

2023



ANNUAL REPORT



Co-financed by the European Union
European Energy Programme for Recovery
Trans-European Energy Network
Connecting Europe Facility

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MANAGEMENT REPORT MANAGEMENT REPORT

ABOUT **THE COMPANY**

Management Review for 2023

In 2023, the Plinovodi d.o.o. company (hereinafter referred to as: Plinovodi, the Company or Transmission system operator or TSO) continued its stable operation and viability. The Company continued with reliable and normal transmission of gas through the transmission system for domestic and foreign users and provided for a balanced system.

War in Ukraine did not affect the reliability of gas supply in the European Union and the Republic of Slovenia. The Company continued to participate at the regular meetings of the European Network of Transmission System Operators for Gas (ENTSOG) and monitor the information on the operation of European gas transmission systems. ENTSOG also regularly reported to the European Commission on the developments in transmission systems, and, at its request, prepared additional analyses in the event of complete suspension of delivering Russian gas to Europe. The situation in all European transmission systems were stable, the gas transmission in the systems met the benchmarked gas volumes. Gas consumption decreased, and the gas storage fill was above-average at the end of the year. Throughout the year, the gas prices decreased on the exchanges and approached the prices before the energy crisis at the end of the year.

Changes on regional gas markets, over which the Company had no influence, including the war in Ukraine, caused the rapid change in transit flows and consequently the scope of booking of transmission capacity at interconnection points and the cross-border transmission of gas volumes. The volumes transferred to Croatia were 55 percent of the volumes of the previous year, while the volumes transferred to Italy increased by 60 percent compared to the previous year. The commercial gas transmission from Slovenia to Austria reduced to 5 percent achieved in 2022.

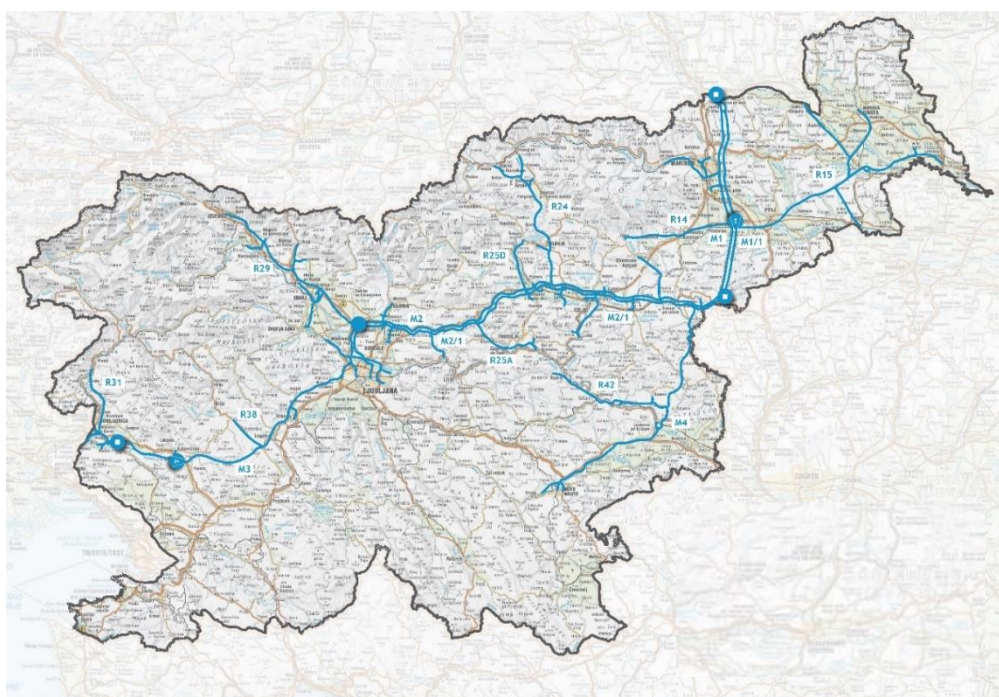
Gas transmission for domestic users was conditioned by weather. Compared to the previous year, the transferred volumes were lower in all months except May and June, and in the whole fourth quarter. The total volume is by 2.3 percent lower than that of 2022. Gas for domestic users was supplied to Slovenia through entry points from Austria and Italy and to a lesser extent also from Croatia. By using short-term products of transmission capacity and transactions of gas volume at virtual point, system users optimise their needs to book transmission capacity. No transactions were made on the secondary market of transmission capacity.

Concluding transactions with gas volumes at the virtual point and trading platform is a part of regular activities of system users and transmission system operator. The volume of exchanged gas quantities at the virtual point decreased by 32 percent compared to the year before, while the number of transactions increased by 34 percent.

