

2021 ANNUAL REPORT



Ljubljana, April 2022

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Relevant information and performance indicators of the Company

	YEAR 2021	YEAR 2020	YEAR 2019	YEAR 2018
DISTRICT HEATING SYSTEM				
Length of hot water network with connections in km	273.9	273.2	271.1	271.0
Length of steam network in km	7.7	7.7	8.5	8.5
Connected load - hot-water system in MW	1,187.9	1,189.5	1,187.8	1,187.8
Number of connected heat substations	4,984	4,948	4,920	4,892
Number of connected steam substations	17	18	20	19
Heat production (hot water and steam) in MWh	1,417,359	1,269,764	1,290,092	1,313,265
Heat sales (hot water and steam) in MWh	1,251,512	1,112,800	1,141,895	1,144,719
Heat losses in the hot water network in %	13.4	14.2	13.4	14.6
GAS SUPPLY SYSTEM				
Length of the gas pipeline network with connections in km	1,199.8	1,163.3	1,147.8	-
Connected load - gas pipeline system in MW	1,723.2	1,703.6	1,693.3	1,685.9
Number of connected gas meters	57,600	57,371	57,172	57,278
Distributed quantities of natural gas in MWh	907,954	799,824	809,680	783,438
Sold quantities of natural gas - distr. network in MWh	756,943	686,866	658,274	719,808
Sold quantities of CNG in MWh	44,541	35,987	43,601	40,884
ELECTRICITY				
Production of electricity, total, in MWh	377,840	343,806	370,990	462,510
Electricity purchase in MWh	155,603	144,973	134,349	62,379
<i>Total electricity production and purchase in MWh</i>	<i>533,443</i>	<i>488,779</i>	<i>505,339</i>	<i>524,889</i>
Net electricity sales in MWh	294,220	325,545	338,140	403,900
Electricity sales to end users and others in MWh	166,685	93,130	95,971	50,517
Own electricity consumption in MWh	72,538	70,104	71,228	70,472
<i>Total sales and own electricity consumption in MWh</i>	<i>533,443</i>	<i>488,779</i>	<i>505,339</i>	<i>524,889</i>
FROM THE BALANCE SHEET AS AT 31 DECEMBER (in EUR)				
Total assets	351,824,406	301,765,861	288,217,009	250,302,092
Intangible assets and property, plant and equipment, investment property	273,076,379	237,823,533	216,902,012	197,106,082
Investments	4,602,233	4,493,294	4,958,050	5,299,797
Receivables	59,980,778	33,038,771	35,344,447	32,149,531
<i>- of which operating receivables due from the controlling company under the Controlling Contract</i>	<i>6,523,744</i>			
Inventories, cash and short-term deferred costs and accrued revenue	14,165,016	26,410,263	31,012,500	15,746,682
Equity	203,158,569	203,002,428	200,448,353	200,370,949
Provisions and long-term accrued costs and deferred revenue	7,146,619	10,742,805	8,280,889	7,501,274
Long-term and short-term liabilities:	138,225,981	86,065,995	74,442,132	40,815,146
<i>- Financial liabilities - banks</i>	<i>91,344,006</i>	<i>59,815,237</i>	<i>43,226,936</i>	<i>17,023,633</i>
<i>- Financial liabilities - from fixed asset leases</i>	<i>180,092</i>	<i>220,976</i>	<i>252,621</i>	-
<i>- Other liabilities (operating, other)</i>	<i>46,701,883</i>	<i>26,029,782</i>	<i>30,962,575</i>	<i>23,791,513</i>
Short-term accrued costs and deferred revenue	3,293,237	1,954,633	5,045,635	1,614,723
FROM THE INCOME STATEMENT FOR THE YEAR (in EUR)				
Operating revenue (<i>excl. revenue under the Controlling Contract</i>)	170,860,393	143,356,586	146,248,309	137,864,667
Operating expenses under the Controlling Contract	6,523,744			
Operating expenses	178,086,580	137,429,523	145,682,426	137,536,256
Operating profit (EBIT)	-702,443	5,927,063	565,883	328,411
Amortisation and depreciation	13,577,330	13,915,508	14,249,623	13,797,982
<i>- Amortisation and depreciation of own fixed assets</i>	<i>13,534,976</i>	<i>13,875,020</i>	<i>14,249,623</i>	<i>13,797,982</i>
<i>- Amortisation and depreciation of leased fixed assets</i>	<i>42,354</i>	<i>40,488</i>	<i>0</i>	<i>0</i>
Operating profit before depreciation/amortisation (EBITDA)*	12,832,533	19,802,083	14,771,930	14,126,393
Net profit or loss for the period	0	5,705,116	216,585	682,252
LABOUR AND PAYROLL COSTS				
Labour costs in EUR	24,049,995	25,577,150	23,202,464	21,714,109
Payroll costs in EUR	17,632,815	17,170,410	16,797,111	15,694,645
Average number of employees per hour	559.92	565.05	552.85	-
Average gross salary from hours in EUR	2,624.31	2,532.28	2,456.48	-
Average level of education	5.4	5.4	5.3	5.3
INVESTMENTS DURING THE YEAR (in EUR)				
	52,577,055	39,508,901	23,910,422	15,581,647
PERFORMANCE INDICATORS OF THE COMPANY				
Operating efficiency ratio	1.00	1.04	1.00	1.00
Net return on equity in %	0.0	3.0	0.0	0.0
NUMBER OF EMPLOYEES AT YEAR-END				
	560	565	569	580
AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR				
	557.5	566.4	575.2	588.9
NUMBER OF HIRED WORKERS AT YEAR-END				
	12	17	12	4

* EBITDA is EBIT plus the amortisation/depreciation of the assets not recognised based on leases.

1 INTRODUCTION

1.1 Company profile

Company:	JAVNO PODJETJE ENERGETIKA LJUBLJANA d.o.o. (abbreviated name: ENERGETIKA LJUBLJANA d.o.o.)
Address:	Verovškova ulica 62, 1000 Ljubljana
Phone:	+386 (1) 588 90 00
Email:	info@energetika.si
Website:	www.energetika.si
Registration No.:	5226406000
Tax number:	SI23034033
Code of activity:	35.300 Steam and hot water supply
Share capital:	€57,602,057

Register entry number at the District Court of Ljubljana: 1/01757/00

➤ Establishment and status changes of the Company

The Company was founded in 1981 following the merger of the activities and know-how of two companies, Plinarna and Komunalna Energetika Ljubljana. Until that time, Plinarna pursued the activity of gas distribution, while Komunalna Energetika Ljubljana supplied the city through its hot water system. The legal form of reorganisation into JAVNO PODJETJE ENERGETIKA LJUBLJANA d.o.o. (hereinafter "Energetika Ljubljana") was executed in 1991.

Since 1994, Energetika Ljubljana operates as a subsidiary of JAVNI HOLDING Ljubljana d.o.o., which is owned by the City of Ljubljana and six neighbouring municipalities (Medvode, Brezovica, Dobrova - Polhov Gradec, Škofljica, Dol pri Ljubljani and Horjul). Through the Founders Council of the public undertakings associated in JAVNI HOLDING Ljubljana d.o.o., local communities exercise their founders' rights in relation to the Company and coordinate the decisions made by local communities in relation to the provision of services of general economic interest in the relevant area.

On 31 January 2014, the merger of TERMOELEKTRARNA TOPLARNA LJUBLJANA d.o.o. into Energetika Ljubljana was entered into the register of companies.

With the enforcement of the Act Amending the Companies Act (hereinafter: amended ZGD-1) in February 2021 (Official Gazette of the RS, No. 18/21), the Company has become a public-interest entity. The amended ZGD-1 lays down that public-interest entities must appoint supervisory boards and these must appoint audit committees, except in case of subsidiaries which are associated by way of the controlling contract where this obligation does not yet apply. To this end and with the purpose to ensure that efficient business decisions are made in order to maximise business results of all group companies together and separately and, on this basis, to connect the companies holding capital ties into a contractual group of companies, Javni holding has drawn up a Controlling Contract which, after having received a positive opinion from the Supervisory Board and consent from the General Meeting, was concluded between Javni holding as the controlling company and Energetika Ljubljana, VOKA SNAGA and LPP as subsidiaries on 5 May 2021 and entered into effect with the entry into the register of companies on 13 May 2021. The Company has thus

become a part of the contractual group of companies. The Audit Committee of the Supervisory Board of Javni holding was appointed in accordance with the amended ZGD-1 and it also acts as the audit committee for Energetika Ljubljana, which is a subsidiary in the group of companies.

➤ **Company activity**

Energetika Ljubljana's mission is to provide reliable, safe, environmentally friendly and economically efficient supply of heat and cooling to the population of Ljubljana and business users, produced in an efficient energy use way, to supply natural gas and other energy products to business users in Ljubljana and neighbouring municipalities at competitive prices and electricity from highly-efficient co-generation and renewable energy sources on the market.

Energetika Ljubljana produces, distributes and supplies heat (hot water, steam and cooling), distributes and supplies natural gas, compressed natural gas (CNG) and liquefied natural gas (LNG), and produces and supplies electricity.

Energetika Ljubljana provides comprehensive supply of heat and natural gas to the City of Ljubljana (MOL) and gas to municipalities Medvode, Dol pri Ljubljani, Dobrova-Polhov Gradec, Škofljica, Brezovica, Ig, Log – Dragomer, and Grosuplje.

Pursuant to municipal ordinances, the Company renders optional services of general economic interest, i.e. heat distribution and supply, and natural gas distribution (or the activity of a distribution system operator). The distribution of natural gas in Log–Dragomer Municipality is rendered on the basis of a concession contract that was signed in March 2010.

The Decree setting the method of the provision of public utility services of natural gas distribution system operator in Grosuplje Municipality was adopted in April 2017 and the Concession agreement for the provision of the optional public utility service as a distribution system operator in Grosuplje Municipality was signed in November 2017. Energetika Ljubljana started distributing natural gas and supplying LPG in Grosuplje Municipality in December 2018, but after the consent received from the Energy Agency in September 2021 and the implemented connection of the distribution system in Grosuplje municipality to the distribution system in Škofljica Municipality on 1 November 2021, Energetika Ljubljana started rendering the activities of distribution system operator (DSO).

In the context of rendering optional services of general economic interest, Energetika Ljubljana holds public authorisations for issuing project conditions and consents for the planned interventions into the distribution network buffer zone area, constructing utility infrastructure and issuing consents for the connection of buildings to the distribution network (hot water, steam and gas pipelines). The Company also generates revenue from other services that are not directly linked to the provision of services of general economic interest or energy activities, such as: heat and steam station maintenance services, measuring equipment maintenance and other custom ordered services.

The vision set by the Company in its Strategic Plan for 2022-2027 is: Clean energy for green future. The most important strategic goals and policies pursued by the Company are: decarbonisation of production sources and district heat supply, decarbonisation of the natural gas distribution system, ensuring high reliability of production sources and remote heating and natural gas distribution networks, mitigating a drop in consumption, and developing and enhancing hot water network utilization, developing and enhancing gas pipeline network utilization by expanding the use in transport, green electricity generation and supply, providing ancillary services for the power system and connecting products and services into new attractive packages, and hence offering a comprehensive energy service.

➤ **Governing bodies**

Company management

The Company is managed and represented by one director who also realises the Company's adopted business policy.

Samo Lozej took over the position of Company Director in 2014 and was reappointed for another 5-year period starting on 1 February 2019 by the General Meeting of JAVNI HOLDING Ljubljana, d.o.o. held on 3 October 2018.

Company Member

The sole Company Member of Energetika Ljubljana is JAVNI HOLDING Ljubljana, d.o.o. (Javni holding). The competences of the Company Member are laid down in the Memorandum of Association, and they cover the following: adoption of the Company's annual report and proposal for the appropriation of distributable profit, adoption of a business plan and written reports on Company operations at the end of each half-year, decision-making regarding payments of subscribed contributions, return of subsequent payments, distribution and termination of shareholdings, measures to review and supervise the work performed by the manager, appointing the procurator holder and proxy, and decisions about other matters pursuant to the law or Memorandum of Association that are not explicitly conferred to the Founders Council for decision-making.

In 2021, the Company Member, *inter alia*, adopted the Annual Report of Energetika Ljubljana for 2020 with the Independent Auditor's Report and took note of the report on relations with associated companies for 2020 with the Independent Auditor's report and position of the Supervisory Board of JAVNI HOLDING Ljubljana, d.o.o. It adopted the report on the realisation of the investment plan in 2020, the business plan for 2021 and 2022, and the report on operations for the period of I–VI 2021 and discussed the Company's interim reports. It agreed with the content of the Company's Strategic Plan for the period of 2022–2027 and the plan of financing investments by priorities. Further, it agreed with the proposal to keep the 2020 profit for appropriation in the amount of €5,358,269.26 undistributed, the proposal on the amount of the long-term and short-term loans in 2021, the conclusion of the Controlling Contract between Javni holding as the controlling company and the public companies Energetika Ljubljana, VOKA SNAGA and LPP as subsidiaries. Furthermore, it adopted a resolution on setting the ratios regarding the base payments for the director of JAVNI HOLDING Ljubljana, d.o.o. and directors of the public companies, the performance criteria, the amount of variable remuneration, and other rights. It took note of the materials relating to the real estate Central cooling machinery at Stožice Sports Park and agreed that the Company does not enforce the pecuniary claim in the current phase of the penal procedure ref. no. X K 18120/2015 before the Ljubljana District Court.

Founders Council

In 2004, the City Council of the City of Ljubljana and the municipal councils of Brezovica, Dobrova – Polhov Gradec, Dol pri Ljubljani, Horjul, Ig, Medvode, Škofljica and Velike Lašče Municipalities adopted a Memorandum of Founders' Rights and Incorporation of a Council of Founders of Public Undertakings Associated in Holding Ljubljana, d.o.o.

With the Memorandum, the municipal councils established a common body, the Council of Founders of Public Undertakings Associated in Holding Ljubljana d.o.o., with the registered office in Ljubljana, Mestni trg 1, to execute the founders' rights in public undertakings associated in Javni holding and to harmonise decisions related with the provision of obligatory and optional services of general economic interest. In 2008, an amendment was made to the Memorandum due to the transfer of a shareholding in Javni holding from Ig and

Velike Lašče Municipalities to the City of Ljubljana which renamed the body into the Council of Founders of Public Undertakings Associated in JAVNI HOLDING Ljubljana d.o.o. (Founders Council).

The Founders Council comprises current mayors of the founding municipalities. Within the scope of exercising founders' rights, the Founders Council is competent for making decisions on prices or tariffs for the use of the public goods provided by the Company, granting consent to the purchase or sale of a shareholding in another company, granting consent to hire loans and borrow otherwise and to encumber real estate over 5% of the Company share capital.

In 2021, the Founders Council met at three regular meetings and one correspondence meeting where it gave its consent to Energetika Ljubljana to raise a short-term loan to balance financial liquidity and ensure uninterrupted operations, a long-term loan for the needs of financing the TOŠ CHP investment, and took note of the information about the unaudited financial statements of the Company and the loan conditions regarding the short-term and long-term loan.

➤ **Information about the Javni holding Group**

Energetika Ljubljana is fully owned by Javni holding and is included in a group of companies owned by the controlling company.

The Javni holding Group comprises:

- controlling company JAVNI HOLDING Ljubljana, d.o.o.,
- subsidiary JAVNO PODJETJE VODOVOD KANALIZACIJA SNAGA d.o.o.,
- subsidiary JAVNO PODJETJE ENERGETIKA LJUBLJANA d.o.o.,
- subsidiary JAVNO PODJETJE LJUBLJANSKI POTNIŠKI PROMET, d.o.o.

The consolidated annual report is available at the registered office of the controlling company JAVNI HOLDING Ljubljana, d.o.o., Verovškova 70, Ljubljana.

1.2 Corporate Governance Statement

Pursuant to the provision of paragraph 5 of Article 70 of the Companies Act, the management of Energetika Ljubljana hereby declares that the Company was managed in line with the law, Memorandum of Association of JAVNO PODJETJE ENERGETIKA LJUBLJANA d.o.o. (Memorandum of Association) and other applicable regulations throughout the 2021 financial year.

Pursuant to Article 60.a of the Companies Act, the management of Energetika Ljubljana declares that the Annual Report with all its component parts, including the Corporate Governance Statement, was compiled and published in line with the Companies Act and the Slovenian Accounting Standards.

