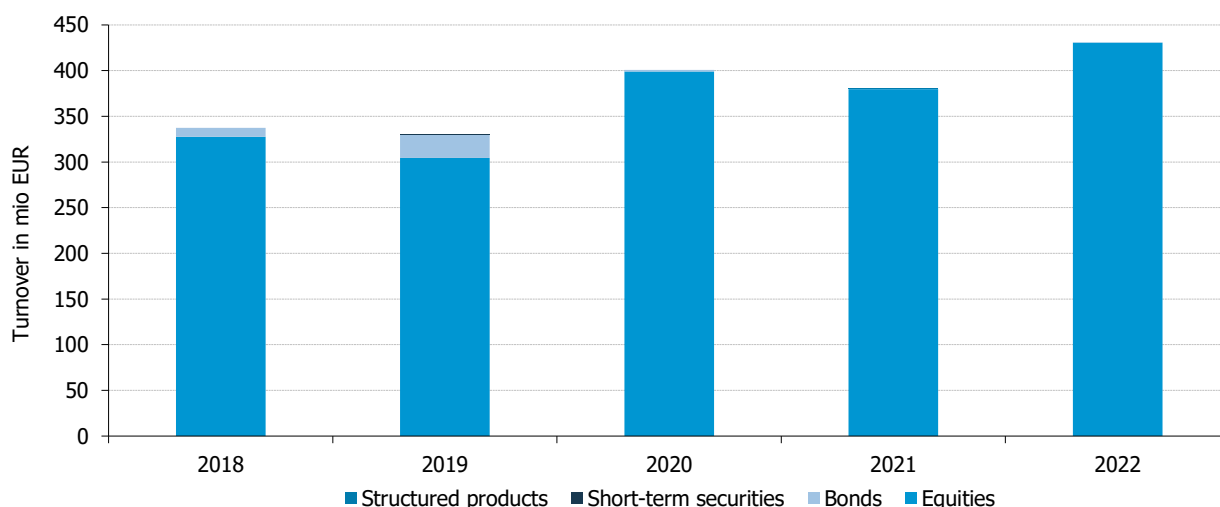
Source: Ljubljana Stock Exchange

### Turnover

The total turnover on the LJSE amounted to EUR 430.9 million in 2022, while turnover without block trades amounted to EUR 386.6 million, which is 21.1% more than in 2021. The largest turnover was achieved in shares, EUR 430.4 million or as much as 99.9% of total turnover, followed by ETFs with 0.1% and bonds with 0.03% of total turnover.



### Turnover 2018 – 2022



Source: Ljubljana Stock Exchange

The structure of turnover by type of instrument was very similar to 2021. In 2021, regular trades represented 89.7% of all trades (in 2021 84.0%). The average daily turnover totalled EUR 1.7 million (1.5 million in 2021), with 187 recorded trades per day on average (130 in 2021).

### Turnover of LJSE Member Firms

The trading member with the highest total turnover in 2021 was Interkapital vrijednosni papiri, which contributed 31.0% of total turnover, followed by BKS Bank AG, Bančna podružnica contributing 20.9% and Ilirika borzno posredniška hiša, contributing 12.8% of total turnover. The turnover structure of member firms remains similar to 2021, as the top 5 member firms generated 86.5% of total turnover. At the end of 2022, the LJSE had 9 member firms. The number includes 4 foreign members, which generated 48.7% of all stock exchange turnover in 2022.

Member	Turnover in 000 EUR	Share
INTERKAPITAL VRIJEDNOSNI PAPIRI	267,232	31.0%
BKS BANK AG, BANCNA PODRUZNICA	179,941	20.9%
ILIRIKA BORZNO POSREDNISKA HISA	110,601	12.8%
WOOD & COMPANY FINANCIAL SERVICES	100,662	11.7%
NOVA LJUBLJANSKA BANKA	86,827	10.1%
OTHER	116,598	13.5%
<b>TOTAL</b>	<b>861,861</b>	<b>100.0%</b>

Source: Ljubljana Stock Exchange

### Most traded equities on the LJSE

The most traded share in 2022 was once again Krka (KRKG) from the Prime Market, which generated 44.2% of all shares turnover. NLB (NLBR) came second, generating 19.0% of all shares turnover, while Petrol (PETG) came third, generating 12.1%. Two ETFs issued by Intercapital Asset Mngm and five ETFs issued by Expat Asset Management EAD were also traded. From the debt instruments market, only KD Group bonds - 3<sup>rd</sup> issue (KDH3) and SIJ - 6<sup>th</sup> issue were traded.



Most traded equities	Turnover in 000 EUR	Number of transactions	Market capitalisation in EURm as of 31 Dec 2022
KRKA	190,116	18,855	3,017
NLB	81,738	7,008	1,248
PETROL	52,286	5,080	835
ZAVAROVALNICA TRIGLAV	28,323	3,820	784
CINKARNA CELJE	22,507	2,870	186
OTHER	55,464	9,254	1,562
<b>TOTAL</b>	<b>430,434</b>	<b>46,887</b>	<b>7,632</b>

Source: Ljubljana Stock Exchange

## LJSE turnover structure according to market segments in 2022

Market	Turnover	Share
EQUITIES - PRIME MARKET	421,059,088	97.7%
EQUITIES - STANDARD MARKET	9,375,089	2.2%
BONDS	110,801	0.0%
TREASURY BILLS	0	0.0%
COMMERCIAL PAPERS	0	0.0%
STRUCTURED PRODUCTS	385,318	0.1%
<b>TOTAL</b>	<b>430,930,296</b>	<b>100.0%</b>

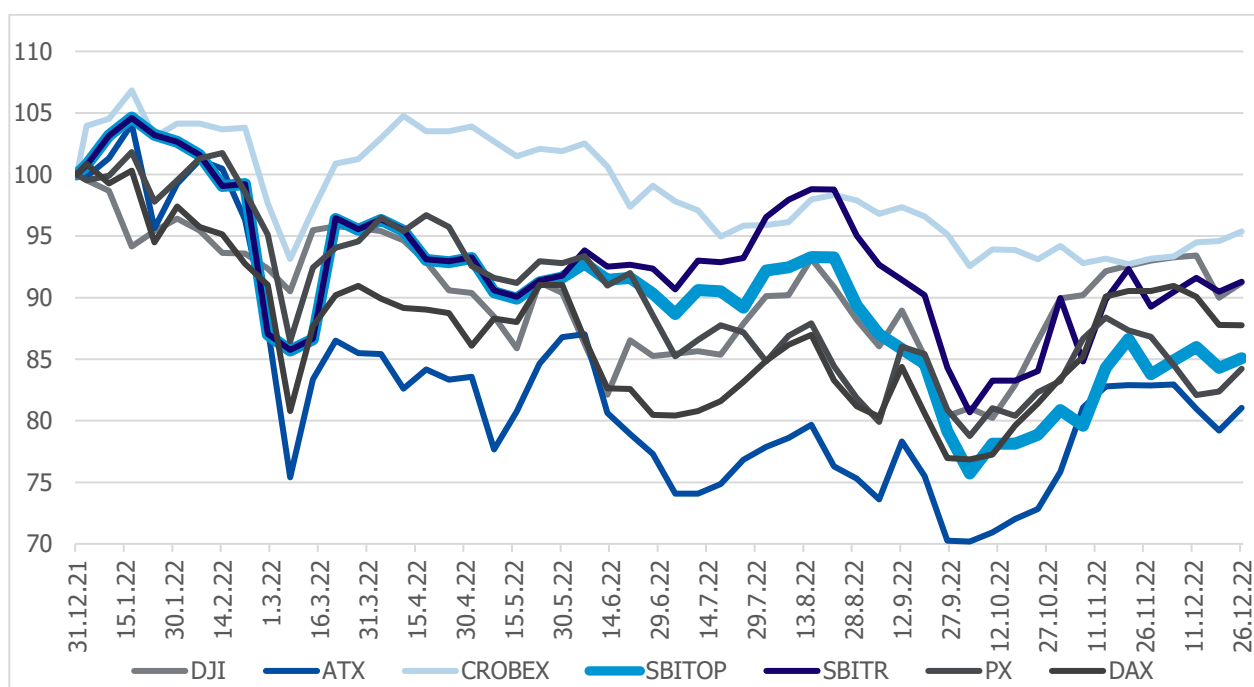
Source: Ljubljana Stock Exchange

## The LJSE blue-chip index SBI TOP

The SBITOP index fell by 16.9% in 2022 and ended the year at 1,046.13 points. It reached the highest value on 20<sup>st</sup> January 2022 at 1,337.77 points, and the lowest on 3<sup>rd</sup> October 2022 when it was valued at 952.01 points.

The SBITR index realized lower loss due to dividend yield inclusion, as it fell by 10.8% in 2022.

The graph below shows the performance of SBITOP and SBITR indices against selected world indices in EUR (31 Dec 2021 = 100).