Pursuant to paragraph 5 of Article 70 of the Companies Act laying down minimum contents of a corporate governance statement, Energetika Ljubljana hereby provides the following explanations:

- Corporate Governance Code

Energetika Ljubljana declares that it operates in line with the applicable legislation and actively strives for responsible management and transparent communication with all stakeholders. In 2017, the Corporate Governance Code of JAVNI HOLDING Ljubljana d.o.o. and its subsidiaries (hereinafter "Code") was adopted and published at www.energetika-lj.si. The Code lays down uniform criteria for attaining high management and control standards

for all companies in the Group, while setting up a transparent and comprehensible system of corporate governance.

The Company observes the mentioned Code in its operations, taking into account special features of the Company deriving from its Memorandum of Association, particularly in the part referring to the General Meeting of Shareholders and everything therewith related, since the Company, as a single-member company with Javni holding as the sole Company Member holding a 100% share, holds no General Meeting of Shareholders, and in the part referring to the Supervisory Board and its Members and everything therewith related, as it, according to its Memorandum of Association, the Company has no Supervisory Board, which, pursuant to the Companies Act, is not obligatory for public-interest entities, if these are subsidiaries connected by means of the controlling contract and, for the same reason, the audit committee is also not obligatory.

- Description of the main features of the internal control and risk management systems at the Company in relation to the financial reporting procedure

The internal control system is set up as a system of accounting and other controls, including the organisational structure, methods and procedures established by the management within the scope of its common goals in order to carry out activities economically, efficiently and successfully.

Internal controls hold an important role in the identification and prevention of fraud and protection of Company property and reputation. The purpose of internal controls is to provide efficient and successful operations, correct, complete and true financial reports, and compliance with the applicable legislation and other external and internal regulations, which the Company strives to achieve primarily with the following measures and internal controls:

- development of an efficient and transparent organisational structure,
- development of clear and standardised accounting policies and their consistent application,
- control of data capture completeness that includes checking whether all business events are undisputed, whether they have been approved by an authorised period, whether all transactions have been entered into books in due time and amount and under the correct accounts,
- control of the regularity of accounting data, which includes checking monthly consolidations of turnover and balances between subsidiary books of account, analytical records and the general ledger, controlling the annual inventory listing of assets and liabilities, and the consolidation of book balances with the actual balance identified in the listing,
- control of the delineation of duties and responsibilities covering the separation of tasks, e.g. recording transactions from managing Company finances (payments),
- control of the responsibility of persons in charge of assets, asset protection against theft, loss, ineffective use,
- control of access restriction – a uniform accounting and business information system at the controlling company Javni holding and its subsidiaries provides appropriate restrictions on access to the network, applications and data and access control, and has integrated control of data capture and processing completeness and consolidation of turnover in analytical records with the general ledger or, rather, the transfer of turnover data is controlled where necessary,
- control is also carried out in a manner verifying the regularity of accounting data within the scope of the reporting function or analysing and examining deviations from the planned or previous turnovers and balances (regular monthly and occasional periodic reports on Company operations).

We believe that the internal control system provides suitable assurances to attain goals in compliance with the law, regulations, adopted Company by-laws and other instructions; in business performance and provision of quality services; protection of assets against loss due to negligence, abuse, poor management, errors, embezzlements and other irregularities; development and preservation of reliable accounting and other data, and their correct disclosure in the financial statements, and the use of uniform work methodology, including standard sample forms and documents.

Continuous and comprehensive verification of regularity and legality, economy and organisation of operations is also the concern of the Internal Audit Service as an independent unit of organisation at Javni holding. It carries out independent and objective auditing within the Company and the Javni holding Group.

Internal auditors check compliance with the law and other regulations, compliance with policies and plans, compliance of internal control, accounting information and property protection, economical and efficient use of factors, and the attainment of goals and purposes related with business operations.

The Internal Audit Service pursues its mission in line with the basic document of the Internal Audit Service and the Internal Auditing Rules at Javni holding. Internal auditing was carried out in line with the international standards of due diligence in internal auditing, code of internal auditing principles and the code of ethics of internal auditors.

The added value of internal auditing was achieved through counselling and in the form of recommendations proposed after audits, the realisation of which is regularly checked. The Internal Audit Service makes regular interim and annual reports on its work to the Company management and other supervisory bodies.

In order to ensure transparency, efficient and responsible operations, Energetika Ljubljana has established a system of internal controls and risk management by way of the Company's organisational structure, i.e. the ISO 9001:2015 quality control system, the ISO 14001:2015 environmental management system, the SIST EN ISO/IEC 17025:2005 and SIST EN ISO/IEC 17020:2012, standards, type C, at the fuel and measuring equipment laboratory, and Company by-laws with a detailed reporting system by organisational unit. The internal control system is supported with an IT control system, which is also used to provide adequate restrictions and control over the network and detailed, updated and complete data processing.

- Data on the operations of the Founders Council of public undertakings associated in JAVNI HOLDING Ljubljana d.o.o. and its key competences

The competences and operations of the Founders Council are laid down in the Memorandum of Association. The Founders Council comprises the mayors of the founding municipalities of the public undertakings associated in Javni holding and has the following competences:

- making decisions on prices or tariffs for the use of public goods provided by the Company, unless they are adopted in the form of an ordinance,
 - granting consent to the purchase or sale of a shareholding in another company,
 - granting consent to raising loans or other borrowing exceeding 5% of the Company share capital,
 - granting consent to encumbering real estate exceeding 5% of the Company share capital.
- Data on the operations and competences of the Company Member

The sole Company Member of Energetika Ljubljana is Javni holding, which holds a 100% shareholding in the Company. The Company Member's competences are laid down in the Memorandum of Association and are:

- adopting the Company's annual report and proposal for the distribution of available profit,
 - adopting the Company's business plan,
 - adopting written reports on Company operations at the end of every half-year,
 - appointing and dismissing the Company Director,
 - making decisions on a request for the payment of subscribed contributions,
 - making decisions on the reimbursement of subsequent payments,
 - making decisions on the division and termination of shareholdings,
 - making decisions on measures to review and supervise the work performed by managers,
 - making decisions on the appointment of a procurator holder and proxy,
 - making decisions on the enforcement of Company claims against managers or company members in relation to the reimbursement of damages incurred during establishment or management,
 - making decisions on other matters as laid down by the law or Memorandum that are not expressly conferred to the Founders Council for decision-making.
- Data on the composition and operations of management bodies

The Company has one manager with the title of the Director. The Director is appointed and dismissed by the sole-member General Meeting for a 5-year term of office and may be reappointed after its expiry. The Company Director runs regular transactions deriving from the nature of Company activities, realises the adopted business policy of the Company and, particularly:

- organises and runs the work process, draws up basic business policies and the Company business plan, putting it forth to the Company Member for adoption,
- compiles the annual report with all financial statements and other components, including a proposal for the distribution of available profit, putting it forth to the Company Member for adoption,
- lays down the internal organisation and job classification at the Company,
- appoints managers and concludes employment contracts with them,
- executes the resolutions adopted by the Company Member and Founders Council,
- prepares reports on operations at the Company Member's request,
- keeps the Company Member and Founders Council informed and proposes resolutions for adoption,
- performs other tasks pursuant to applicable regulations and Company by-laws.

The Director requires the consent of the Founders Council for the following types of transactions:

- the purchase or sale of a shareholding in another company,
 - raising loans or borrowing otherwise in an amount exceeding 5% of the Company share capital,
 - encumbering real estate in an amount exceeding 5% of the Company share capital.
- Description of the diversity policy

The diversity policy is defined in the Annual Report of Javni holding for 2021, in Chapter 1.2 Corporate Governance Statement.

Samo Lozej
Direktor

 **energetika ljubljana**

Energetika Ljubljana, d.o.o.
Verovškova 62, 1001 Ljubljana, SLO

1.3 Report by the management

2021 was a year of unprecedented developments on energy markets. It was the most complex and demanding business year in the Company's entire history. The energy sector was under severe pressure of the skyrocketing prices of energy products, namely natural gas, coal, electricity, emission allowances, and woodchips.

The Company balanced the high prices of energy products and consequently high variable costs with variable prices of heat for the hot water and both steam network systems, pursuant to the Act on heat supply pricing methodology. The fixed part of the price for the TOŠ hot water and steam system was harmonised on 1 August when also the baseline fixed price on the TE-TOL steam system for which we obtained consent in mid-July changed. Despite having increased the heat price, mainly as a result of the extremely unfavourable and unpredictable market situation, Energetika Ljubljana has remained one of the lowest priced district systems in Slovenia.

In the TE-TOL unit, boiler 2 was shut down at the end of March because of environmental requirements. As a result, the share of heat from co-generation was reduced permanently (in 2021, we generated 82.3% of hot water from co-generation for district heating and 87.5% in 2020), therefore heat and electricity co-generation was supplemented by generation in the TOŠ unit and, toward year-end, generation in coal unit blocks again increased because of the extreme growth of the natural gas price.

In 2021, we generated 1,417.4 GWh of heat and 377.8 GWh of electricity. We sold 1,251.5 GWh of heat, 460.9 GWh of electricity and 801.5 GWh of natural gas, and distributed 908.0 GWh of natural gas in the gas pipeline network.

In 2021, the Company became a part of the contract group of companies based on the concluded controlling contract between the controlling company (Javni holding) and subsidiaries. In accordance with the legislation and the concluded controlling contract, the controlling company is obliged to settle any annual loss incurred by subsidiaries during the contract validity, if such loss is not settled from other profit reserves made during the validity of the controlling contract.

In 2021, Energetika Ljubljana generated a net profit of €0. Based on the claim issued to the controlling company to cover the loss pursuant to the Controlling Contract, Energetika Ljubljana recorded other operating revenue and a receivable to the controlling company in the amount of the established annual loss, that is, €6,523,744 in its financial statements as at 31 December 2021 to end the year without a loss.

The net loss prior to being covered by the controlling company was affected primarily by the unfavourable purchase price trends on the energy market in the last quarter of 2021, especially the prices of natural gas which reached record-high levels. The highest loss was generated in the gas supply activity, primarily because of the gap between the purchase and sales price of gas in the last quarter of 2021. Furthermore, the Company generated negative results in electricity generation and supply, the latter primarily because of the higher average purchase price of electricity which is related to the higher prices of natural gas and emission allowances. Compared to the plan for 2021 and the 2020 realisation, the result in the market activities of gas supply, electricity generation and electricity supply is much lower, especially as a result of the favourable market conditions applied while preparing the plan.

In 2021, the Company adopted a new Strategic Plan for the period of 2022–2027, in which we set ambitious challenges to achieve the legally expected decarbonisation rates. The major strategic investments in the development of production sources are the continuation of the project activities relating to the deployment of gas turbines in the TE-TOL (PPE-TOL) unit and the gas turbine in the TOŠ (TOŠ CHP) unit, the project to construct the waste-to-

energy facility, and the setting up of wood chip boilers as replacement for the existing coal boilers. The Company's development is focused on the diversification of energy products, thereby reducing its economic dependency on a single energy product. In addition to the decarbonisation or greening of resources for heat and electricity generation, the Company is planning to invest in dispersed renewables such as biogas and synthetic gas, which will be used partly to decarbonise natural gas, solar power plants and flexibility sources such as batteries, e-chargers, and heat pumps.

The waste-to-energy facility project is an important development project in the City of Ljubljana. In the context of the circular economy concept, its goal is to implement a comprehensive and sustainable solution for the use of the unrecyclable municipal waste that is left after the mechanical and biological processing of mixed waste at RCERO Ljubljana. In the City of Ljubljana, we will also continue the sustainability project involving the construction of the navigable infrastructure and small hydro power plants for energy use of the Ljubljanica river with the goal to set up a circular route via the Ljubljanica river in cooperation with other partners.

In the discussed year, we spent a total of €52,577,055 for investments (plan: €80,474,366), of which 13.0% for renovation works and replacements, and 87.0% for development. The deviation from the plan is largely a result of the time delay in the construction of PPE-TOL in Moste which is now being continued at a fast pace and is expected to be completed by the end of 2022. The investment is presented in detail in the investment activity report. The operation of TOŠ CHP in Šiška was suspended in November 2021 in order to start building co-generation of a higher power which will be eligible for operational support for the electricity generated from high-efficiency co-generation, for which Energetika Ljubljana has already received a decision from the Energy Agency. According to the time schedule, the investment is planned to be completed in September 2022.

A total of €11,850,903 was spent on the hot water and gas pipeline network renovation and construction in 2021. The majority of investments in the network were executed alongside parallel constructions of sewerage or road infrastructure where deviations from the planned time schedules are common. Energetika Ljubljana ended 2021 by having extended the natural gas distribution network by 36.5 km, which is the most in the Company's history. The construction of the CNG filling station by Letališka cesta was completed and the basic design for the building permit is being prepared for the construction of the CNG filling station at P&R Stanežiče.

By starting the biomethane recovery project, which will be completed in 2024, Energetika Ljubljana has launched the initial natural gas decarbonisation activities.

In August 2021, new permitted levels started to apply for large heating devices; these levels are related to best available techniques (BAT) reached by the main facility device in the TE-TOL unit with the already implemented investments.

The Company website www.energetika.si has become even more user-friendly in 2021. The on-line point of sale www.bivanjudajemoutrip.si is being updated and upgraded, and the layout of invoices and the ePero project, which will enable remote e-signing of documents will be renewed and completed.

2021 was far from being an easy year. Nonetheless, we expect 2022 to be even more difficult because we are currently in an extensive investment cycle and the worst energy crisis which has affected entire Europe and which, due to the current geopolitical situation, does not seem to be ending anytime soon. We will, however, continue to make every effort to stay one of the low-priced service providers and a reliable and trustworthy supplier and partner.



2 BUSINESS REPORT

2.1 Company operations

2.1.1 Analysis of business performance

Energetika Ljubljana is an energy company pursuing energy activities which, on one hand, depend on the regulations enforced by the Energy Agency and, on the other hand, on the competitiveness of supply on natural gas and electricity markets.

Energy sales

In 2021, the Company sold 1,251,512 MWh of heat (hot water and steam), 801,484 MWh of natural gas, of which 44,541 MWh in CNG filling stations, and distributed 907,954 MWh of natural gas along the gas pipeline network. Based on the concluded contracts, we contributed 294,220 MWh of electricity to the grid, sold 98,804 MWh of electricity to end customers, and another 67,881 MWh of electricity to other direct consumers. In the area of Grosuplje Municipality, we supplied consumers with liquefied natural gas until the end of October and sold 2,226 MWh of it, whereas starting from November, these consumers have been connected to the natural gas distribution system.

Hot water sales and natural gas supply and distribution are largely affected by changes in ambient air temperatures and the number of heating days. Compared to the plan and the previous year, the volumes of energy sold for heating are higher because of both the lower temperatures in the heating months and the longer heating season which continued in the first days of June and was thus 23 days longer than planned.

Steam sales are largely intended for technological processes, which is why the planned and the actual volume of sales is determined based on consumer forecast.

➤ Company's profit or loss

Operating revenue to cover the loss is presented separately in the table.

	YEAR 2021*	PLAN 2021	YEAR 2020	Index Y21/P21	Index Y21/Y20
Operating revenue	170,860,393	137,244,681	143,356,586	124.5	119.2
Operating expenses	178,086,580	132,695,796	137,429,523	134.2	129.6
Result from operations, excluding revenue to cover the loss	-7,226,187	4,548,885	5,927,063	-	-
Revenue from financing and other revenue	893,831	102,000	897,354	876.3	99.6
Expenses from financing and other expenses	191,388	490,435	515,004	39.0	37.2
Profit before tax	-6,523,744	4,160,450	6,309,413	-	-
Tax on profit	0	292,480	604,297	0.0	0.0

In EUR

Net loss prior to being covered by the controlling company	-6,523,744	3,867,970	5,705,116	-	-
Revenue to cover the loss	6,523,744	0	0	-	-
Net profit	0	3,867,970	5,705,116	0.0	0.0

Notes:

*Based on the Controlling Contract concluded in May 2021, the Company's profit or loss for 2021 includes the revenue to cover the Company's loss for 2021 (partly item 4.2 from the statement of profit or loss).

Operating revenue includes items 1, 2, 3 and 4 (except the item Revenue to cover the loss – partly item 4.2) from the Income statement.

Operating expenses include items 5, 6, 7 and 8 from the Income statement.

Revenue from financing and other revenue include items 9, 10, 11 and 15 from the Income statement.

Expenses from financing and other expenses include items 12, 13, 14 and 16 from the Income statement.

In 2021, Energetika Ljubljana generated a net profit of €0. Based on the claim issued to the controlling company to cover the loss pursuant to the Controlling Contract, Energetika Ljubljana recorded other operating revenue and a receivable to the controlling company in the amount of the established annual loss of €6,523,744 in its financial statements as at 31 December 2021 and ended the year without a loss.

Total revenue, excluding revenue to cover the loss, stood at €171,754,224, the majority of which is accounted for by net sales (97.2%), whereas the total expenses stood at €178,277,968, the largest part of which is represented by operating expenses (99.9%).

Prior to the loss being covered by the controlling company, the lower result than planned was mostly affected by the gas supply and electricity generation activities. The Company prepared its business plan for 2021 based on the favourable market conditions such as those in 2020, but the energy cost trend, especially the cost of natural gas, turned upwards in the last quarter of 2021 and stayed at high levels all until the end of 2021, thereby affecting the actually achieved operating result.

Compared to 2020, the lower net result prior to the loss being covered by the controlling company was affected primarily by the extremely unfavourable trends in the cost of natural gas on the market in the last quarter of 2021, which have created a large gap between the cost and the selling price of gas, and the lower contractual prices for the sales of baseload electricity.

More about revenue and expenses is explained below.

➤ Revenue

Total revenue in 2021, including revenue to cover the loss by the controlling company, amounted to €178,277,968.

Operating revenue

Operating revenue includes net sales revenue (energy, network charges and services), revenue from capitalised own products or services and other operating revenue.

	YEAR 2021	PLAN 2021	YEAR 2020	Index Y21/P21	Index Y21/Y20
Net sales revenue	177,384,137	137,244,681	143,356,586	129.2	123.7
- hot water sales	166,862,741	135,158,572	139,489,491	123.5	119.6
- steam sales	78,869,874	61,573,513	65,827,289	128.1	119.8
- network charges revenue	13,182,813	11,895,462	9,519,216	110.8	138.5
- gas and CNG sales	14,960,454	14,140,566	14,051,860	105.8	106.5
Net sales revenue	20,819,062	16,970,865	16,896,658	122.7	123.2
- LNG sales Grosuplje	130,580	195,035	209,613	67.0	62.3
- net electricity sales	24,623,092	22,005,537	24,623,817	111.9	100.0

In EUR

- electricity sales to customers	8,462,969	4,634,500	4,051,304	182.6	208.9
- services	5,813,897	3,743,094	4,309,734	155.3	134.9
Capitalised own products or services	2,029,194	1,535,200	1,773,741	132.2	114.4
Other operating revenue	8,492,202	550,909	2,093,354	-	405.7
- Covid-19 state aid	88,737	0	876,018	-	-
- State aid to cover labour costs	450,912	400,800	532,717	112.5	84.6
- Revenue to cover the loss	6,523,744	0	0	-	-
- Remaining other operating revenue	1,428,809	150,109	684,619	951.8	208.7

In 2021, the Company generated €166,862,741 in net sales revenue, which is more than planned and more than generated in the previous year. The majority of revenue was generated from the sales of energy, which was affected by both the volume of energy sold and the selling prices.

Compared to the plan for 2021, higher revenue was achieved in all sales segments, except the sales of LNG in Grosuplje Municipality where we supplied liquefied natural gas to consumers only until the end of October 2021; at the start of November, they were connected to the natural gas distribution system. The higher revenue from the sale of hot water and gas is a result of the higher volumes sold (a long heating season affecting the sales and distribution of natural gas and the sales of hot water) as well as higher prices. The higher sales of baseload electricity is a result of the realised additional sales of electricity and the higher revenue from the sales of electricity to buyers is a result of the additional sales transaction in the wholesale market, which was intended as price hedging for the retail position in the second half of 2022.

Compared to the same period of last year, the Company achieved higher revenue in all sales segments, except for the sales of LNG in Grosuplje where it supplied this energy product to consumers only until the end of October.

Compared to the plan, revenue from the sales of services also increased: it includes revenue from engineering services (the issue of consents, the implementation of supervision), maintenance services on hot water and gas pipeline network and services of internal gas installation for natural gas users (because of the increased number of such installations).

Capitalised own products or services represent costs for the hours worked directly by employees on individual investment projects and that can be recognised as an increase in the value of assets (in 2021, such increase was attributed primarily to the PPE-TOL investment activities).

In addition to revenue for loss covering by the controlling company, other operating revenue includes reimbursements for sickness benefits and other salary and contribution reimbursements in the amount of €450,912 (€532,717 in 2020) and state aid referring to the adopted intervention acts during the COVID-19 epidemic in the total amount of €88,737 (€876,019 in 2020).

Remaining other operating revenue in the amount of €1,428,809 includes revenue from grants and donations (in the amount of the amortisation and depreciation expense), revenue from the emission allowances received from the state (in 2021: €65,106, in 2020: €100,709) and (unplanned) revenue from insurance indemnity, revenue from reversal of long-term provisions, other revenue related with business performance, and operating revenue from the revaluation of receivables and sale of fixed assets. Remaining other operating revenue was higher in 2021 especially because of revenue from the reversal of the provision for real estate in Stožice in the amount of €765,965.

Sales prices

The formation and changing of the network charges for the natural gas distribution system and heat prices for the hot water and steam systems, TE-TOL and TOŠ, fall within the competence of the Energy Agency.

The Energy Agency confirmed the network charges for the natural gas distribution system for the 2019–2020 regulatory period in December 2018. In the light of the regulatory restrictions related to the amount of eligible costs for natural gas distribution, the average network charge in 2021 was on a par with that from 2020. In the field of the regulated network charge prices, we submitted an application to the Energy Agency for the following three-year period of 2022–2024 and in December received the consent to the new prices. Based on the regulated limitations on the amount of eligible costs in the system operator of distribution network activities, the average network charge will not change materially in the next three-year period.

Pursuant to the Act on Heat Supply Pricing Methodology, the Company adjusted the variable part of the price of heat for hot water and both steam systems during the year, by taking account of the actual prices of energy products and the realised volumes of heat sold. In addition to regularly harmonising the variable part of the heat price, the fixed part of the price of the TOŠ hot water and steam system was harmonised on 1 August and the baseline fixed price in the TE-TOL steam piping was changed for which we obtained the Energy Agency's consent in July 2021.

Net electricity selling prices are based on the signed contracts for the purchase and supply of baseload electricity from high-efficiency co-generation for 2021. The Company received support from Borzen for the electricity produced from wood chips and solar energy.

The Company sets prices of natural gas and electricity supply to end users by taking into consideration the competitive conditions on the market.

Revenue from financing and other revenue

In 2021, financial revenue totalled €285,706 and other revenue amounted to €608,125, of which the majority (in line with the Agreement to implement the LOT 1 works on the PPE-TOL project) was accounted for by the indemnity in the amount of the cost of paid network charge for the transmission system for natural gas for November and December 2021.

Revenue from financing activities is represented by revenue from accounts receivable (€155,736), revenue from loans given (€81,778) and revenue from dividends received from the investment into Zavarovalnica Triglav (€48,192). Compared to the previous year, revenue from financing is lower primarily because of the lower positive foreign exchange differences.

Other revenue not planned by the Company includes revenue from the refunded court fees, execution costs and damages.

➤ Expenses

Total expenses in 2021 amounted to €178,277,968, up 33.9% compared to the plan and 29.2% year-on-year. The majority part of total expenses is accounted for by the cost of goods and materials, which increased in 2021 compared to both the plan and 2020, primarily on account of higher costs of fuel resulting from higher cost and higher consumption.

Operating expenses

Operating expenses include costs of goods, material and services used, labour costs, write-downs, and other operating expenses.

The majority of the **cost of goods and material used**, which accounts for 55.9% of total expenses, refers to the cost of fuel for heat and electricity production and the purchase of natural gas and electricity for resale. For production in the TOŠ unit, it involves primarily the cost of natural gas and heating oil (ELKO) and, in the TE-TOL unit the cost of coal and wood chips. Variable costs or, rather, costs of fuel also include the cost of ash and slag disposal and the consumption of electricity, process water and chemicals.

	YEAR 2021	PLAN 2021	YEAR 2020	Index Y21/P21	Index Y21/Y20
Cost of goods and materials used	99,623,112	61,293,992	67,819,922	162.5	146.9
Cost of fuel for production – TE-TOL unit	33,056,929	29,054,474	35,725,403	113.8	92.5
Cost of fuel for production – TOŠ unit	20,283,483	8,546,174	6,331,555	237.3	320.4
Purchase of natural gas	32,209,368	15,809,445	16,270,880	203.7	198.0
Purchase of electricity	11,571,308	5,352,329	6,988,116	216.2	165.6
Material costs for maintenance	1,720,406	1,814,307	1,766,128	94.8	97.4
Cost of material covered with service revenue	405,606	398,842	396,270	101.7	102.4
Other material costs	376,012	318,421	341,570	118.1	110.1

In EUR

The deviation of fuel costs from the comparative periods is especially a result of the changes in the cost of energy products and the volume of energy generation. Compared to the plan, the cost of fuel is also affected by the heat production structure at TE-TOL and TOŠ, since optimal heat and electricity co-generation options are identified on an ongoing basis, while taking into account changes in ambient air temperatures and needs for heating energy and any other factors. During the spring time of the heating season, heat and electricity generation in the coal block units was reduced because of legislative limitations and it was supplemented with generation in the TOŠ unit, which has affected the cost of fuel in both units. The higher costs of fuel for generation in both units were also a result of the above-average long heating season which lasted until the first days of June. Towards the end of 2021, generation in coal block units increased because of the extreme growth of natural gas prices and low coal prices.

Compared to the same period of last year, the cost of fuel for generation in the TE-TOL unit was lower especially because of the lower contractual price of coal in 2021 and because of the lower generation in coal block units (and consequently lower coal use) in the spring time of the heating season.

In the TOŠ unit, the higher cost of fuel for generation, in addition to the increased volume of generation, is most affected by the high cost of natural gas. In 2021, the average daily price of natural gas on exchange stood at 46.59 EUR/MWh and in 2020 at 10.00 EUR/MWh.

The higher cost of natural gas purchase for resale is also mainly a result of the higher average purchase price of natural gas.

Electricity was purchased on the market in order to sell it to end users. The Company purchased electricity from HSE d.o.o., Petrol d.d., NGEN d.o.o. and BSP Energy Exchange. Compared to 2020, the cost of electricity purchase was higher in 2021 especially because of the higher purchase prices. The contractual obligations from annual contracts on the supply of baseload electricity were mainly covered by own generation.

The Company uses Indonesian coal supplied by Vitol S.A. to produce heat and electricity at TE-TOL. The purchase price of coal in USD is annually corrected based on NEX index trends over a certain period of time; further, port fee, coal control fee and rail transport fee is added to the cost of coal. In 2021, 286,296.84 mt of coal was used. In a combination with coal, block B3 also uses wood chips. Suppliers of wood chips are selected based on public tender procedures. For 2021, the Company had contracts concluded with six suppliers and in the new heating season that started in August 2021, the Company concluded contracts with nine suppliers. In total, the Company accepted and used 122,801.86 t of wood chips in 2021.

Energetika Ljubljana has umbrella contracts concluded for natural gas supply with several established Slovenian and international natural gas suppliers and traders via which it purchased 1,226,433 MWh of natural gas for heat and electricity generation and re-sale in 2021. Access to the district gas pipeline network is provided by Plinovodi d.o.o., and the price is set pursuant to the Act on Determining the Network Charge for the Natural Gas Transmission Network and it is changed solely based on the consent by the Energy Agency.

Costs of material related to maintenance are incurred in line with the needs for Company's asset maintenance and they are lower both compared to the planned amount and the amount of the previous year.

The cost of material covered directly with revenue from services is the cost related with the provision of custom services as per the buyers' order. Other cost of material includes the cost of office supplies, small tools, purchase of expert literature and other small tools, which are incurred in line with the employees' needs.

The cost of services accounted for 10.0% of total expenses and exceeded the previous year's cost of services by 4.8%.

The cost of material covered directly with revenue is the cost related with the provision of custom services as per the buyers' order where we recorded increased sales of internal gas installation packages in 2021. This item also includes costs of repair covered by the insurance company based on insurance policies. These are unforeseeable costs that are not included in the Company's plan of costs and revenue.

Among service costs, the cost of maintenance that is planned based on the Company's asset maintenance needs is one of the higher costs. A large portion of the maintenance costs related to age and wear of the production machinery and equipment is incurred at Moste. In 2021, maintenance costs were slightly below the plan and higher than those achieved in 2020, when we were faced with the Government's COVID-19 intervention measures and the volume of these services provided by outsourcers was lower.

The amount of insurance premiums in 2021 was planned as per contract values, whereas the actual cost was higher because of the lower bonus received than in 2020.

The decrease in intellectual service costs in 2021 was affected primarily by a lower volume of services related to the PPE-TOL investment, which requires cooperation of various experts in the field of facility construction and the preparation of various expert opinions.

The costs of education, business travel and tuition fees were higher compared to the previous year when the organisation of education events was limited during the COVID-19 epidemic. Compared to the plan, a lower volume of such costs was realised in 2021 because we did not plan the COVID-19 related limitations.

	In EUR				
	YEAR 2021	PLAN 2021	YEAR 2020	Index Y21/P21	Index Y21/Y20
Cost of services	17,814,691	17,442,362	16,996,021	102.1	104.8
Cost of services covered with service revenue	1,170,520	391,734	844,066	298.8	138.7

Cost of post and telephone services	490,635	552,582	466,272	88.8	105.2
Cost of services associated with transport, water and sewer charge	201,586	198,831	210,343	101.4	95.8
Cost of services related to maintenance	4,556,383	4,715,848	4,225,901	96.6	107.8
- cost of maintenance	3,795,706	3,940,178	3,532,501	96.3	107.5
- computer equipment maintenance	760,677	775,670	693,400	98.1	109.7
Cost of rents and licenses	480,975	419,464	424,811	114.7	113.2
Cost of payment transactions	1,915,049	1,976,348	1,766,206	96.9	108.4
- payment transactions	107,539	120,747	104,262	89.1	103.1
- insurance premiums	1,807,510	1,855,601	1,661,943	97.4	108.8
Cost of intellectual services	5,201,353	5,222,012	5,534,623	99.6	94.0
- expert services	4,517,871	4,794,333	4,620,942	94.2	97.8
- professional training, business travel, tuition	114,498	191,275	92,991	59.9	123.1
- advising, studies, lawyer fees and other intellectual services, audit fees	531,929	169,404	796,138	314.0	66.8
- health services	37,055	67,000	24,551	55.3	150.9
Cost of fairs, advertising and entertainment	600,404	982,250	606,608	61.1	99.0
Cost of workforce hiring services	519,642	344,693	474,600	150.8	109.5
Cost of services by individuals (work contracts, authors fees, attendance fees, student work)	45,995	52,600	42,098	87.4	109.3
Cost of other services	2,632,149	2,586,000	2,400,494	101.8	109.7
- protection of property, fire safety	1,049,601	1,037,090	889,333	101.2	118.0
- debt recovery services – managers	688,393	646,000	614,715	106.6	112.0
- fees, court costs and executor costs	56,293	80,000	70,410	70.4	79.9
- cleaning and utility services	383,945	364,700	400,065	105.3	96.0
- cost of printing and enveloping of bills	54,532	69,661	55,969	78.3	97.4
- media monitoring, market research and analyses	151,574	207,049	110,155	73.2	137.6
- other	247,811	181,500	259,847	136.5	95.4

By hiring workers with the help of the Employment Agency, Energetika Ljubljana covers for longer absenteeism of its workers (sick leave and maternity leave), and the same applies in cases of temporarily increased volume of work. At the end of 2021, 12 workers were employed via the employment agency, which is 5 less than at the end of the previous year. The cost of hiring the labour force is higher this year compared to the plan and the same period last year because of the hired workers who carry out works for more complex areas than was planned or more complex works than those performed last year.

Major "costs of other services" include costs of property protection and fire safety, which were higher in 2021 because of the new PPE-TOL construction site protection. Moreover, the services of collecting payment from obligors, which the Company pays under contract to managers to cover their costs of collection were higher in 2021 – the amount of cost is related to revenue from the sale of energy in multi-apartment buildings.

The last item in the table, "other", includes costs related to SIQ accreditation maintenance, maintenance of holiday properties, submission of ARSO data, and other.

Labour costs accounted for 13.5% of total expenses and are charged in line with the effective collective agreements and acts of the Company.