Source: Ljubljana Stock Exchange



## Important Ljubljana Stock Exchange activities in 2022

### LJSE development and promotion activities and events

Date	Activity
11 January 2022	Overview of the events on the Stock Exchange in 2021
14 January 2022	Listing of bonds RS89 and RS90 on the Ljubljana Stock Exchange
28 January 2022	Listing of EQNX shares on the Ljubljana Stock Exchange
31 January 2022	Listing of EQNX shares on the Ljubljana Stock Exchange event
7 February 2022	Listing of ETFs shares on the Ljubljana Stock Exchange
9 February 2022	New Market Maker for ICCRO and ICSLO ETFS
10 February 2022	Listing of ETFs shares on the Ljubljana Stock Exchange event
11 March 2022	Ring the bell for gender equality
23 March 2022	Webinar »Slovenske listed companies online«
24 March 2022	Let's go on the Exchange
7 April 2022	Overview of Events on the Stock Exchange in Q1
10. May 2022	39 <sup>th</sup> Financial Conference in Portorož
26-27 May 2022	Slovenian and Croatian Investor Days: CEE Investment Opportunities
31 May 2022	Trade on the Stock Exchange
7 July 2022	Overview of Events on the Stock Exchange in Q2
10 August 2022	Split of CIGC Shares
31 August 2022	Webinar »Slovenske listed companies online«
27 September 2022	Alternative sources of financing for SMEs
25 October 2022	Split of PETG Shares
26 October 2022	Trade on the Stock Exchange – vol 2
30 November 2022	Ljubljana Stock Exchange Award Ceremony
30 November 2022	Slovenian and Croatian Investor Days: CEE Investment Opportunities
16 December 2022	Listing of TVL2 bonds on the Ljubljana Stock Exchange

### Domestic and international market promotion and international cooperation

In 2022, 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 to domestic and international investors. In 2022 the Ljubljana Stock Exchange has organized some successful events for retail investors also for promotion of Slovenian listed companies and financial educating.

#### The main programme consisted of the following activities:

- Two webinars: "Slovenian Listed Companies Online";
- Two investment conferences in cooperation with the Zagreb Stock Exchange;
- Four quarterly Webinar reviews of the events on the LJSE;
- Conferring of awards to the best issuers and member firms;



Issuing capital market promotion publications.

### **Ljubljana Stock Exchange events organized for promotion of the Slovenian Capital Market and listed companies:**

Date	Event	Location
11 January 2022	Overview of the events on the Stock Exchange in 2021	On-line
31 January 2022	Listing of EQNX shares on the Ljubljana Stock Exchange	Ljubljana / on-line
10 February 2022	Listing of ETFs shares on the Ljubljana Stock Exchange	Ljubljana
23 March 2022	Webinar »Slovenske listed companies online«	On-line
24 March 2022	Let's go on the Exchange	On-line
7 April 2022	Overview of Events on the Stock Exchange in Q1	On-line
26-27 May 2022	Slovenian and Croatian Investor Days: CEE Investment Opportunities	On-line
31 May 2022	Trade on the Stock Exchange	On-line
7 July 2022	Overview of Events on the Stock Exchange in Q2	
31 August 2022	Webinar »Slovenske listed companies online«	On-line
26 October 2022	Trade on the Stock Exchange – vol 2	On-line
30 November 2022	Ljubljana Stock Exchange Award Ceremony	Ljubljana
30 November 2022	Slovenian and Croatian Investor Days: CEE Investment Opportunities	Ljubljana

### **Other activities for capital market development, media promotion and publications**

- In 2022 we have co-organized 39<sup>th</sup> Financial Conference in Portorož;
- We have joined the "Ring the bell for gender equality" movement;
- We have joined the "Ring the bell for financial literacy" movement;
- We have co-organized an event for promotion of alternative sources of financing among SMEs;
- The following publications were updated or issued anew with a view to promoting the capital market and our listed companies:
  - Guide for Investors 2022 (publication in Slovenian);
  - Slovenian Capital Market (Slovenian and English versions);
  - Monthly and annual statistical reports.
- 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 2022, the LJSE reviewed 28 trading supervision examination reports and based on these examinations, issued 3 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 2022, the LJSE continued to provide advice and support to issuers of securities listed on the stock exchange market, in particular with regard to ensuring their compliance with the LJSE Rules and other general acts, as well as with the legislation on the financial instruments market. In addition, the LJSE provided support to issuers in the procedures relating to the listing of their securities on the stock exchange market or SI ENTER.

In 2022, the LJSE organised an educational webinar on sustainable business for issuers, on which LJSE also presented the new corporate governance features of the revised Slovenian CG Code.

In 2022, the Exchange dealt with a total of 15 monitoring reviews of issuers' disclosure and compliance on the stock exchange and SI ENTER market, which resulted in 3 reports to the Securities Market Agency on non-compliance with the obligation to disclose regulated information or on suspected breaches of disclosure.

In 2022, the LJSE reviewed a total of 12 examinations of monitoring disclosure and fulfilment of conditions by issuers on the stock exchange market and SI ENTER and, based on these examinations, issued three 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 2022**

The year 2022 began with the ongoing coronavirus epidemic and stable economic growth, which was also accompanied by high energy prices, the growth of which was also stimulated by the war in Ukraine. In 2022, the LJSE continued with the revival of activity in the field of development and sale of new services, which was curtailed in the previous period due to the COVID-19 pandemic. Higher prices of energy products, goods, raw materials and food as a result of the war in Ukraine have already and will continue to influence economic dynamics. As a result, a gradual slowdown in economic growth is to be expected.

In 2022, numerous activities were carried out in the direction of a sustainable policy on LJSE, which will continue in the future.

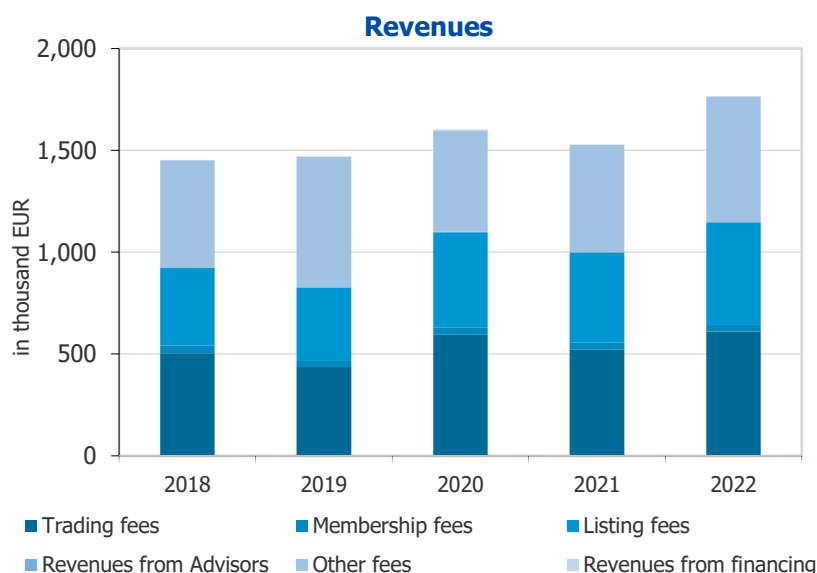
We are operating in difficult times full of challenges. In 2022, the focus was therefore on ensuring the health of employees, on the optimization of work and on the continuity of operations in the changed circumstances and on identifying and managing risks.

The overall assessment is that the pandemic COVID-19 and the war in Ukraine in the year 2022 had no negative effects on current operations. The loss of revenue relates primarily to revenues from organizing events (R&D projects, Financial Conference and other educations). Regardless of the worsening general

economic situation, trading fees in 2022 are even 2.4% higher than the fees in 2020, which was exceptional. Achieved trading fees in this year are higher than forecast by 0.9% and 17.0% higher compared to 2021.

## Revenues

**EUR 1,765,490**  
**TOTAL REVENUES**



Compared to the same period in 2020, total revenue increased by 15.5% and amounted to EUR 1,765,490.

As much as EUR 1,148,134 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 68.7% in 2020. In 2022, revenue from our core business represented 65.0% of operating revenue.

- *Revenue from trading fees*

Compared to previous years, the turnover in 2022 was higher by 22.1%. Revenue from trading fees thus amounted to EUR 610,311, which is 34.6% of total revenue. Compared to the revenue generated in 2021, revenue in 2022 is higher by 17.0 % or EUR 88,507.

- *Membership fees*

They amounted to EUR 36,000 and represented 2.0% of total revenue. On 31 December 2022, the LJSE had 9 members.

- *Revenue from listing fees*

Listing fees generated EUR 499,659 of revenue. In the structure of revenue, they represent 28.3% of total revenue. In addition to new listings, which generated EUR 71,250, this also includes annual maintenance fees for listed securities (Prime Market and Standard Market shares and bonds) in the amount of EUR 375,417; annual maintenance fees for securities in the SI ENTER market in the amount of EUR 13,167; revenue from fees for adopting decisions on listing expansions, on delistings and on suspensions of trading, which contributed EUR 39,825. Compared to 2021 revenue, the revenue in 2022 is higher by 13.3% or EUR 58,719.



- *Revenue from Authorised Advisors*

Revenue from authorised advisors for the PROGRESS Segment amounts to EUR 2,164 and relates to the annual status maintenance fees.

- *Revenue from SEOnet and INFO STORAGE services*

Revenue from SEOnet and INFO STORAGE services amounts to EUR 151,714, representing 8.6% of total revenue, which is a decrease of 5.2% from 2021.

- *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 18,855, which in the total revenue structure represents a 1.1% share.

- *Revenue from data dissemination*

Data dissemination on the domestic market generated 4.5% of total revenue, totalling EUR 79,200.

- *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 2022 amounted to EUR 261,162 and index licensing revenue to EUR 4,048. In the structure of revenue, they represent 15.0% of total revenue.

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

Revenue under this title for 2022 amounts to EUR 4,273 and generated 4.5% of total revenue.

- *Revenue from organising events*

Revenue from organising events is realised in the amount of EUR 35,524 and represents a 2.0% share in the total revenue structure. Revenues refer to revenues from the organizing webinar – The Basics of Finance, Sustainable in 2022 and sponsorships of two events "Trade on Stock Exchange 1 and 2". The COVID-19 pandemic, as well as the deterioration of the economic situation, had a strong impact on the development and sale of new stock exchange services in 2022 as well. Caution due to the cooling of economic activities on the part of potential event participants had a rather negative impact on activities in this area.

- *Intercompany revenue*

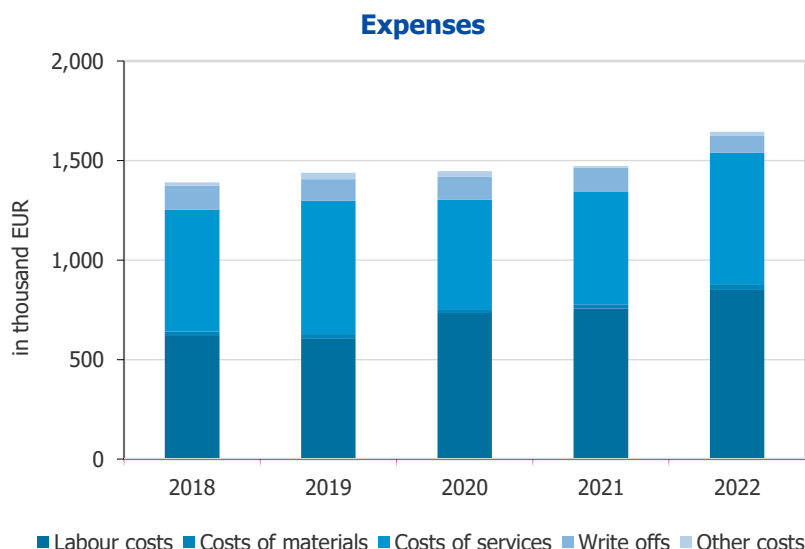
Intercompany revenue in the amount of EUR 195 relates to revenue from sharing the income from fees of data dissemination with the Zagrebačka Burza.

- *Other operating revenue*

Other revenues is realised in the amount of EUR 61,565, of which EUR 7,626 refers to the revenue from the sale of a proportional share of business premises (offices), which are acquired on the basis of a co-ownership share and are not recorded in the bookkeeping, EUR 15,226 to the revenue from the sale of two company cars, 20,134 EUR on revenue from reimbursements for illnesses, EUR 4,942 on revenue from re-invoicing electricity costs and EUR 13,637 on other revenues.

## Expenses

**EUR 1,644,509**  
TOTAL EXPENSES



Total expenses amounted to EUR 1,644,509, up by 11.7% from 2021.

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

In recent years, the share of labour costs has ranged between 45.5% in 2017 and 51.4% in 2021. In 2022, labour costs represent 51.7% of all costs.

Costs of materials and services represent 41.9% and write-offs 5.2%.

- *Employee benefits cost*

On 31 December 2022, the LJSE had 14 employees or 12.56 employees, considering the hours worked. The company's costs of salaries for 2021 amount to EUR 850,517, which is 51.7% of total expenses.

Salaries include bonus payments. Variable remuneration paid for business performance in 2022 amounted to EUR 79,690. In addition, the employee benefits cost also includes EUR 19,226 of unpaid bonuses to the Management Board for 2022 and the costs of provisions for severance pay in the amount of EUR 2,312.

- *Costs of materials*

Costs of materials amount to EUR 28,515 and include EUR 14,144 of energy costs, EUR 9,080 of expert literature and subscription costs, EUR 918 of stationery costs and EUR 4,373 of other costs of materials.

- *Costs of services*

Costs of services amount to EUR 660,888. The largest items are the costs of IT services (EUR 308,255), the costs of surveillance over stock exchange operations (EUR 84,840), counselling services (EUR 55,688), intercompany costs for the services provided by Zagrebačka Burza (EUR 40,492), leases and rents (EUR 33,565), the costs of organising events (EUR 29,119), the costs of business premises maintenance (EUR 24,253), postal and telephone costs (EUR 15,815), the costs of bank services and insurance premium (EUR 15,360), advertising and entertainment costs (EUR 15,169), costs of other services (EUR 9,843), costs of staff training and conferences (EUR 7,029) and the costs of services by natural persons (EUR 5,543).

- *Depreciation and amortisation*

Depreciation and amortisation cost amounts to EUR 83,338. It refers to EUR 37,202 of amortisation of intangible fixed assets, EUR 6,868 of depreciation of the building and EUR 39,262 of depreciation of equipment and other tangible assets. On average, the proportion of written-off intangible fixed assets is 91.4%; thus, the proportion of carrying intangible assets is 8.1%. On average, the proportion of written-off equipment and other tangible assets is 61.2%; thus, the proportion of carrying equipment and other tangible assets is 38.8%.

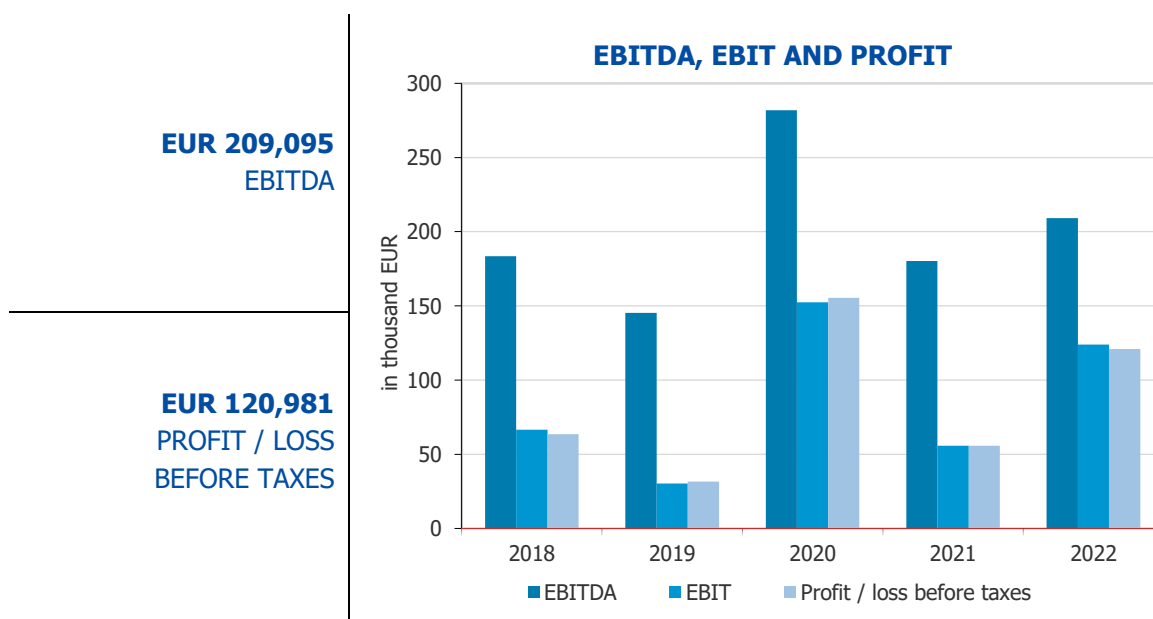
- *Other operating costs*

Other operating costs amounted to EUR 8,877.

- *Revaluatory operating expenses*

Revaluatory operating expenses in the amount of EUR 1,714 refer to expenses from revaluation operating expenses associated with intangible assets and PPE (EUR 933), to expenses from allowances for bad receivables (EUR 281) and to expenses from the final deductible share (EUR 500).

### Profit or loss for the period



EBITDA, calculated as operating profit, increased by depreciation costs and revaluatory operating expenses, was higher by 16.0% in comparison with the previous year, amounting to EUR 209,095.

EBIT was EUR 124,043, and profit before taxes amounted to EUR 106,029.



## Assets

	<i>(in EUR)</i>	31 Dec 2022	31 Dec 2021
<b>EUR 2,792,173</b> <b>ASSETS</b>	Non-current assets	1,159,515	1,146,778
	Current assets	1,555,666	1,501,354
	Deferred costs and accrued revenue	76,993	71,704
	<b>Total assets</b>	<b>2,792,173</b>	<b>2,719,836</b>
	Equity	2,472,500	2,435,243
	Provisions	36,308	25,556
	Non-current liabilities	40,042	49,834
	Current liabilities	118,331	134,885
	Short term accrued costs and deferred revenue	124,992	74,318
	<b>Total equity and liabilities</b>	<b>2,792,173</b>	<b>2,719,836</b>

## Performance indicators

Ratio	2022	2021	2020	2019	2018
<b>Financing state ratios</b>					
Equity financing rate	88.55	89.54	87.58	89.52	89.21
Long-term liabilities rate	5.67	6.79	7.71	8.11	6.87
Long-term financing rate	91.29	92.31	89.44	90.22	90.45
Equity rate	56.66	57.53	55.55	58.95	56.50
<b>Investments ratios</b>					
Operating fixed assets rate	40.84	41.40	48.86	51.40	60.76
Long-term assets rate	41.53	42.16	49.58	53.04	62.25
Short-term assets rate	58.47	55.20	47.75	46.96	30.55
<b>Horizontal financial structure ratios</b>					
Equity to operating fixed assets	2.17	2.16	1.74	1.93	1.47
Immediate solvency ratio	11.45	9.62	5.14	7.20	3.82
Quick ratio	13.15	11.13	6.04	8.42	5.05
Current ratio	13.15	11.13	6.04	8.42	5.05
<b>Operating efficiency ratios</b>					
Operating efficiency ratio	1.08	1.04	1.05	1.02	1.05
Total efficiency ratio	1.08	1.04	1.05	1.02	1.05
<b>Profitability ratios</b>					
Net return on equity - ROE	4.42	1.72	3.84	0.91	1.87

## Impact of the pandemic and the war in Ukraine on the LJSE's operations

After a very challenging year 2020 due to the global impact of the outbreak of COVID-19, the likes of which has not been seen in the entire history, we have predicted for the years 2021 and 2022 a period of general return to the new normal and growth. However, the disease is still present and will continue to affect



economies to varying degrees despite increased medical capabilities and an improved toolkit to combat the pandemic.