	In EUR				
	YEAR 2021	PLAN 2021	YEAR 2020	Index Y21/P21	Index Y21/Y20
Labour costs	24,049,995	24,501,065	25,577,150	98.2	94.0
Payroll costs	17,632,815	17,720,187	17,170,410	99.5	102.7
Social security costs	3,730,990	3,703,391	3,645,253	100.7	102.4
- pension insurance costs	2,446,284	2,418,677	2,387,118	101.1	102.5

- other social security costs	1,284,706	1,284,714	1,258,135	100.0	102.1
Other labour costs	2,686,190	3,077,487	4,761,487	87.3	56.4
- commuter reimbursement	716,901	689,788	682,178	103.9	105.1
- meal allowance	737,661	703,833	687,366	104.8	107.3
- holiday allowance	1,146,991	1,214,160	1,170,378	94.5	98.0
- other employee receipts (social and solidarity aid, COVID-19 crisis bonus...)	84,637	75,188	249,324	112.6	33.9
- costs of unutilised annual leaves	0	0	109,021	-	0.0
- provisions for long-service bonuses and severance pay	0	394,518	1,863,220	0.0	0.0

In 2021, payroll costs were slightly lower than planned and slightly higher than in the previous year. The base salary in 2021 increased by 1.5% on 1 January 2021, which is also included in the business plan for 2021. In 2020, it increased by a total of 3.65% (by 1.5% on 1 January 2020, 1.5% on 1 June 2020, and additional 0.65% on 1 October 2020).

In addition to pension and disability insurance, the cost of pension insurance includes supplementary pension insurance premiums paid by Energetika Ljubljana for its employees in a monthly amount of EUR 144.17.

Labour costs were lower compared to the plan and the previous year. In the previous year, labour costs were higher, mostly because of the additional provisions for severance pay upon retirement as a result of amendments to the Act Fixing the Reimbursement Amounts for Work Related Expenses and Certain Other Receipts based on which severance pay upon retirement increased substantially.

In line with the collective agreement, the Company paid holiday allowance in the amount of 70% of the average pay per employee in the electricity sector over the last three months or in the amount of €2,060.00 per employee (in 2020: €2,050.00 per employee).

In 2021, the average gross pay of employees in terms of hours worked amounted to €2,624.31 (in 2020: €2,532.28 EUR). The average number of employees in terms of hours stood at 559.92 (565.05 in 2020).

In 2021, the Company did not make any additional provisions for severance pay upon retirement and jubilee awards because the estimated value of provisions as at 31 December 2021 did not change materially from those previously formed.

Write-downs accounted for 7.9% of total expenses in 2021.

	In EUR				
	YEAR 2021	PLAN 2021	YEAR 2020	Index Y21/P21	Index Y21/Y20
Write-downs	14,163,183	14,369,233	14,982,908	98.6	94.5
Depreciation and amortisation expense	13,577,330	13,769,233	13,915,508	98.6	97.6
Revaluation operating expenses associated with intangible assets, property, plant and equipment	215,325	0	509,456	-	42.3
Revaluation operating expenses associated with current operating assets	370,528	600,000	557,944	61.8	66.4

Operating expenses from the revaluation of intangible assets and property, plant and equipment include primarily write-offs due to obsolescence or replacement with new assets.

Operating expenses from the revaluation of current assets mainly refer to the revaluation of trade receivables. As at the end of 2021, receivables accounted for 26.3% of the total invoiced realisation (19.7% in the previous year).

As at the end of December 2021, trade receivable past due stood at €5.0 million, accounting for 2.3% of total invoiced realisation. Compared to the end of 2020, past due receivables were 16.4% lower at the end of 2021. Allowances for receivables at the end of 2021 slightly

decreased with respect to the previous year and accounted for 63.1% of the Company's past due receivables (63.2% at the end of 2020). The Company makes sure that debts are recovered promptly by issuing late payment notices and filing legal actions. For the duration of the declared COVID-19 epidemic, a decision was taken to temporarily suspend the sending of notices and collecting of outstanding receivables to relieve service users.

Other operating expenses, accounting for 12.6% of total expenses were higher compared to the plan for 2021 and the 2020 business year, mainly as a result of the higher cost of the missing emission allowance purchase, which accounts for the majority share in this section.

In EUR

	YEAR 2021	PLAN 2021	YEAR 2020	Index Y21/P21	Index Y21/Y20
Other operating expenses	22,435,599	15,089,144	12,053,522	148.7	186.1
Emission allowances	21,234,974	13,797,978	10,362,037	153.9	204.9
Environmental analyses, audits, measurements	274,184	429,000	292,710	63.9	93.7
Charge for the use of construction land	228,206	230,868	230,859	98.8	98.9
Water use fees	89,695	244,731	180,607	36.7	49.7
Efficient use of energy	495,027	260,000	133,417	190.4	371.0
Membership fees	78,303	67,100	72,150	116.7	108.5
Other business expenses	35,210	59,467	781,742	59.2	4.5

The actual expenses for emission allowances for 2021 amounted to €21,234,994, and the expenses recorded stood at €21,234,974, as a result of the over-accrued allowance of €19.85 in 2020.

The actual emission allowance expense for 2021 in the amount of €21,234,994 includes the value of the purchase of the missing allowances in the amount of €21,169,888 and the emission allowances granted by the State in the amount of €65,106, which are fully disclosed in the heat production activity. Compared to the plan, the expense in 2021 was higher, particularly because of the high average purchase price of the missing emission allowances which stood at €41.81 per allowance (the plan was €27.5 per allowance). Compared to 2020, the higher expense in 2021 was affected by the higher deficit of emission allowances and especially the aforementioned higher average purchase price in 2021 (in 2020: €23.86 per emission allowance).

Environmental analyses, inspections and measurements include expenses for carrying out emission monitoring, servicing measuring equipment and reviewing reports by verifiers. Costs are affected by different reporting and measurements periods (monthly, annually, every two years, every three years) and in 2021, similar as the year before, also by the postponement of some activities because of the COVID-19 restrictions.

Incentives for efficient energy use represent expenses related to the allocated grants for the implementation of measures aimed to increase energy efficiency in households and other consumers of heat and gas from Energetika Ljubljana's network. The cost relating to this is higher because the measure of co-financing the share of energy efficiency for end users needed to be increased in order to ensure the proper volume of energy savings which consequently meant higher expenses.

Other operating expenses include costs of prevention for employees and other costs. In 2020, this item also included an expense for additional provisions for liabilities related to equipment in the real estate in Stožice in the amount of €745,187.

Expenses for financing and other expenses

In 2021, expenses for financing totalled €119,632, of which €99,298 for financial liabilities (€94,382 from loans received from banks and €4,916 from other financial liabilities) and

€20,334 for operating liabilities (€7,544 for trade payables and €12,790 for other operating liabilities).

Other expenses, which amounted to €71,756 in 2021, included especially donation and indemnity expenses.

➤ **Borrowing**

At the end of 2021, the Company's debt comprised loans raised from banks in the amount of €91,344,006 (including the accrued and the yet unpaid interest), of which long-term amounted to €52,341,824 and short-term to €39,002,182.

To acquire shares in the subsequently merged company TE-TOL, Energetika Ljubljana hired two long-term loans at a bank, namely in 2012 with the final repayment in 2022 and in 2013 with the final repayment in 2023. In 2019, the Company entered into a long-term syndicated loan contract with five banks (six banks from June 2020) in the amount of €120,000,000 to finance the PPE-TOL investment. The long-term loan drawdown period is from September 2019 to the end of July 2022 with the option to extend the drawdown period. The long-term loan drawdown period is from September 2019 to the end of July 2022. The loan repayment is progressive over a period of eight years with the first instalment maturing on 30 June 2023 and the last one on 31 March 2031. In 2019, 2020, and 2021, the Company drew €51,023,391 of the long-term loan to finance PPE-TOL.

At the end of December 2021, the Company entered into an agreement for taking up a long-term loan to finance the construction of the TOŠ CHP co-generation aggregate in the amount of €3,400,000. The single drawdown date as per the contract is 28 February 2022. The loan repayment period is spread over seven years, with the first instalment falling due for payment on 31 July 2022 and the last one on 30 June 2029.

In 2021, the Company repaid €1,750,000 in long-term loans. The year-end balance of long-term loans was €52,335,891 without interest or €52,341,824 with interest, of which the short-term part stood at €1,255,933.

In order to ensure financial liquidity, the Company raised long-term loans from banks in the total amount of €39,000,000 in 2021. Of this, the Company had short-term revolving loan contracts concluded with banks in the total amount of €24,000,000 and short-term loan contracts in the total amount of €15,000,000 at the end of 2021,. All short-term loans were utilised at year-end. Together with €2,182 of interest, short-term loans totalled €39,002,182 as at 31 December 2021.

In addition to the indicated financial liabilities for borrowings, the 2021 balance sheet includes long-term and short-term financial liabilities for right-of-use assets from lease in the total amount of €180,092.

2.1.2 Key performance and financial position indicators

	YEAR 2021	PLAN 2021	YEAR 2020
Basic financing state ratios			
Equity financing rate	57.7%	55.4%	67.3%
Long-term financing rate	74.4%	84.5%	79.5%
Financial debt to equity ratio	0.45	0.61	0.30
Basic investment ratios			
Fixed assets rate	77.1%	83.5%	78.1%
Long-term assets rate	78.7%	85.1%	80.0%
Basic horizontal financial structure ratios			

Equity to fixed assets ratio	0.75	0.66	0.86
Immediate solvency ratio	0.01	0.01	0.04
Quick ratio	0.70	0.56	0.59
Current ratio	0.86	0.97	1.00
Basic efficiency ratios			
Operating efficiency ratio	1.00	1.03	1.04
Basic profitability ratios			
Net return on equity ratio – ROE	0.0%	1.9%	3.0%

The Company uses the financing state ratios to determine the structure of liabilities. The equity financing rate was lower compared to the previous year; equity did not change materially, whereas the Company's liabilities significantly increased, especially because of the drawdown of the long-term loan for PPE-TOL and liabilities for natural gas supply at the end of 2021. At the end of 2021, the share of long-term financing was lower compared to the previous year, especially because of the important increase in short-term trade payables (natural gas supply) and drawdown of all approved short-term or revolving loans (to balance liquidity, also because of the tighter situation on the energy markets in the last quarter of year). Company equity accounts for 57.7% of total liabilities, meaning the Company uses this amount for financing from its own resources. In total, long-term sources of finance account for 74.4%. Financial debt represents 45% of Company equity and is higher compared to the previous year, especially because of the aforementioned long-term loan drawdown.

Investment ratios enable the Company to determine the structure of its assets. These ratios are affected by both the volume of investment activities and the change in the amount of short-term assets. The fixed assets ratio stood at 77.1% and is on a par with the previous year. Despite the higher investments in 2021 (€52,577,055) compared to 2020 (€39,508,901), the Company's short-term operating receivables increased substantially at the end of 2021 because of the higher heat prices and the recording of operating receivables due from the controlling company for covering the loss for the year. The share of the Company's long-term assets accounts for 78.7% of total assets; it decreased in 2021 especially because of the aforementioned increase in short-term receivables at the end of 2021.

Equity to operating fixed assets ratio is a ratio between equity and the carrying amount of fixed assets. It shows the equity financing rate. Compared to the previous year, it decreased because investments are largely financed from loans. The other horizontal financial structure ratios show the Company's financial solvency. The values of ratios for 2021 show that the Company's liquidity as at the last day of the year was weaker compared to the previous year, primarily because of the increased short-term operating liabilities and liabilities arising from loans. Liquid assets were lower than short-term liabilities; together with short-term receivables, the Company did not cover short-term liabilities in 2021. It drew short-term revolving loans for the needs of regular operations and financial liquidity balancing.

Compared to the previous year, the operating efficiency and the net return on equity ratios were lower as a result of the Company's lower results in 2021. The net return on equity ratio would be negative, if it were not for the controlling Company's covering for the loss.

2.2 Investment Activity Report

In 2021, Energetika Ljubljana's investment plan was realised in the amount of €52,577,055, representing 65.3% of the value planned. Investments in renovation works and replacements stood at €6,791,265 and in development at €45,785,790. Taking into consideration principal repayment in the amount of €1,750,000, the total amount of

investment expenses in 2021 stood at €54,327,055. The Company ensured the funds required for investments in 2021 from its own resources and by progressively drawing the long-term loan raised for the deployment of the PPE-TOL gas and steam unit in 2019 (the contractual amount of €120,000,000). At the end of December 2021, the Company raised a loan of €3,400,000 for the renovation of TOŠ CHP, which was drawn at the beginning of 2022.

In 2021, the Company realised a lower value in terms of renovation works and replacements than planned, especially as a result of the postponed renovation of TOŠ CHP to 2022 (€367,335 realised compared to €3,400,000 planned).

In the context of development, an extensive investment in the TE-TOL unit, that is, the setting up of the PPE-TOL gas and steam unit, is underway and is scheduled to be completed at the end of 2022. The total investment value is estimated at €132,642,500 without taking into consideration the funds already invested by the end of 2018 and the costs of financing. In 2021, a major deviation from the plan occurred in this investment (€36,746,641 was realised compared to the planned €64,088,156), which is a result of a time delay in construction works. The investment is explained in detail in the continuation of the report, under Construction of energy sources.

➤ Overview of the planned and realised investments owned by the Company

	PLAN 2021		YEAR 2021		Index Y21/P21
	Value in EUR	Struc. in %	Value in EUR	Struc. in %	
Renovation works and replacements	10,239,210	12.7	6,791,265	13.0	66.3
Development tasks	70,235,156	87.3	45,785,790	87.0	65.2
TOTAL	80,474,366	100.0	52,577,055	100.0	65.3

The Company implemented investments in renovation works, replacements and development by pursuing the goal to keep ensuring a reliable, safe and eco-friendly heat and electricity co-generation, district supply of heat and gas, and energy services at competitive prices.

In implementing hot water and gas pipeline network renovation or construction works, the Company was included in parallel construction works and agglomerations (the construction of gas pipeline in parallel with the sewerage network) where other providers who cooperate in parallel construction often cause delays in scheduled deadlines.

Detailed overview of the renovation and replacement plan realisation and the development of district supply of heat and gas for the discussed period is provided in the continuation.

➤ Renovation works and replacements

In the discussed period, the Company spent €6,791,265 (including the items from the plan for previous years and non-planned items) for renovation works and replacements of intangible assets and property, plant and equipment ("fixed assets"), which is 33.7% less than planned.

➤ Overview of the realisation of the renovations and replacements investment plan by segments

Seq. No.	Investment in renovation and replacements	PLAN 2021	YEAR 2021	In EUR Index L21/N21
1.	Energy source renovation	6,513,800	2,639,064	40.5
2.	Network renovation	1,865,500	3,122,767	167.4
2.1.	<i>District heating – renovation of network</i>	<i>1,483,000</i>	<i>2,380,172</i>	<i>160.5</i>
2.2.	<i>Gas pipeline system – renovation of network, regulating</i>	<i>382,500</i>	<i>742,595</i>	<i>194.1</i>

<i>stations</i>				
3.	Other renovation works and replacements	1,859,910	1,029,434	55.3
TOTAL		10,239,210	6,791,265	66.3

Renovation of energy sources

In 2021, investments in energy source renovation stood at €2,639,064, down by 59.5% compared to the plan.

For the TE-TOL unit at Moste, the Company planned 17 investments in energy source renovation in the total amount of €2,037,800. By the end of 2021, 10 investments were completed in the total amount of €1,542,139. The completed high-value investments are: the adjustment of the emission of flue ash from boiler 3, a general overhaul of the rack on boiler 3, a tube register for heater 2/2 TP 1, the replacement of safety valves of TA2 turbine's 5th off-take and the replacement of the excitation system of generator 3.

In the TOŠ unit in Šiška, works were carried out on three investments; other investments will be performed in 2022. The total planned value of investments stood at €4,476,000, whereas €393,397 was used. A major deviation was recorded in the TOŠ CHP renovation investment for which €3,400,000 was planned in 2021, but €367,335 was spent (the most for the preparation of the detailed design). In November 2021, the operation of the existing co-generation was suspended and the production of technological steam was transferred to steam boilers. According to the schedule, the investment is expected to be completed in September 2022. Simultaneously with the construction of new co-generation, the MV power switch is being rearranged and the 10-5/20 kV transformer is being built, including the power switch and relevant equipment. This is necessary in order to transition to a higher voltage level at the TOŠ source.

Network renovation

In 2021, investments in the renovation of hot water, steam and gas pipeline stood at €3,122,767, which is 67.4% more than planned (€1,865,500). In addition to urgent repairs of leakage, systematic investments in the renovation of the hot water network are essential to ensure a reliable supply and reduction of costs caused by substituting the loss of the chemically prepared hot water from the network. The higher volume of activities is a result of the inclusion of hot water and gas pipeline network into parallel constructions with the City of Ljubljana and other investors. Urgent renovations were also implemented on distribution network sections where critical situations in the existing distribution network were found during the year and required immediate action to prevent the damage resulting from network leakage or distribution system failure during the heating season. All renovations were implemented in the City of Ljubljana.

In 2021, €2,380,172 (together with items not included in the plan and the plans of previous years) was spent on hot water network renovation, especially for the renovation of hot water system and gas pipeline system on Trdinova, Cigaletova and Čufarjeva ulica (€642,407) and renovation of the hot water system T700 and T1900 on the Celovška cesta – Cesta Ljubljanske brigade, 9 a section (€533,317).

In the item Outside the plan and the plan of previous years, €493,760 was spent on investments, of which the majority for the renovation of the Groharjeva–Trg Mladinskih delovnih brigad hot water system (€330,464) where works were continued and completed in 2021.

In 2021, €742,595 was spent for renovation works of the gas pipeline network, which is 94.1% more than planned. In the context of the planned investments, the renovation of

the gas pipeline network on Cesta na Brdo, the Cesta Rdečega križa to Cesta na Bokalce section was completed, the Na Stolbi gas pipeline network was relocated and renovated, and the gas pipeline network on Židovska ulica, the Židovska steza–Jurčičev trg section was renovated (a total of €194,227 was spent). A detailed design was prepared for the relocation of the JE200 gas pipeline network below the platform along Smrtnikova ulica, and the investment will be implemented after the end of the heating season.

In the item Outside the plan and the plan of previous years, €496,073 was spent on investments, of which the majority for the renovation of the RP 13 regulating station on Letališka cesta (€411,388).

Notes to individual planned investment are presented in the table Realisation of investments in renovation works and replacements. In individual items, the differences between the planned and the realised values are most often a result of the deviations from the scheduled deadlines by other co-operators in parallel construction works.

Other renovation works and replacements

The total realised value of other renovation works and replacements in 2021 stood at €1,029,434, down by 44.7% compared to the plan.

Computer hardware and software was purchased in the amount of €314,885. A total of €108,672 was spent for the purchase of computer hardware (PCs and laptops, monitors, manual terminals for field work, work stations, multifunction devices, active network equipment, servers and disc systems) (the plan was €390,485). The updating of the computer software amounted to €206,213 (the plan was €335,300), most of all for the update of the "bivanjudajemoutrip" web portal and for the implementation of communication connections with the PPE-TOL management systems.

Other planned purchases of fixed assets by individual areas are presented in the table Realisation of investments in renovation works and replacements.

The item Outside the plan and plan of previous years includes the use of assets in the amount of €469,264. The majority part of purchases is accounted for by the purchase of computer hardware and software (€156,799), the purchase of fixed assets for mechanical maintenance (€71,948), the dynamic power plant models program (€52,500), the upgrade of the Mepis functionality (€43,494) and the purchase of fixed assets for internal services (€37,931). The item includes purchases for which public procurement procedures were implemented in 2020 and deliveries were realised in 2021.

➤ **Development**

The Company spent a total of €45,785,790 for the realisation of development tasks in 2021 (including items from the plan of previous years and outside of the plan), accounting for 65.2% of the value planned for 2021.

➤ **Overview of the realisation of the plan of investments in development by sets**

		In EUR		
Seq. No.	Investments in development	PLAN 2021	YEAR 2021	Index L21/N21
1.	Energy source construction	64,808,156	37,057,654	57.2
2.	Network construction	5,427,000	8,728,136	160.8
2.1.	<i>District heating – netw. construction and connection of boiler rooms</i>	<i>885,000</i>	<i>2,771,325</i>	<i>313.1</i>
2.2.	<i>Gas pipeline system – construction of network, RS and conn. of facilities</i>	<i>4,542,000</i>	<i>5,956,811</i>	<i>131.1</i>
TOTAL		70,235,156	45,785,790	65.2

Construction of energy sources

Investments in the construction of energy sources stood at €37,057,654 or 57.2% of the value planned for 2021. The major deviation from the plan was recorded in the PPE-TOL investment where €36,746,641 was spent in 2021 (the plan was €64,088,156).

Two other investments were planned for the TE-TOL unit in the relevant year, both of which were related for the updating of the low-pressure boiler room. In the Supply, Installation of Burners and VKL 1 and 2 Equipment investment, €100,000 was spent in 2021 compared to the €90,000 planned. The investment will continue in 2022; the end is anticipated in September 2022. The investment Computer App for Management Systems was postponed to 2022.

Upgrades of the PROZIS and PROCIS information systems were planned in the TOŠ unit; most of them were postponed to 2022.

The Company cooperates with VOKA SNAGA Ljubljana on a joint project called "Setting up a waste-to-energy facility (OEIO)". In 2021, comparison of technologies for energy use of fuel from waste was prepared for the planned facility and a contract was signed for the preparation of spatial documentation for the municipal detailed spatial plan for the planned facility in the City of Ljubljana. In December, a report on the calculation analysis and determination of the content of renewable share of carbon in waste was obtained. Activities are in place to obtain concession for carrying out a public utility service for the energy use of fuel from waste obtained from RCERO Ljubljana. In 2021, €203,180 was spent for this investment.

Construction of the PPE-TOL gas and steam unit

The investment in the construction of the gas and steam unit called PPE-TOL is the main project of Energetika Ljubljana as regards generation capacities. The erection of PPE-TOL will ensure that the operation of the device meets all environmental requirements, and the existing coal blocks 1 and 2 will be replaced. At the same time, a high share of heat generated in highly-efficient co-generation will be preserved in the district heating system.

The Company received a decision from the Energy Agency confirming the inclusion of investment in the support scheme for electricity produced from high-efficiency co-generation. The receipt of support is subject to the submission of a declaration for the production plant within the determined deadline.

For the planned PPE-TOL investment, Energetika Ljubljana obtained an updated energy permit in 2019 and a renewed building permit in September 2020. Investment implementation is planned by sets of works or LOTs, of which LOT 1, that is, the supply of main technological equipment accounts for the major part. The PPE-TOL investment value from 2019 and until the construction, without taking into account the funds already invested by the end of 2018 and the cost of financing, is estimated at €132,642,500.

In April 2019, a contract for the delivery and installation of two gas turbo generator sets and two heat recovery steam generators in the amount of €118,000,000 (excluding VAT) was signed for LOT 1 with the provider, MYTILINEOS S.A., and a contract of long-term gas turbo generator repairs in the amount of €15,968,897 (excluding VAT) with Siemens d.o.o. Due to problems in the implementation of works in the context of LOT 1, which arose in during the COVID-19 epidemic period, and the resulting deviations from the contractual deadlines, in September 2020, the Company signed Annex No. 2 to the contract with MYTILINEOS S.A., extending the implementation deadline for a temporary facility takeover with TOC certificate issue from 17 November 2021 to 31 May 2022. A new time schedule for works implementation was agreed in the light of the new completion deadline. The current

situation of implementation shows that the anticipated deadline on 31 May 2022 will not be met and that a delay of few months will occur.

The Company raised a long-term loan to finance the PPE-TOL investment and signed a loan agreement in the amount of €120,000,000 in August 2019. The long-term loan drawdown is progressive and corresponds to the investment implementation timeline until the end of the construction. The first instalment falls due on 30 June 2023 and the last one on 31 March 2031. A mortgage or corresponding lien is entered on the fixed assets owned by Energetika Ljubljana to secure the long-term loan. After the conclusion of annex with MYTILINEOS S.A., the Company concluded Annex No. 1 to the loan agreement with the syndicate of banks in December 2020, extending investment completion until the end of May 2022 and the drawdown period until the end of July 2022 with an option of extension.

As at 31 December 2021, the value of the PPE-TOL investment, which is monitored and recorded in the context of property, plant and equipment under construction, stood at €73,402,853. This amount includes borrowing costs (interest for the drawn and undrawn part of the loan, cost of approval and loan keeping), which is attributed to the investment up to its availability for use or activation in accordance with the accounting standards. Once the investment is completed, these costs will be recorded as financial expenses in the Company's income statement. The Company drew a long-term loan in the amount of €51,023,391 on 31 December 2021 and covered the difference with its own resources. In May 2019, Energetika Ljubljana used its own resources to make an advance payment of €11,800,000, incl. VAT, to MYTILINEOS S. A. (recorded in the item advances on property, plant and equipment) and settled the amount of €8,288,960, including VAT, by the end of 2021.

We are planning to complete the investment by the end of 2022. We plan that the rehabilitation of the heat recovery steam generator modules will be completed and that they will be installed in April 2022, so that the mechanical deployment of heat recovery steam generator modules will be completed, as this is currently limiting the progress of works. The installation of gas turbines with relevant equipment and cold start-up tests and electrical installation works must be completed by then so that the initial launch of gas turbines, which is currently anticipated for the third quarter of 2022, can be implemented. This will be followed by other start-up tests, hot tests and, in the last quarter of 2022, warranty measurements and a one-month contractual trial operation, technical inspection after the administrative procedure and temporary takeover of the power plant.

Investments in network construction

The investments in the construction of the hot water and gas pipeline network amounted to €8,728,136 or 60.8% more than planned. **By having completed the main Škofljica-Grosuplje gas pipeline network, Energetika Ljubljana extended the gas pipeline distribution network by 36.5 km in 2021, which is the largest construction and extension of the network of public utility service of natural gas supply in the entire history of the Company.** The construction of the new network mainly starts after the conclusion of the spring heating season and often runs in parallel with the construction of municipal and road infrastructure. For 2021, 23 investments were planned where Energetika Ljubljana was part of parallel constructions and agglomerations in the City of Ljubljana and Medvode Municipality. Realisation of investments is also affected by the costs incurred in 2021 and related to the completion of investments in the previous year.

In 2021, activities were continued in the field of increasing consumption and replacing inadequate heat stations in the existing hot water network and connection of buildings in the area of the existing gas pipeline network. After the adoption of the new Network Code for the Heat Distribution System in the Municipality of Ljubljana (SOD) in 2020, which enables Energetika Ljubljana to finance connections, the construction of connections has

substantially increased. The total number of connections built by Energetika Ljubljana solely in the context of increasing consumption in the existing gas pipeline network reached 203 in 2021.

The construction of gas pipeline in Grosuplje Municipality represents an important extension of the natural gas distribution activity, which will increase revenue of Energetika Ljubljana. The Decree setting the method of the provision of public utility services of natural gas distribution system operator in Grosuplje Municipality was adopted in April 2017 and the Concession agreement for the provision of the optional public utility service of a distribution system operator in Grosuplje Municipality was signed in November 2017. Phase 2 of the Škofljica–Grosuplje gas pipeline for the system connection was started in 2020 and continued in 2021.

The Energy Agency issued a consent to the regulatory framework, tariff rates for the network charge and tariff rates for other services within the regulatory period for the local community of Grosuplje Municipality in September 2021 – for the natural gas distribution activity (Legal Act determining tariff rates for network charges for the natural gas distribution system in Grosuplje Municipality).

The construction of the final phase, phase 3, of the Škofljica–Grosuplje pipeline network took place in 2021. When the distribution system in Grosuplje Municipality was connected to the distribution system in Škofljica Municipality on 1 November 2021, Energetika Ljubljana started implementing the activities of the distribution system operator (DSO).

By offering the services of constructing gas boilers with internal gas installation, the Company aims to facilitate the connection of new gas customers in the areas where it already has the gas pipeline network constructed. Users can pay for the service by utilising finance lease. In 2021 (investment under code 30I-71-00000), a total of €357,157 was spent (plan: €300,000), of which by municipalities: City of Ljubljana €231,795, Medvode €86,887, Grosuplje €10,639, Brezovica €10,554, Škofljica €7,239, Ig €3,885, Dobrova–Polhov Gradec €3,377, and Log–Dragomer €2,781.

Under the investment code 30II-144-000, use exceeded the plan; this is where funds are anticipated for the connection to the gas system. This includes investment projects resulting from unexpected need for natural gas supply or unannounced parallel construction in 2021. In total, €649,143 was spent (plan: €330,000), of which by municipalities: City of Ljubljana €519,962, Medvode €51,438, Log–Dragomer €21,641, Brezovica €14,453, Grosuplje €12,054, Škofljica €9,425, Ig €7,266, Dol pri Ljubljani €6,511, and Dobrova–Polhov Gradec €6,393.

➤ **Investments in hot water network construction in the City of Ljubljana**

The investments in the construction of the hot water network stood at €2,771,325 and exceeded the plan by 213.1%.

A major deviation of the realised value from the plan (realised: €619,990, plan: €250,000) is recorded in the context of the investment and technical documentation preparation and the construction of the hot water network in the field of the existing facility for the connection to the district heat supply system (investment under code 30III-434-00).

➤ **Investments in gas pipeline network construction in the City of Ljubljana**

Investments in the construction of the gas pipeline network in all municipalities in 2021 totalled €5,956,811 (including investments outside the plan and plan of previous years), of which €3,669,410 was spent in the City of Ljubljana. The values include funds for connection

to the gas pipeline system in the existing facilities and assets for the construction and renovation of internal gas pipeline installations for the existing residential and other buildings (investment codes: 30I-71-00000 and 30II-144-000).

In the City of Ljubljana, 6 investments were completed until the end of 2021, of which 4 in the context of agglomerations. At year-end, 19 investments were under construction and these will be continued in the context of agglomerations or parallel constructions in 2022. Notes to an individual planned investment are provided in Table Realisation of investments in development.

In the context of investments outside the plan and plan of previous years, a total of €1,618,051 was spent in the City of Ljubljana. Two major values refer to the completion of the construction of the CNG filling station by Letališka cesta (spent: €791,380, operating permit and investment activation are anticipated in January 2022) and extension of the building title CNG – LPP (spent: €500,055). In 2021, activities were in place to extend the roof of the CNG filling station at P&R Dolgi most; construction is anticipated in 2022. The preparation of the basic design for the building permit is anticipated for 2022. The implementation of construction depends on the development of events in natural gas supply and the transport policy in Slovenia which is shifting from the supply of compressed natural gas for vehicles.

➤ **Implementation of planned investments in other municipalities**

The gas pipeline network is also being extended in other municipalities where Energetika Ljubljana, in line with the decrees and the concession agreement, is carrying out the activities of a distribution network system operator. In 2021, €2,287,400 was spent in these municipalities, including investments outside the plan and plan of previous years (costs of concluding investments from previous periods). The upper values include assets for connection to the gas pipeline system in the existing facilities (investment codes: 30I-71-00000 and 30II-144-000).

Use of funds by municipalities:

• Grosuplje Municipality	€961,743,
• Log–Dragomer Municipality	€764,738,
• Medvode Municipality	€291,946,
• Ig Municipality	€86,124,
• Škofljica Municipality	€79,797,
• Brezovica Municipality	€71,586,
• Dol pri Ljubljani Municipality	€16,948,
• Dobrova–Polhov Gradec Municipality	€14,518.

In Grosuplje Municipality, the construction of Phases 2 and 3 of the Škofljica–Grosuplje gas pipeline network was completed in 2021. The completion of Phase 3 (the Cikava–Šmarje Sap section) also meant that Grosuplje Municipality was connected to the gas pipeline network of Energetika Ljubljana, which has fulfilled the conditions for carrying out the activity of a distribution system operator in Grosuplje Municipality. By the end of the year, €847,233 was spent for both investments.

The investment in gas pipeline network in Tlake is under construction and will be continued and completed in 2022. In parallel with the Grosuplje Municipality, the S5003 gas pipeline is being constructed in the Sončni Dvori–Brezje section; completion is expected in 2022. A public tender was prepared for the investment into gas pipeline construction along

Partizanska cesta–Šmarje Sap; the parallel construction will take place in the first quarter of 2022.

The gas pipeline network construction in a wider area of Log–Dragomer Municipality (Jordanov kot, Kačja vas, Mole) continued in 2021 as construction in parallel to the other municipal and road infrastructure. The parallel construction is planned to be completed in the second half of 2022. The construction of the Dragomer–Log gas pipeline network and the parallel construction of the Dragomer–Pot ob Snežaku, Na Poljane gas pipeline network are underway.