The war in Russia had even more far-reaching consequences. The Russian-Ukrainian conflict has led to significant fluctuations in financial markets. With the continuation of the war in Ukraine, the situation in the energy markets is worsening and affecting the deterioration of the economic outlook in our most important trading partners. With due diligence, the LJSE analyzed the exposure of the LJSE's operations to the aforementioned conditions and assessed the potential impacts on operations. The analysis was from the point of view of the direct effects of the war and from the point of view of sanctions against Russia and Belarus.

The assessment is that there are no direct effects of war events on the operations of the company. The sanctions imposed against Russia and Belarus and Russia's retaliatory measures have an impact on business operations, which has a strong impact on the situation on the energy market.

Although the COVID-19 pandemic, together with its effects on all aspects of life, and the war in Ukraine, had a strong impact on the business environment, the LJSE managed to maintain good capitalization and liquidity, and the results of operations in 2022 are good.

Regardless of the fact that the operations of the Ljubljana Stock Exchange in 2022 are good, the epidemic of the coronavirus and the war in Ukraine affects our operations to a certain extent, also having had a strong impact on the development and sale of new LJSE services this year.

Continuous monitoring of the macroeconomic environment reminds us of the high level of uncertainty in the global economy due to the energy crisis, inflation and the war in Ukraine. The general economic situation slowed down economic growth projections and also caused a decrease in the economic growth of the Slovenian economy in 2023.

In its Autumn Forecast of Economic Trends (September 2022), the Institute of Macroeconomic Analysis and Development (IMAD) predicts economic recovery in the next two years. In 2023, GDP growth will slow down to 1.4%, as similar trends as in the second half of this year are expected to continue in the first half of 2023, and then, assuming the absence of shocks in the international environment and the stabilization of prices, it is expected to begin recovery of the export part of the economy, private sector investments and private consumption. These will also be the main factors in the acceleration of economic growth in 2024 to 2.6%. In order to mitigate the high cost of energy, Slovenia adopted general measures to curb the rise in energy prices and targeted measures to help the economy, farmers and vulnerable households. Since the beginning of this year, Slovenia has adopted a number of support measures in the total amount of around 1% of GDP in 2022, of which approximately half are general and half targeted. Among general measures, measures to curb the growth of energy prices (reduction of excise duties, VAT and other duties on energy products) predominate, while targeted measures include aid to the economy, energy-intensive companies and the agricultural sector, and energy supplements for the most vulnerable groups of the population.

The current energy crisis, high inflation, heightened uncertainty, a global economic slowdown and tighter financing conditions are dampening economic activity and have already led to a sharp slowdown in real GDP growth in the third quarter of 2022. As the economic fallout from the war in Ukraine continues to add to strong inflationary pressures, consumer and business confidence remained weak, while real disposable



income is falling, and steep increases in cost pressures are constraining production, especially in energy-intensive industries. The negative economic consequences are expected to be partially mitigated by public finance policy measures. As the energy market rebalances in the medium term, uncertainty should decrease and real income should increase. According to European Commission forecasts, average annual real GDP growth is expected to slow markedly from 3.4% in 2022 to 0.5% in 2023, before rebounding to 1.9% in 2024 and 1.8% in 2025. Inflation is expected to decline from an average level of 8.4% in 2022 to 6.3% in 2023, falling from 10% in the last quarter of 2022 to 3.6% in the last quarter 2023. After that, it should decrease to an average level of 3.4% in 2024 and to an average level of 2.3% in 2025.

The International Monetary Fund (IMF) revised its latest projections of global economic growth in 2022 and 2023 upwards by 0.2 percentage points due to greater resilience of demand in the US and Europe, lower energy costs and the abandonment of anti-coronavirus measures in China. The global gross domestic product is thus expected to increase by 3.4 percent in 2022, by 2.9 percent in 2023, and an economic rebound is expected to follow in 2024, with the growth dynamics again strengthening to 3.1 percent. In the euro area, growth is expected to be 0.7% in 2023 and 1.6% in 2024. According to IMF forecasts, inflation around the world is expected to gradually decline from record levels in 2022 over the next two years.

Ensuring sufficient liquidity is high on the priority list. Liquid assets of the company amounted to EUR 1,354,578 and represented almost 50% of total assets. The company has all liquidity surpluses or free cash tied up with commercial banks, i.e. all 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 second wave, all employees returned to work 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 2022 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. The LJSE will continue to implement a strict cost control plan that addresses both labor costs and other cost elements. Total costs continue to be affected by the business environment, where cost growth is present throughout the region.



The general assessment is that the COVID-19 pandemic and the war in Ukraine in 2022 had no negative effects on current operations. Trading fees earned in 2022 are higher than trading fees in the last five years. The loss of revenue due to extraordinary events relates mainly to revenue from the organization of events, Partner Program and R&D projects.

Due to the uncertainty about further developments, the Ljubljana Stock Exchange prepared different scenarios for operations in 2023. One of the main risks is still related to the possibility of severe disruptions in the European supply of energy products, which would lead to further jumps in energy prices and a major reduction in production. A negative scenario reflecting this risk points to higher inflation. A continuation of the intense conflict in Ukraine would cause uncertainty to increase again in the first quarter of 2023 and again in the third quarter of 2023 due to concerns about gas shortages next winter. This would mean a further increase in volatility in the financial markets. Compared to the baseline scenario, share prices would fall by around 4% in 2023. It is estimated that the implementation of R&D, educations and other R&D projects strongly depends on the economic situation, which is why in the first scenario it is assumed that the realization of R&D projects will reach up to 50% of the planned revenues from this title.. 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 2023 could amount to between 80 and 90 percent of the budgeted EBITDA for 2023. Despite the fact that trading in 2022 does not indicate that the economic situation could have an impact on the realisation of revenues from this title in the future, in scenario 2 the estimate of a 10% reduction in turnover was also verified, which would have an additional impact on reducing the planned EBITDA for 2023 by 30 percent.

Before the pandemic and the deterioration of the economic situation, 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, as well as the war in Ukraine, as a result of which the economic situation worsened, also affects the operations of the company. For more information, refer to the section Impact of the pandemic and the war in Ukraine on the LJSE's operations.
- There were no events after the reporting date that would significantly affect the disclosed operations in the year 2022.

## Objectives and plans for 2023

The Ljubljana Stock Exchange expects that its operations in 2023 will be conducted in a slightly improved, but still volatile and uncertain environment. COVID-19 has already become our reality, so we expect the biggest risks to come from worse economic conditions. In these circumstances, the stock exchange plans to increase the volume of revenues from stock exchange commissions to EUR 729,540, and the profit before tax in the amount of EUR 141,765.



Our 2023 targets are ambitious. In drawing up the plan for 2022, we have assumed, however, that the pandemic will be effectively contained through vaccination and other containment measures, which ceased in February 2022. 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 the war in Ukraine and the related conditions on the energy markets. This is particularly relevant if:

- The tightening of energy conditions will continue in 2023,
- Germany and other important trade partners will not be able to avoid recession, which would reduce foreign demand and Slovenian exports,,
- The economy is slower to recover, which will lead to economic growth that is lower than expected.

The LJSE's main objective in 2023 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 2023, 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 2023 are:

- Stable and efficient day-to-day operation of the market;
- Acquisition of new products to all LJSE markets;
- Encouraging market making activities;
- establishment of the Green Financing Market on the LJSE and renewal of the Recommendations for informing issuers with an emphasis on reporting on sustainable business, integration of ESG content into events and training organized by the LJSE;
- Adjustments in the field of data marketing due to MiFID II and MiFIR review, especially regarding the establishment of the CTP system;
- adaptation to upcoming regulatory changes, especially in the field of information security and ensuring business resilience;
- Local and international market promotion (roadshows);
- Cooperation with the Zagreb Stock Exchange in development and promotion projects.

# FINANCIAL STATEMENTS



**LJUBLJANSKA BORZA**  
**LJUBLJANA** *Stock Exchange*



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## Statement on Management Responsibility

The Management Board hereby endorses the financial statements of the Ljubljana Stock Exchange for the financial year ended 31 December 2022, 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 2022

### Balance sheet

<i>(in EUR)</i>	<i>Notes</i>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
<b>ASSETS</b>		<b>2,792,173</b>	<b>2,719,836</b>
<b>Non-current assets</b>		<b>1,159,515</b>	<b>1,146,778</b>
Intangible assets and long-term deferred and accrued items	1.1	144,960	129,910
Property, plant and equipment	1.2	995,477	996,099
Deferred tax assets	1.3	19,077	20,769
<b>Current assets</b>		<b>1,555,666</b>	<b>1,501,354</b>
Short-term investments	1.4	200,383	200,383
Short-term operating receivables	1.5	200,704	203,748
Cash and cash equivalents	1.6	1,154,578	1,097,222
<b>Short-term deferred costs and accrued revenues</b>	1.7	<b>76,993</b>	<b>71,704</b>
<b>EQUITY AND LIABILITIES</b>		<b>2,792,173</b>	<b>2,719,836</b>
<b>Equity</b>	1.8	<b>2,472,500</b>	<b>2,435,243</b>
Called-up capital		1,400,893	1,400,893
Capital surplus		462,775	462,775
Revenue reserves		423,159	423,159
Revaluation surplus		79,645	105,997
Retained earnings		0	-296
Net profit or loss for the period		106,029	42,716
<b>Provisions and long-term accrued costs and deferred revenues</b>	1.9	<b>36,308</b>	<b>25,556</b>
Provisions for terminal leave pay or long-service benefits		23,605	18,927
Long-term accrued costs and deferred revenues		12,703	6,629
<b>Long-term liabilities</b>	1.10	<b>40,042</b>	<b>49,834</b>
Long-term financial liabilities		20,854	24,722
Deferred tax liabilities		19,189	25,112
<b>Short-term liabilities</b>	1.11	<b>118,331</b>	<b>134,885</b>
Short-term financial liabilities		3,868	3,773
Short-term trade payables		114,463	131,112
<b>Short-term accrued costs and deferred revenues</b>	1.12	<b>124,992</b>	<b>74,318</b>