In Medvode Municipality, all parallel constructions in the context of agglomeration (the “Čisto zate” project), which were started in 2018 with the construction of the road and municipal infrastructure, were completed in 2021. The investor was Medvode Municipality (in the areas of Vikrče, Zgornje and Spodnje Pirniče, Verije, Goričane). The construction of two gas pipelines: phase 2 of the Zbilje–Jeprca roundabout and V401 by the Preska–MP Preska regulating station, which was necessary for the construction of the new MP Preska in 2021, invested by Plinovodi, d.o.o. The construction of the Zbilje–zahod gas pipeline network is a parallel construction with the Medvode Municipality; it will be completed in 2022. The construction of the S1900 gas pipeline network at the Zgornje Pirniče 6–45N section is in the final phase and will be completed once the building permit is issued.

In the Ig Municipality, the main gas pipeline network from the Ig Business Zone to Zavod Štefke Boštjančič was in progress in 2021 to supply the entire complex with natural gas; the end of construction is anticipated in 2022. Furthermore, the existing buildings were connected to the gas pipeline network (use of funds in the context of the investment codes 30I-71-00000 and 30II-144-000).

In the Brezovica Municipality, the construction of the main gas pipeline network at the roundabout in Podpeč was completed in 2021 when the operating permit was obtained. The preparation for the construction of the gas pipeline network in the area of Žabnica and Brezovica zahod (from Drobtiška to Podpeška ulica) was completed; both investments will be continued as parallel constructions with the construction of other municipal infrastructure in 2022. Investment and technical documentation for the further construction of the gas pipeline network in the area of Brezovica (Cesta na postajo) was prepared in 2021; the parallel construction is planned for 2023.

In Škofljica Municipality, the gas pipeline network in the area of the Škofljica Business Zone has been constructed; the investment will be completed in 2022 after the operating permit is obtained for the entire municipal arrangement of the area. Furthermore, the existing buildings were connected to the gas pipeline network (use of funds in the context of the investment codes 30I-71-00000 and 30II-144-000).

In Dol pri Ljubljani Municipality, the construction of Phase 3 of the Dol–Videm gas pipeline was completed in 2021. The process to obtain the building permit was underway for the construction of the Videm–Dol gas pipeline network, whereas the parallel construction with the road and public utility infrastructure of the Dol Municipality will be in place in 2022.

In Dobrova–Polhov Gradec Municipality, the basic design for the building permit for partial parallel construction of the gas pipeline network in Gabrje was in preparation in 2021; the construction will be implemented in the second quarter of 2022. Furthermore, the existing buildings were connected to the gas pipeline network (use of funds in the context of the investment codes: 30I-71-00000 and 30II-144-000).

In the last quarter of 2020, Energetika Ljubljana joined the parallel construction of sewerage in Log–Dragomer Municipality. In this area, 7.2 km of gas pipelines were built, including 118 connections which will become active in 2022 based on the signed contracts of connection

after the newly built gas pipeline network is connected to the existing gas pipeline network in Dragomer.

Financial resources

The Company provided for the necessary funds for investments in 2021 from its own sources and by progressively drawing the long-term loan which the Company raised to construct the PPE-TOL gas steam unit in 2019 (contractual amount of €120,000,000). To renovate TOŠ CHP, the Company raised a loan in the amount of €3,400,000 at the end of December 2021, which is drawn in a single amount in 2022.

3 FINANCIAL REPORT

3.1 Independent Auditor's report

POROČILO NEODVISNEGA REVIZORJA lastnikom družbe ENERGETIKA LJUBLJANA d.o.o.

Poročilo o reviziji računovodskih izkazov

Mnenje

Revidirali smo računovodske izkaze družbe ENERGETIKA LJUBLJANA d.o.o. (v nadaljevanju 'družba'), ki vključujejo bilanco stanja na dan 31. decembra 2021, izkaz poslovnega izida, izkaz drugega vseobsegajočega donosa, izkaz gibanja kapitala in izkaz denarnih tokov za tedaj končano leto ter pojasnila k računovodskim izkazom, vključujoč povzetek bistvenih računovodskih usmeritev.

Po našem mnenju priloženi računovodski izkazi v vseh pomembnih pogledih pošteno predstavljajo finančni položaj družbe na dan 31. decembra 2021 ter njeno finančno uspešnost in denarne tokove za tedaj končano leto v skladu s Slovenskimi računovodskimi standardi (v nadaljevanju 'SRS').

Podlaga za mnenje

Revizijo smo opravili v skladu z Mednarodnimi standardi revidiranja in Uredbo (EU) št. 537/2014 Evropskega parlamenta in Sveta z dne 16. aprila 2014 o posebnih zahtevah v zvezi z obvezno revizijo subjektov javnega interesa (Uredba). Naše odgovornosti na podlagi teh pravil so opisane v tem poročilu v odstavku *Revizorjeva odgovornost za revizijo računovodskih izkazov*. V skladu z Mednarodnim kodeksom etike za računovodske strokovnjake (vključno z mednarodnimi standardi neodvisnosti), ki ga je izdal Odbor za mednarodne standarde etike za računovodske strokovnjake (Kodeks IESBA), ter etičnimi zahtevami, ki se nanašajo na revizijo računovodskih izkazov v Sloveniji, potrjujemo svojo neodvisnost od družbe in, da smo izpolnili vse druge etične obveznosti v skladu s temi zahtevami in Kodeksom IESBA. Verjamemo, da so pridobljeni revizijski dokazi zadostni in ustrezni kot osnova za naše revizijsko mnenje.

Ključne revizijske zadeve

Ključne revizijske zadeve so tiste, ki so bile po naši strokovni presoji najbolj bistvene pri reviziji računovodskih izkazov za poslovno leto, ki se je končalo 31. decembra 2021. Te zadeve so bile obravnavane v okviru naše revizije računovodskih izkazov kot celote in pri oblikovanju našega mnenja o njih in ne podajamo ločenega mnenja o teh zadevah.



Ime Deloitte se nanaša na združenje Deloitte Touche Tohmatsu Limited (DTTL) in mrežo njegovih družb članic ter njihovih povezanih družb (skupaj: *organizacija Deloitte*). DTTL (imenovan tudi Deloitte Global) in vsaka od njegovih družb članic ter povezanih družb so ločene in samostojne pravne osebe in druga drugi ne morejo nalagati obveznosti do tretjih oseb. DTTL in vsaka od njegovih družb članic ter povezanih družb je odgovorna izključno za svoja dejanja in opustitve dejanj ter ne odgovarja za dejanja in opustitve drugih. DTTL sam po sebi ne opravlja storitev za stranke. Podrobnejše informacije najdete tukaj: www.deloitte.com/si/about.

Deloitte je vodilni globalni ponudnik storitev revizije in dajanja zagotovil, davčnega, poslovnega in finančnega svetovanja, svetovanja na področju tveganj in sorodnih storitev. Deloitte opravlja storitve za štiri od petih najvišje uvrščenih gospodarskih družb na lestvici Fortune Global 500® in prek globalne mreže družb članic (skupaj imenovanih *organizacija Deloitte*) zagotavlja storitve v več kot 150 državah ter ozemljih. Več o tem, kako približno 312.000 Deloittovih strokovnjakov dosega rezultate, ki štejejo, najdete na povezavi www.deloitte.com.

V Sloveniji storitve zagotavlja Deloitte revizija d.o.o. in Deloitte svetovanje d.o.o. (pod skupnim imenom *Deloitte Slovenija*), članici Deloitte Central Europe Holdings Limited. Deloitte Slovenija sodi med vodilne družbe za strokovne storitve v Sloveniji in opravlja storitve revizije in dajanja zagotovil, davčnega, poslovnega in finančnega svetovanja, svetovanja na področju tveganj in sorodne storitve, ki jih zagotavlja več kot 160 domačih in tujih strokovnjakov.

Deloitte revizija d.o.o. - Družba vpisana pri Okrožnem sodišču v Ljubljani - Matična številka: 1647105 – ID št. za DDV: SI62560085 - Osnovni kapital: 74.214,30 EUR.

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Pripoznavanje prihodkov od prodaje v računovodskih izkazih

Ključna revizijska zadeva	Kako smo zadevo obravnavali pri reviziji
<p>V letu, končanem 31. decembra 2021, družba v izkazu poslovnega izida izkazuje prihodke od prodaje v znesku 166.862 tisoč EUR.</p> <p>Kot je pojasnjeno v poglavju 3.3.1. Računovodske usmeritve, točka I), se prihodki od prodaje pripoznajo skladno s SRS 15, ko pride do prenosa obvladovanja sredstva na kupca.</p> <p>Prihodki od prodaje so eden od pomembnih pokazateljev uspešnosti poslovanja družbe. Zaradi pomembnosti postavke v računovodskih izkazih, ter tveganja v zvezi z ustreznostjo evidentiranja prihodkov, smo to področje opredelili kot ključno revizijsko zadevo.</p>	<p>V okviru izvajanja revizijskih postopkov smo ocenili ustreznost računovodskih usmeritev družbe v zvezi s pripoznanjem prihodkov od prodaje in njihovo skladnost s SRS 15 ter izvedli naslednje revizijske postopke:</p> <ul style="list-style-type: none"> - preverili smo zasnovo in implementacijo notranjih kontrol v zvezi s pripoznanjem prihodkov od prodaje z vidika ustreznosti njihovega evidentiranja; - na podlagi izbranega vzorca smo detajlno preverili ustreznost evidentiranja pripoznanih prihodkov. <p>Pregledali smo tudi informacije v računovodskih izkazih, da bi ocenili, ali so razkritja v zvezi s prihodki od prodaje, ustrezna.</p>

Druge informacije

Za druge informacije je odgovorno poslovodstvo. Druge informacije obsegajo informacije v letnem poročilu, razen računovodskih izkazov in revizorjevega poročila o njih.

Naše mnenje o računovodskih izkazih se ne nanaša na druge informacije in o njih ne izražamo nobene oblike zagotovila.

V povezavi z našo revizijo računovodskih izkazov je naša odgovornost prebrati druge informacije in pri tem presoditi, ali so druge informacije pomembno neskladne z računovodskimi izkazi, zakonskimi zahtevami ali našim poznavanjem, pridobljenim pri revidiranju, ali se kako drugače kažejo kot pomembno napačne. Če na podlagi opravljenega dela zaključimo, da obstaja pomembna napačna navedba drugih informacij, moramo o takih okoliščinah poročati. V zvezi s tem na podlagi opisanih postopkov poročamo, da:

- so druge informacije v vseh pomembnih pogledih usklajene z revidiranimi računovodskimi izkazi;
- so druge informacije pripravljene v skladu z veljavnimi zakoni in predpisi; ter
- na podlagi poznavanja in razumevanja družbe in njenega okolja, ki smo ga pridobili med revizijo, v zvezi z drugimi informacijami nismo ugotovili bistveno napačnih navedb.

Odgovornosti poslovodstva in pristojnih za upravljanje za računovodske izkaze

Poslovodstvo je odgovorno za pripravo in pošteno predstavitev teh računovodskih izkazov v skladu z SRS in za tako notranje kontroliranje, kot je v skladu z odločitvijo poslovodstva potrebno, da omogoči pripravo računovodskih izkazov, ki ne vsebujejo pomembno napačne navedbe zaradi prevare ali napake.

Poslovodstvo je pri pripravi računovodskih izkazov družbe odgovorno za oceno njene sposobnosti, da nadaljuje kot delujoče podjetje, razkritje zadev, povezanih z delujočim podjetjem, in uporabo predpostavke

delujočega podjetja kot podlage za računovodenje, razen če namerava poslovodstvo družbo likvidirati ali zaustaviti poslovanje ali nima druge realne možnosti, kot da napravi eno ali drugo.

Pristojni za upravljanje so odgovorni za nadzor nad pripravo računovodskih izkazov družbe in za potrditev revidiranega letnega poročila.

Revizorjeva odgovornost za revizijo računovodskih izkazov

Naša cilja sta pridobiti sprejemljivo zagotovilo o tem, ali so računovodski izkazi kot celota brez pomembno napačne navedbe zaradi prevare ali napake, in izdati revizorjevo poročilo, ki vključuje naše mnenje. Sprejemljivo zagotovilo je visoka stopnja zagotovila, vendar ni jamstvo, da bo revizija, opravljena v skladu s pravili revidiranja, vedno odkrila pomembno napačno navedbo, če ta obstaja. Napačne navedbe lahko izhajajo iz prevare ali napake ter se smatrajo za pomembne, če je upravičeno pričakovati, da posamič ali skupaj vplivajo na gospodarske odločitve uporabnikov, sprejete na podlagi teh računovodskih izkazov.

Med izvajanjem revidiranja v skladu s pravili revidiranja uporabljamo strokovno presojo in ohranjamo poklicno nezaupljivost. Prav tako:

- Prepoznamo in ocenimo tveganja pomembno napačne navedbe v računovodskih izkazih, bodisi zaradi prevare ali napake, oblikujemo in izvajamo revizijske postopke kot odzive na ocenjena tveganja ter pridobivamo zadostne in ustrezne revizijske dokaze, ki zagotavljajo podlago za naše mnenje. Tveganje, da ne bomo odkrili napačne navedbe, ki izvira iz prevare, je višje od tistega, povezanega z napako, saj prevara lahko vključuje skrivne dogovore, ponarejanje, namerno opustitev, napačno razlago ali izogibanje notranjim kontrolam.
- Pridobimo razumevanje notranjih kontrol, pomembnih za revizijo, z namenom oblikovanja revizijskih postopkov, ki so okoliščinam primerni, vendar ne z namenom izraziti mnenje o učinkovitosti notranjih kontrol družbe.
- Presodimo ustreznost uporabljenih računovodskih usmeritev in sprejemljivost računovodskih ocen ter z njimi povezanih razkritij posloводства.
- Na podlagi pridobljenih revizijskih dokazov o obstoju pomembne negotovosti glede dogodkov ali okoliščin, ki zbujejo dvom v sposobnost družbe, da nadaljuje kot delujoče podjetje, sprejmemo sklep o ustreznosti poslovodske uporabe predpostavke delujočega podjetja, kot podlage računovodenja. Če sprejmemo sklep o obstoju pomembne negotovosti, smo dolžni v revizorjevem poročilu opozoriti na ustrezna razkritja v računovodskih izkazih ali, če so takšna razkritja neustrezna, prilagoditi mnenje. Revizorjevi sklepi temeljijo na revizijskih dokazih, pridobljenih do datuma izdaje revizorjevega poročila. Vendar kasnejši dogodki ali okoliščine lahko povzročijo prenehanje organizacije kot delujočega podjetja.
- Ovrednotimo splošno predstavitev, strukturo, vsebino računovodskih izkazov, vključno z razkritji, in ali računovodski izkazi predstavljajo zadevne posle in dogodke na način, da je dosežena poštena predstavitev.

S pristojnimi za upravljanje med drugim komuniciramo o načrtovanem obsegu in času revidiranja in pomembnih revizijskih ugotovitvah, vključno s pomembnimi pomanjkljivostmi v notranjih kontrolah, ki smo jih zaznali med našo revizijo.

Pristojnim za upravljanje smo prav tako predložili našo izjavo, da smo izpolnili vse etične zahteve v zvezi z neodvisnostjo ter jih obvestili o vseh razmerjih in drugih zahtevah, za katere bi se lahko upravičeno menilo, da vplivajo na našo neodvisnost, in jih seznanili s tem povezanimi ukrepi, kjer potrebno.

Od vseh zadev, s katerimi smo seznanili pristojne za upravljanje, smo zadeve, ki so bile najpomembnejše pri reviziji računovodskih izkazov revidiranega obdobja, določili kot ključne revizijske zadeve. Omenjene zadeve

opišemo v revizorjevem poročilu, razen če zakonska ali regulatorna določila prepovedujejo javno razkrivanje takšnih zadev.

Poročilo o drugih zakonskih in regulatornih zahtevah

Poročilo o zahtevah Uredbe (EU) št. 537/2014 Evropskega parlamenta in sveta (Uredba EU št. 537/2014)

Imenovanje revizorja in trajanje posla

Deloitte revizija d.o.o. je bila imenovana za zakonitega revizorja družbe na skupščini delničarjev dne 25. aprila 2019. Naše opravljanje posla v celoti in neprekinjeno traja pet let.

Potrđilo revizijski komisiji

Potrđujemo, da je naše revizijsko mnenje o računovodskih izkazih v tem poročilu skladno z dodatnim poročilom revizijski komisiji družbe z dne 22. aprila 2022 v skladu s členom 11 Uredbe (EU) št. 537/2014 Evropskega parlamenta in Sveta.