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	2022	2021
<b>Net sales</b>	2.1	<b>1,713,400</b>	<b>1,513,438</b>
Net sales revenues from domestic market		1,143,522	969,523
Net sales revenues from abroad		569,878	543,915
<b>Other operating revenues</b>	2.2	<b>51,270</b>	<b>13,698</b>
<b>Costs of goods, material and services</b>	2.3	<b>689,403</b>	<b>584,222</b>
Costs of materials used		28,515	19,505
Costs of services		660,888	564,717
<b>Labour costs</b>	2.4	<b>850,517</b>	<b>757,420</b>
Costs of wages and salaries		658,581	582,305
Pension insurance costs		74,976	67,204
Other social insurance costs		56,485	51,027
Other labour costs		58,163	54,889
Provisions		2,312	1,995
<b>Write-downs</b>	2.5	<b>85,052</b>	<b>124,399</b>
Depreciation and amortisation		83,338	123,179
Revaluatory operating expenses associated with intangible assets and property, plant and equipment		281	0
Revaluatory operating expenses associated with operating current assets		1,433	1,220
<b>Other operating expenses</b>	2.6	<b>8,877</b>	<b>5,271</b>
Financial revenue from investments		786	1,005
Financial revenue from operating receivables		7	0
Financial expenses for financial liabilities		667	854
Financial expenses for operating liabilities		3,188	139
Other revenues		27	4
Other expenses		6,805	5
Income tax	2.7	13,261	12,976
Deferred taxes	2.8	1,692	144
<b>NET PROFIT OR LOSS FOR PERIOD</b>	2.9	<b>106,029</b>	<b>42,716</b>

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>	<b>2022</b>	<b>2021</b>
Net profit or loss for the year		106,029	42,716
Changes of intangible assets and property, plant and equipment revaluation surplus		-26,352	-1,429
<b>Total comprehensive income for the year</b>	<b>2.10</b>	<b>79,677</b>	<b>41,286</b>

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>	2022	2021
<b>A. Cash flows from operating activities</b>		
<b>a) Income Statement items</b>	<b>72,284</b>	<b>240,365</b>
Operating revenue	1,744,612	1,527,138
Operating expenses excluding depreciation and amortisation	-1,657,620	-1,275,013
Income taxes and other taxes not included in operating expenses	-14,708	-11,760
<b>b) Changes of net operating assets in Balance Sheet items</b>	<b>138,862</b>	<b>-188,470</b>
Change in trade receivables	17,463	-58,454
Change in deferred costs and accrued revenue	-5,248	4,526
Change in deferred tax assets	1,692	144
Change in operating debts	-29,910	-33,488
Change in accrued items and provisions	160,788	-101,181
Change in deferred tax liabilities	-5,923	-18
<b>c) Net cash from operating activities (a + b)</b>	<b>211,146</b>	<b>51,895</b>
<b>B. Cash flows from investing activities</b>		
<b>a) Cash receipts from investing activities</b>	<b>24,840</b>	<b>1,107</b>
Interest received	793	968
Proceeds from disposal of intangible assets	0	0
Proceeds from sale of property, plant and equipment	24,047	139
Proceeds from disposal of current assets	0	0
<b>b) Cash disbursements from investing activities</b>	<b>-131,771</b>	<b>158,343</b>
Purchase to acquire intangible assets	-52,298	-38,519
Purchase of property, plant and equipment	-79,473	-3,165
Payments in connection with non-current investments	0	0
Payments in connection with current investments	0	200,027
<b>c) Net cash from investing activities (a + b)</b>	<b>-106,931</b>	<b>159,450</b>
<b>C. Cash flows from financing activities</b>		
<b>a) Cash receipts from financing activities</b>	<b>0</b>	<b>-1,429</b>
Capital increase	0	-1,429
<b>b) Cash disbursements from financing activities</b>	<b>-46,859</b>	<b>-132,436</b>
Interest paid	-667	-854
Repayment of financial liabilities	-3,773	-3,681
Dividends paid	-42,419	-127,901
<b>c) Net cash from financing activities (a + b)</b>	<b>-46,859</b>	<b>-133,865</b>
<b>D. Net cash and cash equivalents as at end of period</b>	<b>1,154,578</b>	<b>1,097,222</b>
Net increase in cash and cash equivalents (Ac+Bc+Cc)	57,355	77,480
Cash and cash equivalents as at beginning of period	1,097,222	1,019,742

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 2022

(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	
<b>A.1. Balance at 31 Dec 2021</b>	1,400,893	143	364,570	98,063	423,159	105,997	-296	42,716	2,435,243
Backward calculations									
Retrospective adjustments									
<b>A.2. Balance at 1 Jan 2022</b>	1,400,893	143	364,570	98,063	423,159	105,997	42,419	0	2,435,243
<b>Changes in equity - transaction</b>									
<b>B.1. with owners</b>							-42,419		-42,419
Payment of dividends							-42,419		-42,419
<b>Total comprehensive income for B.2. 2022</b>	0	0	0	0	0	-26,352	0	106,029	79,677
Profit / loss for the period							0	106,029	106,029
Changes in revaluation surplus related to intangible assets						-26,352	0		-26,352
<b>C. Balance at 31 Dec 2022</b>	<b>1,400,893</b>	<b>143</b>	<b>364,570</b>	<b>98,063</b>	<b>423,159</b>	<b>79,645</b>	<b>0</b>	<b>106,029</b>	<b>2,472,501</b>
<b>ACCUMULATED PROFIT FOR 2022</b>	-	-	-	-	-		<b>0</b>	<b>106,029</b>	<b>106,029</b>

Pursuant to the resolution of the General Meeting of 8 June 2022, the accumulated profit determined as at 31 December 2021 in the amount of EUR 42,419 was entirely intended for the payment of dividends to the shareholder, which resulted in the gross value of EUR 1.264 per share.

The book value of the share as at 31 December 2022 amounts to EUR 73.65.

## Statement of changes in equity for 2021

(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	
<b>A.1. Balance at 31 Dec 2020</b>	1,400,893	143	364,570	98,062	423,159	107,130	0	127,901	2,521,857
Backward calculations									
Retrospective adjustments									
<b>A.2. Balance at 1 Jan 2021</b>	1,400,893	143	364,570	98,062	423,159	107,130	127,901	0	2,521,857
<b>Changes in equity - transaction</b>									
<b>B.1. with owners</b>	0	0	0	0	0	0	-127,901	0	-127,901
Payment of dividends							-127,901		-127,901
<b>Total comprehensive income for B.2. 2021</b>	0	0	0	0	0	-1,133	-296	42,716	41,286
Profit / loss for the period								42,716	42,716
Changes in revaluation surplus related to intangible assets						-1,133	-296		-1,429
<b>C. Balance at 31 Dec 2021</b>	<b>1,400,893</b>	<b>143</b>	<b>364,570</b>	<b>98,062</b>	<b>423,159</b>	<b>105,997</b>	<b>-296</b>	<b>42,716</b>	<b>2,435,243</b>
<b>ACCUMULATED PROFIT FOR 2021</b>	-	-	-	-	-		<b>-296</b>	<b>42,716</b>	<b>42,419</b>

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 2022.

### 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 2022, the LJSE had one shareholder (100%), namely Zagrebačka burza, d.d., Ivana Lučića 2a, 10000 Zagreb, Hrvatska. The Group Annual Report for 2022 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.

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 and the war in Ukraine on assessments and judgments**

Due to the changes in the economic and financial markets caused by the COVID-19 pandemic, the war in Ukraine and the related sanctions against Russia and Belarus, we regularly monitor current and potential risks and reliably manage them. The risk profile at the stock exchange level does not deviate significantly compared to 2021. Adequate liquidity is ensured, and capital adequacy is assessed as solid. The LJSE has re-checked its critical accounting estimates and judgments in areas that could be negatively affected by the deterioration of the economic situation, especially asset quality, impairment and provisions, fair value measurement of financial assets and taxes.

On the basis of regular business monitoring, we can confirm the assumption of a functioning company.

#### 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 79.3%.

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. 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 2022	31 Dec 2021
Short-term assets	1,555,666	1,501,354
Short-term liabilities	118,331	134,885
<b>Difference - Working capital</b>	<b>1,437,335</b>	<b>1,366,468</b>

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.

### 4. 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 2022, even taking into account the effect of COVID-19 and the war in Ukraine.

## 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 2021.

### 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 2022 and are the same as in 2021.

The value of an intangible asset is also estimated on the reporting date to assess whether there are objective indications of impairment.

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, except of the building and the associated land, 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 2021 and are the same as in 2021.

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 2022, it had no finance leases with lease terms exceeding one year.

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 straight-line 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 valuation obtained by an authorized property appraiser, the company adjusted the book value of the property to fair value on 30 November 2022 by reducing the previously created revaluation surplus in the amount of EUR 30,070.50 and by increasing the depreciation adjustment. With the unchanged useful life and using the straight-line depreciation method, the depreciation rate increased from 3.537% to 4.332%.

### **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 2021 and as at 31 December 2022, and based on the Income Statement for 2022, 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 144,960**

<i>(in EUR)</i>	31 Dec 2022	31 Dec 2021
Long-term property rights	1,329,720	1,277,422
Long-term deferred costs	30,179	30,220
Accumulated amortization of intangible assets	-1,214,939	-1,177,733
<b>Carrying amount</b>	<b>144,960</b>	<b>129,910</b>

Intangible assets as at 31 December 2022 include recognised rights for the use of software for computer data processing with a carrying amount of EUR 114,781 and long-term deferred costs in the amount of EUR 30,179.

All intangible assets have finite useful lives.

Movements of intangible assets:

<i>(in EUR)</i>	Long-term property rights	Long-term deferred costs	Intangible assets under construction	Total
<b>Cost of purchase</b>				
Balance as at 31 Dec 2021	1,277,422	30,220	0	1,307,642
Additions	52,298	95	52,298	104,691
Transfer	0	135	52,298	52,433
Disposals	0	0	0	0
Balance as at 31 Dec 2022	1,329,720	30,179	0	1,359,900
<b>Accumulated amortisation</b>				
Balance as at 31 Dec 2021	1,177,733	0	0	1,177,733
Annual amortisation	37,207	0	0	37,207
Disposals	0	0	0	0
Balance as at 31 Dec 2022	1,214,939	0	0	1,214,939
<b>Carrying amount</b>				
Balance as at 31 Dec 2021	99,690	30,220	0	129,910
Balance as at 31 Dec 2022	114,781	30,179	0	144,960

<i>(in EUR)</i>	Long-term property rights	Long-term deferred costs	Intangible assets under construction	Total
<b>Cost of purchase</b>				
Balance as at 31 Dec 2020	1,238,904	29,566	0	1,268,470
Additions	38,519	1,130	38,519	78,168
Transfer	0	0	38,519	38,519
Disposals	0	477	0	477
Balance as at 31 Dec 2021	1,277,422	30,220	0	1,307,642
<b>Accumulated amortisation</b>				
Balance as at 31 Dec 2020	1,138,587	0	0	1,138,587
Annual amortisation	39,146	0	0	39,146
Disposals	0	0	0	0
Balance as at 31 Dec 2021	1,177,733	0	0	1,177,733

- Continued -

<i>(in EUR)</i>	Long-term property rights	Long-term deferred costs	Intangible assets under construction	Total
Balance as at 31 Dec 2020	100,317	29,566	0	129,883
Balance as at 31 Dec 2021	99,690	30,220	0	129,910

Additions in long-term property rights in 2022 is related to the upgrade of the SEOnet and INFO STORAGE in the amount of EUR 30,670 and development and implementation for the "RTS 24 Reporting" service in the amount of EUR 21,628.

As at the Balance Sheet date, the Company has no open liabilities for the purchase of intangible fixed assets.

Long-term deferred costs and accrued revenues include deferred costs of digital certificates and brand acquisition in the total amount of EUR 823 and payments to the reserve fund in the amount of EUR 29,356.

## 1.2 Property, plant and equipment

**EUR 995,477**

<i>(in EUR)</i>	31 Dec 2022	31 Dec 2021
Building	1,025,431	1,025,431
Accumulated depreciation of building	-195,182	-158,243
Right of use (buildings and land)	39,349	39,349
Accumulated depreciation of right of use	-15,739	-11,807
Other property, plant and equipment	365,124	336,506
Property, plant and equipment under construction	0	0
Accumulated depreciation of property, plant and equipment	-223,506	-235,137
<b>Carrying amount</b>	<b>995,477</b>	<b>996,099</b>

As at 31 December 2022, the item property, plant and equipment (PPE) included the current value of the building (EUR 830,249), the current value of the building with the right of use (EUR 23,610) and the current value of other PPE (EUR 141,618).

Due to excessive depreciation calculated in 2020 and 2021, the correction of the value of the building was reduced in 2022 by EUR 26,097.

Due to the change in market conditions, the company obtained a new valuation at the end of 2022, which is based on the method of market comparisons and the return-based method. Concrete sales of 36 business premises were examined and analyzed in the area of the evaluated property and the wider surroundings. Based on this analysis, it was established that the sales price of business premises varies between EUR 1,850.00/m<sup>2</sup> and EUR 3,550.00/m<sup>2</sup> (the arithmetic mean of the analyzed sales is EUR 2,438.30/m<sup>2</sup>). Among the selected concrete property sales, 5 comparable sales were then selected. When determining the indicative value of the appraised property, the arithmetic mean of the corrected values of the selected comparable property was chosen. Based on this, the value of the property was determined according to the method of market comparisons in the amount of EUR 833,180.

Since the appraised property can be rented out and thus generate a certain cash flow, a recalculation of the value was also made in the case of return on investment. The statistical analysis of the selected data shows that the rent for business premises varies between 13.00 EUR/m<sup>2</sup> and 57.00 EUR/m<sup>2</sup>, the arithmetic mean of the analyzed rents is 22.08 EUR/m<sup>2</sup> (sample size is 21). Taking into account the rents of

comparable property, the value of the property according to the capitalization method amounts to EUR 835,369.

Thus, on the basis of the valuation obtained by the authorized appraiser of the property value, the company adjusted the book value of the property to the fair value on 30 November 2022 by reducing the previously formed revaluation surplus in the amount of EUR 30,070.50 and by increasing the depreciation adjustment. With an unchanged useful life and using the straight-line depreciation method, the depreciation rate increased from 3.537% to 4.332%.

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 2022 would have totalled EUR 734,359.

Movements of property, plant and equipment (PPE):

<i>(in EUR)</i>	Buildings	Right to use - IFRS 16	Equipment	Small tools	Equipment under preparation	Total PPE
<b>Cost of purchase</b>						
Balance as at 31 Dec 2021	1,025,431	39,349	336,506	0	0	1,401,286
Additions	0	0	79,473	0	79,473	158,946
Transfer	0	0	0	0	79,473	79,473
Disposals	0	0	50,855	0	0	50,855
Enhancement	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Balance as at 31 Dec 2022	1,025,431	39,349	365,124	0	0	1,429,904
<b>Accumulated depreciation</b>						
Balance as at 31 Dec 2021	158,243	11,807	235,137	0	0	405,187
Annual depreciation	36,939	3,932	35,330	0	0	76,201
Disposals	0	0	46,961	0	0	46,961
Enhancement	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Balance as at 31 Dec 2022	195,182	15,739	223,506	0	0	434,427
<b>Carrying amount</b>						
Balance as at 31 Dec 2021	867,189	27,542	101,369	0	0	996,099
Balance as at 31 Dec 2022	830,250	23,610	141,617	0	0	995,477

<i>(in EUR)</i>	Buildings	Right to use - IFRS 16	Equipment	Small tools	Equipment under preparation	Total PPE
Additions	0	0	3,194	0	3,194	6,389
Transfer	0	0	0	0	3,194	3,194
Disposals	0	0	14,553	0	0	14,553
Enhancement	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Balance as at 31 Dec 2021	1,025,431	39,349	336,506	0	0	1,401,286

- Continued -

(in EUR)	Buildings	Right to use - IFRS 16	Equipment	Small tools	Equipment under preparation	Total PPE
<b>Accumulated depreciation</b>						
Balance as at 31 Dec 2020	112,383	7,871	215,424	0	0	335,678
Annual depreciation	45,860	3,936	34,266	0	0	84,062
Disposals	0	0	14,553	0	0	14,553
Enhancement	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Balance as at 31 Dec 2021	158,243	11,807	235,137	0	0	405,187
<b>Carrying amount</b>						
Balance as at 31 Dec 2020	913,049	31,478	132,440	0	0	1,076,967
Balance as at 31 Dec 2021	867,189	27,542	101,369	0	0	996,099

New purchases of PPE include purchases two company vehicles in the amount of EUR 69,00, IT equipment in the amount of EUR 2,887 and other equipment in the amount of EUR 7,503.

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 an open liability from co-financing the replacement of the elevator in the amount of EUR 3,297.

#### 1.4 Deferred tax assets

**EUR 19,077**

(in EUR)	31 Dec 2022	31 Dec 2021
Deferred tax assets	19,077	20,769
<b>Total</b>	<b>19,077</b>	<b>20,769</b>

Deferred tax assets in the amount of EUR 19,077 are recognised on all deductible temporary differences arising from the difference between the depreciation charge for the building in the amount of 3.537% or 4.332%, 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 2022:

(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 2022	2,764	9,520	6,687	1,798	20,769
Newly formed in 2022	1,866	177	0	444	2,488
Used in 2022	0	-691	-3,489	0	-4,180
<b>As at 31 December 2022</b>	<b>4,630</b>	<b>9,007</b>	<b>3,198</b>	<b>2,242</b>	<b>19,077</b>

## 1.5 Current investments

EUR 200,383

(in EUR)	31 Dec 2022	31 Dec 2021
Investments into precious metals	383	383
Short-term banks deposits	200,000	200,000
<b>Total</b>	<b>200,383</b>	<b>200,383</b>

The deposit of EUR 200,000 is tied to a commercial bank in Slovenia and refers to the deposit for a period of 12 months and at a 0.10% nominal interest rate.

Investments into precious metals refer to two gold bars.

## 1.6 Short-term trade receivables

EUR 200,704

(in EUR)	31 Dec 2022	31 Dec 2021
Trade receivables	182,947	180,308
Receivables due from other entities	17,757	23,440
<b>Total</b>	<b>200,704</b>	<b>203,748</b>

### • Trade receivables

EUR 182,947

(in EUR)	31 Dec 2022	31 Dec 2021
Trade receivables due from residents	66,711	65,187
Doubtful and disputable trade receivables from residents	46,452	48,964
Trade receivables due from non-residents	116,236	115,120
Doubtful and disputable trade receivables from non-residents	220	220
Allowance for bad receivables	-46,672	-49,184
<b>Total</b>	<b>182,947</b>	<b>180,308</b>

### • Receivables due from other entities

EUR 17,757

(in EUR)	31 Dec 2022	31 Dec 2021
Short-term advanced paid	3,297	650
Interest receivables	1,088	989
Default interest receivable	-731	-920
Receivables due from other entities	14,103	22,722
<b>Total</b>	<b>17,757</b>	<b>23,440</b>

Other short-term receivables refer to input VAT in the amount of EUR 1,604, namely to VAT receivables from invoices for December 2022, to receivables from paid advance payments for corporation tax in the amount of EUR 11,448, to receivables from Withholding tax in the amount of EUR 8,506 and to other receivables, in the amount of EUR 2,546.