Opravljanje nerevizzijskih storitev

Izjavljamo, da nismo opravljali nobenih prepovedanih nerevizzijskih storitev iz člena 5(1) Uredbe (EU) št. 537/2014 Evropskega parlamenta in Sveta. Poleg obvezne revizije nismo za revidirano družbo opravljali nobenih drugih storitev, ki ne bi bile razkrite v letnem poročilu.

Poročanje v skladu z Zakonom o preglednosti finančnih odnosov in ločenem evidentiranju različnih dejavnosti

Družba je razkrila računovodske izkaze po dejavnostih s pojasnili v poglavju 3.3.6.4. Dodatna razkritja na podlagi zahtev Energetskega zakona in SRS 32, ki vključujejo bilanco stanja po dejavnostih na dan 31. decembra 2021, izkaz poslovnega izida po dejavnostih ter izkaz denarnih tokov po dejavnostih za tedaj končano leto.

Posloводство družbe je odgovorno za vodenje ločenih računovodskih evidenc po posameznih dejavnostih z uporabo sodil v skladu z Zakonom o preglednosti finančnih odnosov in ločenem evidentiranju različnih dejavnosti (ZPFOLERD-1) in z upoštevanjem določb Energetskega zakona (EZ-1).

Naša odgovornost je preveriti ustreznost sodil in pravilnost njihove uporabe skladno z zahtevami ZPFOLERD-1 ter ali je družba upoštevala določbe EZ-1 glede razkrivanja računovodskih izkazov po dejavnostih.

Na osnovi postopkov, ki smo jih opravili pri reviziji računovodskih izkazov poročamo, da je družba razkrila računovodske izkaze po dejavnostih in da so sodila, ki jih uporablja družba ustrezna ter da družba sodila pri vodenju ločenih računovodskih evidenc po posameznih dejavnostih pravilno uporablja.

V imenu revizijske družbe Deloitte revizija d.o.o. je za opravljeno revizijo odgovorna Tina Kolenc Praznik.

DELOITTE REVIZIJA d.o.o.
Dunajska 165
1000 Ljubljana

Tina Kolenc Praznik
Pooblašćena revizorka
Ljubljana, 22. april 2022

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

INDEPENDENT AUDITOR'S REPORT
to the owners of ENERGETIKA LJUBLJANA d.o.o.

Report on the Audited Financial Statements

Opinion

We have audited the financial statements of ENERGETIKA LJUBLJANA d.o.o. (hereinafter: "the Company"), which comprise the balance sheet as at 31 December 2021, the income statement, the statement of other comprehensive income, the statement of changes in equity, and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, the financial statements give a true and fair view of the Company's financial position as at 31 December 2021, and of the results of its operations and cash flows for the financial year then ended, in accordance with the Slovenian Accounting Standards (hereinafter: "SAS").

Basis for Opinion

We have conducted our audit in accordance with the International Standards on Auditing and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (Regulation). Our responsibilities based on these rules are described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of this auditor's report. In accordance with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), and ethical requirements referring to the audit of financial statements in Slovenia, we hereby confirm our independence of the Company and that we have fulfilled all other ethical obligations in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those that, according to our expert judgment, were the most material in the audit of the financial statements for the business year ended 31 December 2021. These matters were discussed in the context of our audit of the financial statements as a whole and in the preparation of our opinion thereof we do not provide a separate opinion on such matters.

Recognising sales revenue in financial statements

Key audit matter	How the matter was treated during the audit
<p>In the year ended 31 December 2021, the Company discloses sales revenue of €166,862 thousand in its income statement.</p> <p>As explained in section 3.3.1. Accounting policies, point I), sales revenue is recognised in accordance with the SAS 15 when asset management is transferred to the buyer.</p> <p>Sales revenue is one of the significant indicators of the Company's performance. Due to the importance of this item in the financial statements and the risk related to the appropriateness of revenue recording, we have defined this field as a key audit matter.</p>	<p>In the context of conducting audit procedures we have estimated the appropriateness of the Company's accounting policies related to the recognition of sales revenue and their compliance with the SAS 15, and implemented the following audit procedures:</p> <ul style="list-style-type: none"> - we checked the design and implementation of internal controls related to recognising sales revenue in terms of the compliance of recording thereof; - based on the selected sample, we have conducted a detailed check of the appropriateness of the recognised revenue recording. <p>We have also reviewed information in the financial statements to assess whether the disclosures related to sales revenue are appropriate.</p>

Other Information

Other information is the responsibility of the Management. Other information includes information in the annual report, except the financial statements and the auditor's opinion thereon.

Our opinion on the financial statements does not refer to other information and we provide no form of assurance thereof.

In relation to our audit of the financial statements, it is our responsibility to read other information and decide whether such other information is materially non-compliant with the financial statements, legal requirements and our knowledge obtained in auditing, or that it turns out to be materially incorrect in another way. If based on the performed work we conclude that a material misstatement exists in other information, we are obliged to report thereof. In relation to this, based on the described procedures, we report that:

- other information complies with the audited accounting statements in all material aspects;
- other information is prepared in accordance with the effective laws and regulations; and
- based on our knowledge and understanding of the Company and its environment, which we have obtained during the audit, we have not found any material misstatements in respect of other information.

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

The Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with the SAS and for such internal control as the 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, the 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 the Management intends to liquidate or terminate the operations of the Company or has no other realistic alternative to such choices.

Those charged with governance are responsible for overseeing the preparation of financial statements and endorsing the audited annual report.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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 by the Management, as well as the reasonableness of accounting estimates made by the Management and related notes thereto.
- Conclude on the appropriateness of the Management's use of the going concern as a 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 gives a true and fair view.

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

We have also provided those charged with governance with a statement that we have complied with all relevant ethical requirements regarding independence, and notified them of all relationships and other matters that may reasonably be thought to bear on our independence, and familiarised them with related actions.

Of all the matters that we have notified those charged with governance, we have determined the matters that were the most important in the audit of the financial statements for the period concerned as key audit matters, which are described in our auditor's report, unless legislative or regulatory provisions prohibit public disclosure of such matters.

Report on Other Legislative and Regulatory Matters

Report on the requirements of Regulation (EU) No 537/2014 of the European Parliament and of the Council (Regulation EU No 537/2014)

Appointing the auditor and transaction duration

Deloitte revizija d.o.o. was appointed a legal auditor of the Company at the owner's General Meeting held on 25 April 2019. The work performed by us fully and continuously lasts five years.

Notice to the Audit Committee

We certify that our audit opinion on the financial statements in this report complies with the additional report to the Audit Committee of the Company of 22 April 2022, in accordance with Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Carrying out non-audit services

We hereby declare that we have not conducted any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 of the European Parliament and of the Council. In addition to the mandatory audit, we have not rendered any other services for the audited company that are not disclosed in the annual report.

Reporting in accordance with the Transparency of Financial Relations and Maintenance of Separate Accounts for Different Activities Act

The Company has disclosed the financial statements by activity with notes in section 3.3.6.4. Additional disclosures based on the requirements of the Energy Act and SAS 32, which include the balance sheet by activity as at 31 December 2021, the income statement by activity, and the cash flow statement by activity for the year then ended.

The Management of the Company is responsible for keeping separate accounting records by activity using the criteria in accordance with the Transparency of Financial Relations and Maintenance of Separate Accounts for Different Activities Act (ZPFOLERD-1) and the provisions of the Energy Act (EZ-1).

It is our responsibility to review the adequacy of the criteria and the correctness of their use pursuant to the requirements of ZPFOLERD-1 and whether the Company has taken into account the provisions of EZ-1 in respect of the disclosure of the financial statements by activity.

Based on the procedures implemented during the audit of the financial statements, we hereby report that the Company has disclosed the financial statements by activity, that the criteria used by the Company are appropriate, and that the Company correctly uses the criteria in keeping the separate financial statements by activity.

The person responsible for the conducted audit on behalf of Deloitte revizija d.o.o. is Tina Kolenc Praznik.

DELOITTE REVIZIJA d.o.o.

Dunajska 165

1000 Ljubljana

Tina Kolenc Praznik

Certified Auditor

Ljubljana, 22 April 2022

3.2 Financial statements

3.2.1 Balance sheet

				In EUR
	Notes	31 Dec 2021	31 Dec 2020	Index 21/20
ASSETS		351,824,406	301,765,861	116.6
A. LONG-TERM ASSETS		276,714,727	241,448,817	114.6
I. Intangible assets and long-term deferred costs and accrued revenue		3,497,528	4,352,185	80.4
1. Long-term property rights	3.3.2.1	3,497,528	4,352,185	80.4
II. Property, plant and equipment		267,608,421	231,448,561	115.6
1. Land and buildings	3.3.2.2	133,470,889	132,133,271	101.0
a) Land		13,392,751	11,872,544	112.8
b) Buildings		120,078,138	120,260,727	99.8
2. Production plant and machinery		41,795,314	45,459,304	91.9
3. Other plant and equipment		4,857,954	5,415,551	89.7
4. Property, plant and equipment being acquired		87,484,264	48,440,435	180.6
a) Property, plant and equipment under construction		81,037,904	41,674,315	194.5
b) Advances for acquisition of property, plant and equipment		6,446,360	6,766,120	95.3
III. Investment property	3.3.2.3	1,970,430	2,022,787	97.4
IV. Long-term investments	3.3.2.4	3,638,348	3,625,284	100.4
1. Long-term investments, excluding loans		2,500,045	2,307,279	108.4
c) Other shares and interests		2,500,045	2,307,279	108.4
2. Long-term loans		1,138,303	1,318,005	86.4
b) Long-term loans to others		1,138,303	1,318,005	86.4
B. SHORT-TERM ASSETS		74,786,111	60,013,913	124.6
II. Inventories	3.3.2.5	13,620,047	24,460,157	55.7
1. Material		13,618,849	24,460,157	55.7
4. Advances for inventories		1,198	0	-
III. Short-term investments		963,885	868,010	111.0
2. Short-term loans		963,885	868,010	111.0
b) Short-terms loans to others		963,885	868,010	111.0
IV. Short-term operating receivables		59,980,778	33,038,771	181.5
1. Short-term operating receivables due from group companies	3.3.2.6	7,537,913	498,023	-
2. Short-term operating receivables	3.3.2.6	47,366,722	31,119,739	152.2
3. Short-term operating receivables due from others	3.3.2.7	5,076,143	1,421,009	357.2
V. Cash	3.3.2.8	221,401	1,646,975	13.4
C. SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUE		323,568	303,131	106.7

In EUR

	Notes	31 Dec 2021	31 Dec 2020	Index 21/20
LIABILITIES		351,824,406	301,765,861	116.6
A. EQUITY	3.3.2.9	203,158,569	203,002,428	100.1
I. Called-up capital		57,602,057	57,602,057	100.0
1. Share capital		57,602,057	57,602,057	100.0
II. Capital surplus		81,601,109	81,601,109	100.0
III. Revenue reserves		51,503,671	59,503,671	86.6
1. Legal reserves		4,677,518	4,677,518	100.0
5. Other profit reserves		46,826,153	54,826,153	85.4
V. Revaluation surplus		-871,548	-1,062,678	82.0
VI. Retained earnings		13,323,280	0	-
VII. Net profit or loss for the period		0	5,358,269	-
B. PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE	3.3.2.10	7,146,619	10,742,805	66.5
1. Provisions for pensions and similar liabilities		5,945,307	6,237,997	95.3
2. Other provisions		0	3,207,386	-
3. Long-term accrued costs and deferred revenue		1,201,312	1,297,422	92.6
C. LONG-TIME LIABILITIES		51,291,403	26,254,598	195.4
I. Long-term financial liabilities	3.3.2.11	51,229,287	26,233,192	195.3
2. Long-term financial liabilities to banks		51,085,891	26,053,101	196.1
4. Other long-term financial liabilities		143,396	180,091	79.6
II. Long-term operating liabilities		7,734	3,649	211.9
5. Other long-term operating liabilities		7,734	3,649	211.9
III. Deferred tax liabilities		54,382	17,757	306.3
Č. SHORT-TERM LIABILITIES		86,934,578	59,811,397	145.3
II. Short-term financial liabilities	3.3.2.12	40,294,811	33,861,216	119.0
2. Short-term financial liabilities to banks		40,258,115	33,762,136	119.2
4. Other short-term financial liabilities		36,696	99,080	37.0
III. Short-term operating liabilities		46,639,767	25,950,181	179.7
1. Short-term operating liabilities to group companies	3.3.2.13	48,639	113,972	42.7
2. Short-term trade payables	3.3.2.13	37,663,897	17,240,941	218.5
4. Short-term receivables for advances		157,143	164,613	95.5
5. Other short-term operating liabilities	3.3.2.14	8,770,088	8,430,655	104.0
D. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUE	3.3.2.15	3,293,237	1,954,633	168.5

The financial statements should be read together with notes to the financial statements.

3.2.2 Income statement

In EUR

	Notes	2021	2020	Index 21/20
1. Net sales	3.3.3.1	166,862,741	139,489,491	119.6
a) Net inland sales to Group companies achieved by performing public utility services		563,208	569,524	98.9
b) Net inland sales to other companies achieved by performing public utility services		26,883,607	26,220,669	102.5
c) Net inland sales to group companies achieved with other activities		4,111,185	3,358,679	122.4
č) Net inland sales to other companies achieved with other activities		135,274,056	109,340,619	123.7
d) Net sales abroad		30,685	0	-
3. Capitalised own products and own services		2,029,194	1,773,741	114.4
4. Other operating revenue (including revaluation operating revenue)	3.3.3.2	8,492,202	2,093,354	405.7
4.1. Income from state/municipal aid		648,704	1,537,303	42.2
a) Donation from municipality for acquisition of fixed assets		42,971	73,732	58,3
b) Other income from state/municipal aid		605,733	1,463,571	41.4
4.2. Other operating revenue (incl. revaluated operating revenue)		7,843,498	556,051	-
5. Costs of goods, material and services		117,437,803	84,815,943	138.5
a.1) Cost of goods, material and services sold and cost of materials used, related to group companies	3.3.3.3	112,368	106,253	105.8
a.2) Cost of goods, material and services sold and cost of materials used, related to other companies	3.3.3.3	99,510,744	67,713,669	147.0
b.1) Cost of services related to group companies	3.3.3.4	4,646,284	4,721,691	98.4
b.2) Cost of services related to other companies	3.3.3.4	13,168,407	12,274,330	107.3
6. Labour costs	3.3.3.5	24,049,995	25,577,150	94.0
a) Payroll costs		17,632,815	17,170,410	102.7
b) Social security costs		3,730,990	3,645,253	102.4
b.1) Pension insurance costs		2,446,284	2,387,118	102.5
b.2) Other social security costs		1,284,706	1,258,135	102.1
c) Other labour costs		2,686,190	4,761,487	56.4
7. Write-downs		14,163,183	14,982,908	94.5
a) Depreciation and amortisation expense	3.3.3.6	13,577,330	13,915,508	97.6
b) Revaluation operating expenses associated with intangible assets and items or property, plant and equipment	3.3.3.6	215,325	509,456	42.3
c) Revaluation operating expenses associated with current assets		370,528	557,944	66.4
8. Other operating expenses		22,435,599	12,053,522	186.1
a) Other operating expenses related to Group companies		688	0	-
b) Other operating expenses related to other companies	3.3.3.7	22,434,911	12,053,522	186.1
9. Financial revenue from shares and interests		48,192	0	-
c) Financial revenue from shares and interests in other companies		48,192	0	-
10. Financial revenue from loans		81,778	244	-
b.1) Financial revenue from loans to others, related with performance of public utility services		48,236	52	-
b.2) Financial revenue from loans to others, related with other activities		33,542	192	-
11. Financial revenue from operating receivables		155,736	710,110	21.9
a) Financial revenue from operating receivables due from group		0	2,547	-
b) Financial revenue from operating receivables due from others		155,736	707,563	22.0
13. Financial expenses from financial liabilities		99,298	355,924	27.9
b) Financial expenses for loans received from banks		94,382	266,826	35.4
č) Financial expenses for other financial liabilities		4,916	89,098	5.5
14. Financial expenses for operating liabilities		20,334	89,091	22.8
b) Financial expenses for trade payables and bills payable		7,544	13,747	54.9
c) Financial expenses for operating liabilities		12,790	75,344	17.0
15. Other revenue		608,125	187,000	325.2
16. Other expenses		71,756	69,989	102.5
17. Income tax	3.3.3.8	0	604,297	-
19. NET PROFIT OR LOSS FOR THE PERIOD (1+3+4-5-6-7-8+9+10+11-12-13-14+15-16-17)		0	5,705,116	-

The financial statements should be read together with notes to the financial statements.