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	20,380	0	0	0	0	0	20,380
Trade receivables due from residents – other	45,971	0	3	0	0	360	46,331
Trade receivables due from residents – doubtful	0	0	0	0	0	46,452	46,452
Trade receivables due from non-residents	116,236	0	0	0	0	0	116,236
Trade receivables due from non-residents – doubtful	0	0	0	0	0	220	220
Other short-term advances and overpayments	0	0	0	0	0	0	0
Interest receivable	357	0	0	0	0	0	357
Default interest receivable	0	0	0	0	0	0	0
Default interest receivable – doubtful	0	0	0	0	0	731	731
<b>Total</b>	<b>182,944</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>47,763</b>	<b>230,707</b>

The majority of receivables, both trade receivables and interest receivables, are non-past due receivables, representing 79.3% 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 2022.

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 2022:

(in EUR)	Receivables	Penal interest	Total
As at 31 December 2021	49,184	920	50,105
- Recovered receivables for which a correction was made (adjustment)	-10	0	-10
- Write-off from bookkeeping records	-3,436	-189	-3,625
+ Additional increase in value adjustment	933		933
<b>Status of the Adjustment as of 31 December 2022</b>	<b>46,672</b>	<b>731</b>	<b>47,403</b>

The company does not hedge its receivables.



## 1.7 Cash and cash equivalents

EUR 1,154,578

(in EUR)	31 Dec 2022	31 Dec 2021
Cash in hand	96	414
Bank balance:	1,154,481	1,096,808
Current account	604,430	546,757
Redeemable EUR deposit	550,052	550,052
<b>Total</b>	<b>1,154,578</b>	<b>1,097,222</b>

## 1.8 Short-term deferred costs and accrued revenue

EUR 76,993

(in EUR)	31 Dec 2022	31 Dec 2021
Short-term deferred costs	23,848	24,283
Short-term accrued revenues	53,145	47,421
<b>Total</b>	<b>76,993</b>	<b>71,704</b>

Short-term deferred costs refer to the lease of the licenses in the amount of EUR 8,604, costs of the company's property insurance in the amount of EUR 1,702, costs of the responsibility insurance and supplementary health insurance in the amount of EUR 8,834 and other in the amount of EUR 4,708. These costs relate to the financial year 2023.

Accrued revenue refers to listing maintenance fees for government bonds (issued by the Republic of Slovenia) for 2022, in the amount of EUR 53,145. The listing maintenance fees will be charged in 2023 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 2,472,500

(in EUR)	31 Dec 2022	31 Dec 2021
Called-up capital	1,400,893	1,400,893
Capital surplus	462,775	462,775
- Payments over carrying amount in disposal of own shares	143	143
- Amounts from simplified decrease 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	79,645	105,997
- Building revaluation surplus	103,154	133,224
- Actuarial loss	-4,320	-2,116
- Allowance for revaluation surplus relating to deferred tax assets	-19,189	-25,112
Retained earnings	0	-296
Net profit or loss for the period	106,029	42,716
<b>Total</b>	<b>2,472,500</b>	<b>2,435,243</b>

### • Share capital

EUR 1,400,893

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

• **Capital surplus** **EUR 462,775**

<i>(in EUR)</i>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
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
<b>Total</b>	<b>462,775</b>	<b>462,775</b>

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

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

<i>(in EUR)</i>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
Statutory reserves	423,159	423,159
Other revenue reserves	0	0
<b>Total</b>	<b>423,159</b>	<b>423,159</b>

• **Revaluation surplus** **EUR 79,645**

<i>(in EUR)</i>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
Building revaluation surplus	103,154	133,224
Actuarial loss	-4,320	-2,116
Allowance for revaluation surplus relating to deferred tax assets	-19,189	-25,112
<b>Total</b>	<b>79,645</b>	<b>105,997</b>

Due to the adjustment of the revalued purchase value of the building to the market value, the company reduced the revaluation reserve from the revaluation of buildings by EUR 30,070.

**1.10 Provisions, and long-term accrued costs and deferred revenue** **EUR 36,308**

<i>(in EUR)</i>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
Provisions for pensions and similar liabilities	23,605	18,927
Long-term accrued costs and deferred revenues	12,703	6,629
<b>Total</b>	<b>36,308</b>	<b>25,556</b>

Considering the staffing developments in 20221, the LJSE additionally formed provisions for terminal leave pay and jubilee benefits to employees in the amount of EUR 4,678.

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 3.11% in nominal terms,
- The expected long-term growth of salaries, anniversary bonuses and non-taxable amounts of 1.0% annually,
- Gross pay per employee.

Long-term deferred revenues in the amount of EUR 12,703 refer to deferred revenues from co-financing the upgrade of the INFO HRAMBA system. This revenue relates to the period 2024-2027.

### 1.11 Long-term liabilities

**EUR 40,042**

(in EUR)	31 Dec 2022	31 Dec 2021
Long-term financial liabilities	20,854	24,722
Deferred tax liabilities	19,189	25,112
<b>Total</b>	<b>40,042</b>	<b>49,834</b>

Long-term financial liabilities in the amount of EUR 20,854 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 2022.

### 1.12 Short-term liabilities

**EUR 118,331**

(in EUR)	31 Dec 2022	31 Dec 2021
Short-term financial liabilities	3,868	3,773
Payables to suppliers	44,822	65,709
Payables from advances	1,179	1,141
Other trade payables	68,461	64,262
<b>Total</b>	<b>118,331</b>	<b>134,885</b>

Short-term financial liabilities in the amount of EUR 3,868 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 61,154, VAT liabilities in the amount of EUR 5,730 and other short-term operating liabilities in the amount of EUR 1,469.

#### • Payables to employees

**EUR 61,154**

(in EUR)	31 Dec 2022	31 Dec 2021
Payables from net wages and wage compensations	27,805	25,510
Payables from contributions for gross wages and wage compensations	12,677	11,267
Payables from taxes for gross wages and wage compensations	9,737	9,153
Payables from other earnings from employment	1,843	1,456
Payables from payer's contributions	9,093	8,054
<b>Total</b>	<b>61,154</b>	<b>55,440</b>

#### • Payables to the government and other institutions

**EUR 7,198**

(in EUR)	31 Dec 2022	31 Dec 2021
Payables from VAT	5,730	6,442
Other payables to the government and other institutions	1,469	1,260
<b>Total</b>	<b>7,198</b>	<b>7,701</b>

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

<i>(in EUR)</i>	<b>Non past due</b>	<b>Past due 30 days</b>	<b>Past due 60 days</b>	<b>Past due 90 days</b>	<b>Past due 120 days</b>	<b>More than 120 days</b>	<b>Total</b>
Payables to suppliers - domestic	20,223	9,114	0	0	0	0	29,337
Payables to suppliers - foreign	7,862	0	0	0	0	0	7,862
Payables to suppliers – domestic (for unbilled goods and services)	7,624	0	0	0	0	0	7,624
Payables from advances	1,179	0	0	0	0	0	1,179
<b>Total</b>	<b>36,888</b>	<b>9,114</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>46,002</b>

The majority of trade payables relate to outstanding liabilities, except for liabilities according to invoices, which we received at the beginning of 2023, and the currency of payment was in 2022.

**1.13 Short-term accrued costs and deferred revenue**

**EUR 124,992**

<i>(in EUR)</i>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
Accrued costs	118,826	68,482
Short-term deferred revenues	6,166	5,836
<b>Total</b>	<b>124,992</b>	<b>74,318</b>

Accrued costs refer to the costs of the audit of the financial statements for 2022, which amount to EUR 12,924, to the costs of a risk management audit in the amount of EUR 3,231, to the costs of the review of the report on affiliated subjects in the amount of EUR 1,615, to the obligations arising from bonuses to the employees and the Management Board for 2022 in the amount of EUR 98,756, to the cost of unused leave in the amount of EUR 447 and other accrued costs in the amount of EUR 1,853.

Short-term deferred revenue in the amount of EUR 6,166 represents deferred revenue from the licence fee for the use of LJSE indices in the amount of EUR 4,145, deferred revenues from co-financing the INFO STORAGE system in the amount of EUR 1,918 and deferred revenues from sharing revenue with Zagreb Stock Exchange in the amount of EUR 103. These revenues relate to the year 2023.