3.2.3 Statement of other comprehensive income

	2021	2020	In EUR Index 21/20
19. Net profit or loss for the period	0	5,705,116	-
21. Changes in revaluation surplus of financial assets available for sale	156,141	-75,774	-
23. Other components of comprehensive income	0	-375,267	-
Total comprehensive income for the period			
24. (19+21+23)	156,141	5,254,075	3.0

The financial statements should be read together with notes to the financial statements.

3.2.4 Cash flow statement

In EUR

	2021	2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
a) Items from income statement	24,323,008	32,307,342
Operating revenue (except from revaluation) and financial revenue from operating receivables	168,261,757	141,771,459
Operating expenses excl. depreciation (except from revaluation) and financial expenses for operating liabilities	-142,780,513	-109,464,117
Profit tax and other taxes not included in operating expenses	-1,158,236	0
b) Changes in net operating assets in balance sheet items including accruals and deferrals, provisions and deferred taxes and liabilities	-2,140,774	-4,660,269
Opening less closing operating receivables	-23,145,054	-2,315,837
Opening less closing accrued costs and deferred revenue	-20,437	-29,411
Opening less closing inventories	10,839,734	2,163,450
Closing less opening operating liabilities	10,537,878	-2,618,331
Closing less opening accrued costs and deferred revenue and provisions	-352,895	-1,860,140
c) Net cash from operating activities (a + b)	22,182,234	27,647,073
B. CASH FLOWS FROM INVESTING ACTIVITIES		
a) Cash receipts from investing activities	858,785	984,327
Interest and dividends received from investing activities	48,194	237
Cash receipts from disposal of property, plant and equipment	1,057	30,139
Cash receipts from disposal of investments	809,534	953,951
b) Cash payments from investing activities	-55,793,930	-44,575,979
Cash payments to acquire intangible assets	-16,377,711	-13,032,577
Cash payments to acquire property, plant and equipment	-38,772,288	-30,960,665
Cash payments to acquire investments	-643,931	-582,737
c) Net cash from investing activities (a + b)	-54,935,145	-43,591,652
C. CASH FLOW FROM FINANCING ACTIVITIES		
a) Cash receipts from financing activities	121,782,791	107,751,434
Cash proceeds from increase in financial liabilities	121,782,791	107,751,434
b) Cash payments from financing activities	-90,455,454	-94,275,053
Interest paid on financing activities	-106,375	-310,862
Cash repayments of financial liabilities	-90,349,079	-91,264,191
Dividends and other profit shares paid	0	-2,700,000
c) Net cash from financing activities (a + b)	31,327,337	13,476,381
Č. CLOSING BALANCE OF CASH	221,401	1,646,975
x) Cash for the period (sum of surpluses Ac, Bc and Cc)	-1,425,574	-2,468,198
+		
y) Opening balance of cash	1,646,975	4,115,173

The financial statements should be read together with notes to the financial statements.

3.2.5 Statement of changes in equity

➤ Statement of changes in equity for 2021

In EUR

	Called-up capital	Capital surplus	Revenue reserves		Fair value reserves	Retained earnings	Net profit or loss for the period		Total
			Share capital	Legal reserves			Statutory reserves	Retained net profit	
A.1. Balance at the end of previous reporting period	57,602,057	81,601,109	4,677,518	54,826,153	-1,062,678	0	5,358,269	0	203,002,428
A.2. Opening balance for the reporting period	57,602,057	81,601,109	4,677,518	54,826,153	-1,062,678	0	5,358,269	0	203,002,428
B.1. Changes in equity – transactions with owners	0	0	0	0	0	0	0	0	0
B.2. Total comprehensive income for the reporting period	0	0	0	0	191,130	-34,989	0	0	156,141
c) Changes in surplus from revaluation of investments	0	0	0	0	156,141	0	0	0	156,141
č) Other components of comprehensive income for the reporting period	0	0	0	0	34,989	-34,989	0	0	0
B.3. Changes in equity	0	0	0	-8,000,000	0	13,358,269	-5,358,269	0	0
a) Allocation of other parts of net profit comparable for the reporting period to other equity components	0	0	0	0	0	5,358,269	-5,358,269	0	0
f) Other changes in equity	0	0	0	-8,000,000	0	8,000,000	0	0	0
D. Closing balance for the reporting period	57,602,057	81,601,109	4,677,518	46,826,153	-871,548	13,323,280	0	0	203,158,569

➤ Statement of changes in equity for 2020

In EUR

	Called-up capital	Capital surplus	Revenue reserves		Fair value reserves	Retained earnings	Net profit or loss for the period		Total
			Share capital	Legal reserves			Statutory reserves	Retained net profit	
A.1. Balance at the end of previous reporting period	57,602,057	81,601,109	4,395,504	54,826,153	-707,724	2,525,498	205,756	0	200,448,353
A.2. Opening balance for the reporting period	57,602,057	81,601,109	4,395,504	54,826,153	-707,724	2,525,498	205,756	0	200,448,353
B.1. Changes in equity – transactions with owners	0	0	0	0	0	-2,700,000	0	0	-2,700,000
g) Shares paid	0	0	0	0	0	-2,700,000	0	0	-2,700,000
B.2. Total comprehensive income for the reporting period	0	0	0	0	-354,954	-96,087	5,705,116	0	5,254,075
a) Net profit or loss for the reporting period	0	0	0	0	0	0	5,705,116	0	5,705,116
c) Changes in surplus from revaluation of investments	0	0	0	0	-75,774	0	0	0	-75,774
č) Other components of comprehensive income for the reporting period	0	0	0	0	-279,180	-96,087	0	0	-375,267
B.3. Changes in equity	0	0	282,014	0	0	270,589	-552,603	0	0
a) Allocation of other parts of net profit comparable for the reporting period to other equity components	0	0	0	0	0	205,756	-205,756	0	0
c) Allocation of part of net profit for the reporting period to other components of equity by decision of management and supervisory bodies	0	0	282,014	0	0	64,833	-346,847	0	0
D. Closing balance for the reporting period	57,602,057	81,601,109	4,677,518	54,826,153	-1,062,678	0	5,358,269	0	203,002,428

In the statement, the term dividend is replaced with share pursuant to the Company by-laws. The financial statements should be read together with notes to the financial statements.

3.2.6 Statement of available profit

		In EUR
		2021
a)	Net profit or loss for the period	0
b) +	Retained net profit / retained net loss	13,323,280
d) -	Increase in profit reserves pursuant to the decision of the Management Board	0
	Legal reserves	0
g) =	Available profit (a+b-d) distributed by the company member	13,323,280

The financial statements should be read together with notes to the financial statements.

The 2021 available profit for appropriation of JAVNO PODJETJE ENERGETIKA LJUBLJANA d.o.o. amounting to €13,323,279.51 comprises retained net profit from the previous years in the amount of €13,323,279.51.

3.2.7 Proposal for the distribution of available profit

The available profit as at 31 December 2021, JAVNO PODJETJE ENERGETIKA LJUBLJANA d.o.o. amounting to €13,323,279.51 shall be distributed for transfer to the company member in the amount of €6,523,744.33, whereas the rest in the amount of €6,799,535.18 shall stay undistributed.

➤ Balance sheet by segments as at 31 December 2021

In EUR

	Heat distribution and supply	Electricity distribution operator	Production of heat	Production of electric energy	Natural gas supply	Electric energy supply	Other activities
ASSETS	53,177,787	73,927,631	135,848,606	66,415,269	16,536,949	2,757,017	3,161,147
A. LONG-TERM ASSETS	48,654,510	69,455,278	95,344,999	58,448,667	2,727,697	5,865	2,077,711
I. Intangible assets and long-term deferred costs and accrued revenue	435,798	375,209	1,912,343	613,618	16,936	2,907	140,717
II. Property, plant and equipment	47,534,819	66,740,910	92,393,777	56,957,178	2,591,489	2,954	1,387,294
III. Investment property	0	1,970,430	0	0	0	0	0
IV. Long-term investments	683,893	368,729	1,038,879	877,871	119,272	4	549,700
V. Long-term operating receivables	0	0	0	0	0	0	0
B. SHORT-TERM ASSETS	4,501,404	4,440,999	40,345,415	7,918,651	13,766,153	2,734,747	1,078,742
I. Available-for-sale assets	0	0	0	0	0	0	0
II. Inventories	164,802	253,332	10,140,125	2,907,880	1,362	0	152,546
III. Short-term investments	290,360	124,941	168,466	50,971	45,131	17,174	266,842
IV. Short-term operating receivables	4,031,276	4,041,272	29,928,581	4,926,988	13,690,169	2,706,348	656,144
V. Cash	14,966	21,454	108,243	32,812	29,491	11,225	3,210
C. SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUE	21,873	31,354	158,192	47,951	43,099	16,405	4,694
LIABILITIES	53,177,787	73,927,631	135,848,606	66,415,269	16,536,949	2,757,017	3,161,147
A. EQUITY	47,800,629	66,482,234	68,264,261	25,459,857	-3,856,827	-2,750,947	1,759,362
I. Called-up capital	10,107,731	18,413,549	19,867,239	7,073,080	472,590	0	1,667,868
II. Capital surplus	6,188,390	25,142,586	32,421,502	12,830,148	2,429,480	0	2,589,003
III. Revenue reserves	30,658,549	19,388,652	16,106,301	3,843,150	-13,430,171	-2,664,093	-2,398,717
V. Revaluation surplus	-205,451	-248,593	-300,092	-60,366	-4,965	-883	-51,198
VI. Retained earnings	463,378	1,907,402	247,736	2,033,184	9,438,318	178,933	-945,671
VII. Net profit or loss for the period	588,032	1,878,638	-78,425	-259,339	-2,762,079	-264,904	898,077
B. PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE	1,201,810	2,445,759	2,129,252	1,062,426	26,754	4,756	275,862
C. LONG-TERM LIABILITIES	89,715	26,775	25,571,694	25,563,992	17,784	591	20,852
I. Long-term financial liabilities	89,453	26,346	25,546,048	25,530,835	15,828	12	20,765
II. Long-term operating liabilities	262	429	3,355	1,066	1,956	579	87
III. Deferred tax liabilities	0	0	22,291	32,091	0	0	0
Č. SHORT-TERM LIABILITIES	3,903,665	4,732,103	38,510,526	13,346,422	19,989,571	5,396,481	1,055,810
II. Short-term financial liabilities	2,581,104	2,171,363	16,927,937	5,383,299	9,867,703	2,921,266	442,139
III. Short-term operating liabilities	1,322,561	2,560,740	21,582,589	7,963,123	10,121,868	2,475,215	613,671
D. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUE	181,968	240,760	1,372,873	982,572	359,667	106,136	49,261

➤ Income statement by segments for 2021

In EUR

	Heat distribution and supply	Electricity distribution operator	Production of heat	Production of electric energy	Natural gas supply	Electric energy supply	Other activities
	Service of general economic interest			Other activities			
1. + Net sales	11,287,010	16,162,718	81,583,538	24,729,146	22,224,670	8,463,066	2,412,593
3. + Capitalised own products and own services	531,209	1,037,230	787,519	3,286,646	1,204,064	0	624,376
4. + Other operating revenue (including revaluation operating revenue)	186,180	230,531	666,130	613,753	5,422,802	516,658	856,148
5. - Cost of goods, materials and services	4,150,985	6,824,933	53,302,089	16,940,441	31,071,841	9,209,764	1,379,600
a. Cost of goods and materials sold and cost of materials used	608,748	3,243,882	46,812,877	13,372,769	30,874,970	9,195,597	444,158
b. Cost of services	3,542,237	3,581,051	6,489,212	3,567,672	196,871	14,167	935,442
6. - Labour costs	4,478,033	5,525,934	8,562,852	4,211,010	119,603	19,022	1,133,541
a. Payroll costs	3,272,527	4,031,058	6,294,963	3,099,946	88,325	13,783	832,213
b.1 Pension insurance costs	462,792	558,748	870,078	426,883	12,087	1,936	113,760
b.2 Other social security costs	238,537	293,765	458,593	225,682	6,430	1,005	60,694
c. Other labour costs	504,177	642,363	939,218	458,499	12,761	2,298	126,874
7. - Write-downs	2,527,225	3,072,138	5,379,676	2,417,109	249,492	5,640	511,903
a. Depreciation and amortisation expense	2,478,910	3,001,515	5,126,522	2,394,353	195,586	1,389	379,055
b. Revaluation operating expenses associated with intangible assets and property, plant and equipment	21,972	25,028	20,098	21,034	0	0	127,193
c. Revaluation operating expenses associated with current operating assets	26,343	45,595	233,056	1,722	53,906	4,251	5,655
8. - Other operating expenses	305,946	127,950	16,156,679	5,618,252	214,712	11,560	500
9. + Financial revenue from shares and interests	0	0	19,754	28,438	0	0	0
10. + Financial revenue from loans	37,307	10,930	157	17	14	0	33,353
11. + Financial revenue from operating receivables	28,775	5,026	65,529	24,749	29,646	1,106	905
12. - Financial expenses due to impairment and write-offs of investments	0	0	0	0	0	0	0
13. - Financial expenses for financial liabilities	36,391	7,100	34,097	11,138	8,785	-6	1,793
14. - Financial expenses for operating liabilities	2,775	3,674	6,265	11,994	-5,530	223	933
15. + Other revenue	23,140	815	280,329	277,116	26,206	474	45
16. - Other expenses	4,234	6,883	39,723	9,260	10,578	5	1,073
17. Income tax	0	0	0	0	0	0	0
19. NET PROFIT OR LOSS FOR THE PERIOD (1+3+4-5-6-7-8+9+10+11-12-13-14+15-16-17)	588,032	1,878,638	-78,425	-259,339	-2,762,079	-264,904	898,077

The income statement by segment discloses internal revenue and expenses due to the services rendered within the scope of individual activities for other activities at the Company.

➤ Cash flow statement by segments for 2021

In EUR

	Heat distribution and supply	Electricity distribution operator	Production of heat	Production of electric energy	Natural gas supply	Electric energy supply	Other activities
A. CASH FLOW FROM OPERATING ACTIVITIES							
a) Items from income statement	2,805,292	4,324,132	22,969,027	3,225,783	-8,256,962	-739,801	-4,462
Operating revenue (except from revaluation) and financial revenue from operating receivables	11,485,063	16,346,537	82,208,971	24,888,608	22,340,829	8,484,042	2,507,707
Operating expenses excl. depreciation (except from revaluation) and financial expenses for operating liabilities	-8,631,160	-11,799,669	-59,195,306	-21,313,043	-30,105,323	-9,223,843	-2,512,169
Income tax and other tax not included in operating expenses	-48,611	-222,736	-44,638	-349,782	-492,468	0	0
b) Changes in net operating assets in balance sheet items including accruals and deferrals, provisions and deferred taxes and liabilities	-1,140,846	-1,022,784	1,249,809	3,271,162	-3,797,573	-645,267	-55,275
Opening less closing operating receivables	-1,555,567	-1,559,424	-11,548,677	-1,901,199	-5,282,687	-1,044,311	-253,189
Opening less closing accrued costs and deferred revenue	-1,382	-1,980	-9,992	-3,029	-2,722	-1,036	-296
Opening less closing inventories	131,160	201,618	8,070,182	2,314,283	1,084	0	121,407
Closing less opening operating liabilities	304,442	362,801	4,885,410	2,966,397	1,525,293	411,454	82,081
Closing less opening accrued costs and deferred revenue and provisions	-19,499	-25,799	-147,114	-105,290	-38,541	-11,374	-5,278
c) Net cash from operating activities (a + b)	1,664,446	3,301,348	24,218,836	6,496,945	-12,054,535	-1,385,068	-59,737

Pursuant to the Energy Act (EZ-1), Energetika Ljubljana prepared the cash flow statement by segments or activities at the level of cash flow from operating activities.

3.3 Statement of the Management

The Management of the Company hereby confirms that appropriate accounting policies were applied consistently in the preparation of the financial statements ended on 31 December 2021 and that the financial statements have been prepared in accordance with the Companies Act (ZGD-1), the Slovenian Accounting Standards (2016), and notes and the opinion of the Slovenian Institute of Auditors.

The Management of Energetika Ljubljana hereby states that it fully endorses the Annual Report for 2021 and hence the business report for 2021, the financial statements disclosed in the annual report and the relevant notes on pages 68 to 113.

Ljubljana, April 2022



Samo Lozej
Direktor

 **energetika ljubljana**

Energetika Ljubljana, d.o.o.
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