**1.14 Off-balance-sheet liabilities and receivables**

As at 31 December 2022, 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 1,713,400

(in EUR)	2022	2021
a. Revenue from core business	1,148,134	1,001,130
- Trading fees	610,311	521,805
- Membership fees	36,000	36,000
- Listing fees	499,659	440,940
- Fees from authorised Advisors	2,164	2,385
b. Other revenue	565,266	512,308
- SEOnet and INFO STORAGE services	151,714	160,082
- Seminars	18,855	14,504
- Data dissemination	79,200	64,800
- Revenues sharing with WBAG	265,210	259,519
- Revenues from licence fee for use of LJSE indices	4,273	3,308
- Revenues from organizing events	35,524	2,000
- Intercompany revenues	195	344
- Other	10,295	7,751
<b>Total</b>	<b>1,713,400</b>	<b>1,513,438</b>

### 2.2 Other operating revenues

EUR 51,270

(in EUR)	2022	2021
Revenues from rental of premises	6,942	0
Revenues from revaluation (previous impairment)	0	3,109
Revenues from sale of fixed assets	24,047	0
Other revenues	20,282	10,589
<b>Total</b>	<b>51,270</b>	<b>13,698</b>

### 2.3 Costs of material and services

EUR 689,403

(in EUR)	2022	2021
<b>Costs of material</b>	<b>28,515</b>	<b>19,505</b>
Power supply	14,144	7,580
Office supplies, expert literature and publications	9,997	8,948
Other costs of material	4,373	2,977
<b>Costs of services</b>	<b>660,888</b>	<b>564,717</b>
Transportation	1,864	528
Maintenance costs	155,814	129,018
Leases and rents	253,315	213,640
Reimbursements of labour-related costs	7,485	2,513
Payment transactions and insurance premiums	15,360	15,716
Intellectual and personal services	65,539	46,558
Advertising and entertainment	24,601	17,578
Services by individuals without a registered business	5,844	16,355
Costs of other services	131,066	122,810
<b>Total</b>	<b>689,403</b>	<b>584,222</b>

## 2.4 Employee benefits cost

**EUR 850,517**

<i>(in EUR)</i>	2022	2021
<b>Wages and salaries</b>	<b>658,581</b>	<b>582,305</b>
<b>Pension insurance</b>	<b>79,780</b>	<b>72,048</b>
- Pension and disability insurance contributions	63,089	56,378
- Additional pension insurance	16,691	15,670
<b>Social security</b>	<b>56,657</b>	<b>51,558</b>
- Health insurance, employment and parental protection contributions	51,681	46,183
- Voluntary health insurance	4,976	5,375
<b>Other labour costs</b>	<b>53,187</b>	<b>49,513</b>
- Commuting, meals allowance, holiday allowance, benefits	53,187	49,513
<b>Provisions</b>	<b>2,312</b>	<b>1,995</b>
<b>Total</b>	<b>850,517</b>	<b>757,420</b>

The company employed a total of 14 people in 2022. This equals 12.56 people considering the hours worked. The total costs of wages and salaries (gross wages and wage contributions) amount to EUR 850,517.

## 2.5 Write-offs

**EUR 85,052**

<i>(in EUR)</i>	2022	2021
Depreciation and amortisation	83,338	123,179
Revaluatory operating expenses associated with intangible assets and property, plant and equipment	281	0
Revaluatory operating expenses associated with operating current assets	1,433	1,220
<b>Total</b>	<b>85,052</b>	<b>124,399</b>

### • Depreciation and amortisation

**EUR 123,179**

<i>(in EUR)</i>	2022	2021
Amortisation of intangible assets	37,207	39,146
Building amortisation	6,868	45,860
Depreciation of property, plant and equipment	35,330	34,266
Depreciation of other property, plant and equipment	3,932	3,907
<b>Total</b>	<b>83,338</b>	<b>123,179</b>

Due to excessive depreciation in 2020 and 2021, the correction of the value of the building was reduced by EUR 26,097 in 2022.

### • Revaluatory operating expenses associated with intangible assets and PPE **EUR 281**

Revaluatory operating expenses associated with intangible assets and PPE refer to the write-off of unamortized damaged fixed assets.

### • Revaluatory operating expenses associated with current assets **EUR 1,433**

Revaluatory operating expenses associated with current assets refer to allowances for bad receivables, which are formed for receivables overdue by 90 days and for receivables for which there is doubt about payment in the amount of EUR 933 and to revaluatory operating expenses from the final deductible share of VAT in the amount of EUR 500.

## 2.6 Other operating expenses

**EUR 8,877**

(in EUR)	2022	2021
Other operating expenses	5,956	4,540
- Tributes	502	2
- Membership fees	1,292	532
- Tax paid for using building land	4,162	3,967
- Cost of court and administrative fees	0	40
- Other expenses	2,921	731
<b>Total</b>	<b>8,877</b>	<b>5,271</b>

### 2.6.1 Expenses by function

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

## 2.7 Income tax

**EUR 13,261**

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 2022, the tax base was established in the amount of EUR 159,362. For the year 2022, the Company exempts tax relief in the amount of EUR 89,570. This way, the tax base for 2022 amounts to EUR 69,792 and the tax on profit in the amount of EUR 13,261. The effective tax rate for 2022 is 11.0%.

Income tax charged:

(in EUR)	2022	2021
Profit / loss before tax	120,981	55,836
Tax incentives and premiums:	21,207	12,459
- Tax relief	-17,174	-12,204
- Tax premiums	-1,102	-577
deductions relief	39,483	25,239
Tax loss covering	-72,396	0
Tax base	69,792	68,294
Tax rate	19%	19%
Tax charged	13,261	12,976

As at 31 December 2022, the uncovered tax loss amounted to EUR 16,832.

## 2.8 Deferred tax

**EUR 1,692**

When calculating the net profit or loss for the accounting period, deferred tax receivables in the amount of EUR 2,488 are recognised, and deferred tax assets for temporary differences in the amount of EUR 4,180 are eliminated, which reduces the net profit for the financial year in the amount of EUR 1,692.

## 2.9 Net profit for the year

**EUR 106,029**

The net profit for the 2022 financial year amounts to EUR 106,029. Pursuant to the resolution adopted by the LJSE Management Board and the consent given by the Supervisory Board, the net profit for 2022

remains unallocated and forms accumulated profit. Thus, the accumulated profit for the financial year 2022 is EUR 106,029. The Management Board and the Supervisory Board propose the accumulated profit for 2022 be used entirely for the payment of dividends to shareholders.

### **Accumulated profit:**

<i>(in EUR)</i>	<b>2022</b>	<b>2021</b>
A. Net profit or loss of the financial year	106,029	42,716
1. Net profit or loss	106,029	42,716
B. Retained earnings	0	-296
C. Reversal of revenue reserves	0	0
1. Statutory reserves	0	0
<b>E. Accumulates profit or loss</b>	<b>106,029</b>	<b>42,419</b>

### **2.10 Total comprehensive income for the period**

**EUR 79,677**

Total comprehensive income for the financial year 2022 amounts to EUR 79,677, consisting of net profit for the financial year in the amount of EUR 106,029 and changes in reserves from the revaluation of a business building in the amount of EUR 26,352.

## **3 Management Board remuneration in 2022**

In 2022, the Management Board received remuneration in the following amounts:

<i>(in EUR)</i>	<b>Mr Aleš Ipavec, Msc President</b>	<b>Mrs Nina Vičar, Msc Member</b>
Fixed pay (gross)	108,000	80,328
Variable pay (gross)	15,825	11,510
Fringe benefits	8,577	2,442
Other earnings and reimbursements	7,713	6,744
Additional pension insurance	2,904	2,904
<b>Total</b>	<b>143,018</b>	<b>103,928</b>

## **4 Supervisory Board remuneration in 2022**

In 2022, the members of the Supervisory Board did not receive any remuneration in accordance with the decision of the general meeting.

## **5 Audit costs**

The audit of the financial statements for the financial year 20221 amounted to EUR 12,924 – inclusive of VAT, the audit of the company's risk management amounted to EUR 3,231, and the costs of audit of the

Report on Relations with Affiliated Parties amounted to EUR 1,615. Internal audit costs for the financial year 2022 amounted to EUR 9,480.

## 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 2022	31 Dec 2021
<b>Receivables from companies in the group</b>		
ZSE	263	350
<b>Liabilities to companies in the group</b>		
ZSE	3,635	750
SEE Link	1,650	1,650

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

<i>(in EUR)</i>	2022	2021
<b>Sales revenues in the group</b>		
ZSE	195	344
<b>Purchase of materials and services</b>		
ZSE	40,492	20,361
SEE Link	12,559	12,493

## 7 Events after the reporting period

- The emergence of COVID-19 and the war in Ukraine still affects the operations of the company. For more information, refer to the section Impact of the pandemic and the war in Ukraine on the LJSE's operations.
- The military conflict in Ukraine and related sanctions against the Russian Federation strongly affect the European and global economy. The company has no significant direct exposure to Ukraine, Russia or Belarus. However, the impact on the general economic situation may require adjustments to some assumptions and estimates. This may lead to significant adjustments to the carrying amount of certain assets and liabilities in the next financial year. At this stage, management cannot reliably assess the impact.
- Long-term impact can also affect trading volume, cash flows, and profitability. Nevertheless, at the date of these financial statements, the Company continues to meet its obligations at maturity and therefore continues to prepare financial statements based on the going concern assumption.
- There were no events after the reporting date that would significantly affect the disclosed operations in the year 2022.

# INDEPENDENT AUDITOR'S REPORT



**LJUBLJANSKA BORZA**  
**LJUBLJANA** *Stock Exchange*



## Independent Auditor's Report

To the owner of Ljubljanska borza, d. d., Ljubljana

### Our opinion

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

### What we have audited

The Company's financial statements comprise:

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

### Basis for opinion

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

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

### Independence

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

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Matriculation No.: 5717159, VAT No.: SI35498161

The company is entered into the company register at Ljubljana District Court under Insert no. 12156800 per resolution Srg. 200110427 dated 19 July 2001 and into the register of audit companies at the Agency for Public Oversight of Auditing under no. RD-A-014/94. The registered share capital is EUR 34,802. The list of employed auditors with valid licenses is available at the company's registered office.

#### Translation note:

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



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### Reporting on other information including the Business Report

Management is responsible for the other information. The other information comprises the Business Report of the Company (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Business Report, we also performed procedures required by the Slovenian Companies Act. Those procedures include assessing whether the Business Report is consistent with the financial statements and whether the Business report was prepared in accordance with valid legal requirements.

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

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

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

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

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

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

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

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### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Translation note:

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



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

Damjan Ahčin  
Director, Certified auditor  
13 April 2023  
Ljubljana, Slovenia

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## Contact info

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