In terms of implementing investments, the period was marked by activities on the M6 Ajdovščina - Lucija gas transmission pipeline project, expansion of the CS Ajdovščina, and preparations for the construction of the new BMCS Vrtojba. The Arrangement of alternative premises and access project and the connection of MRS Zadobrova an MRS Vransko were completed. In addition to gas projects, also hydrogen infrastructural projects have been included in the Ten-year gas development plan for the 2024-2033 period

In view of providing seamless operation of the transmission system and early identification of any deviations, we carry out regular controls of metering and regulation stations and pipeline routes, and also perform regular replacements of hardware and updates of process and information systems. The only disruption in providing gas supply to users occurred in March, when a third-party contractor damaged the R14 gas pipeline supplying the area of Slovenska Bistrica and Zreče during the construction of the water pipe in the area of Pragersko. We managed to carry out a very demanding repair in difficult weather conditions in 13 hours. Adequately designed and built gas infrastructure demonstrated a high level of resistance during August floods, as storms and floods did not inflict damage to the gas transmission system and equipment to the extent that would cause operational disturbance or endanger safe operation of the transmission system.

Plinovodi is integrated in a wider business environment and carefully monitors the economic situation in the country as well as in the region and, if necessary, cooperates in discussions associated with envisaged legislative changes that may affect its operation. The Company actively monitors the preparation of proposals and adoption of acts of the European Union in the field of energy, puts forward proposals and cooperates in the European Network of Transmission System Operators for Gas (ENTSO-G) in preparing responses to the proposals of the European Union with the framework of “REPowerEU”. The Company is involved in the work of the crisis group under the ministry responsible for the energy sector and regularly and timely completes the assignments imposed by the decisions of the Government of the Republic of Slovenia and the line ministry. Through our proposals, we participate in public consultations for proposals regarding new or amended acts and regulations. In September, we responded to the draft law on the energy policy that was renamed during the discussion process into Energy Act (EZ-2), and emphasised the significance of promoting green transition and providing for further development of well-functioning and branched gas supply network and domestic green gas production by gradually increasing the share of green gas supply. In order to promote gas and education, the Company actively participated in various expert meetings, mainly convened on-line.



Management declaration

Pursuant to provisions of paragraph 5 of Article 70 of the Companies Act (Official Gazette of the Republic of Slovenia, Nos. 65/09 - official consolidated text, 33/11, 91/11, 100/11 - decision of the Constitutional Court, 32/12, 57/12, 44/13 - decision of the Constitutional Court, 82/13, 55/15, 15/17, 22/19 - Trade Secrets Act (ZPosS), 158/20 - Integrity and Prevention of Corruption Act (ZIntPK-C), 175/20, 18/21, 18/23 - State Administration Act (ZDU-10) and 75/23, hereinafter referred to as: ZGD-1), the Plinovodi d.o.o. Company, as a part of its Management Report, hereby makes the following

COMPANY MANAGEMENT DECLARATION

The management of Plinovodi d.o.o. complies with the Companies Act (ZGD-1), Slovenian Sovereign Holding Act (hereinafter referred to as: ZSDH-1), Gas Supply Act (hereinafter referred to as: ZOP) and other applicable regulations. The management of Plinovodi d.o.o. is based on legislative and regulatory provisions, Act establishing the limited liability company, certification decision for gas transmission system operator No. 533-100/2011-20/134 of 11 July 2012 issued by the Energy Agency, good business practice, Management Policy of Plinovodi d.o.o. and Code of Conduct of Plinovodi d.o.o. (All available on the Plinovodi d.o.o. website Plinovodi d.o.o. <http://www.plinovodi.si/>), Slovenian Corporate Governance Code for Listed Companies, Recommendations and expectations of the Slovenian Sovereign Holding (available on the website of the Slovenian Sovereign Holding d.d. <http://www.sdh.si/>), Slovenian corporate integrity guidelines, Diversity Charter and Guiding Principles on Business and Human Rights. As at 01/01/2020, Plinovodi d.o.o. is a public-interest entity.

Company management and compliance with the Slovenian Corporate Governance Code for Listed Companies, Recommendations and expectations of the Slovenian Sovereign Holding

Plinovodi d.o.o. is a subsidiary of the company with the State capital investment and thus subject to the Slovenian Corporate Code for Listed Companies (hereinafter referred to as: The Code)¹. The Company complies with and partially deviates from the Code only in terms of points provided below. Deviations by points are as follows:

- Point 3.5: Based on the Companies Act (ZGD-1) and the Act establishing the limited liability company Plinovodi d.o.o., discharging the members of management and control body is not foreseen.
- Point 8.5: The Company as a single-shareholder company is not bound to publicly announce the Financial Calendar. The Supervisory Board and the Shareholder are notified on the prepared Financial Calendar.
- Point 9.2: Pursuant to the Companies Act (ZGD-1) and Gas Supply Act (ZOP), the Company established a function of internal control due to specificities laid down by the energy legislation. The substantive matter of the internal control followed the needs of the Company according to the activity, site and organisation with a view to

¹ In its Management Declaration for 2023, the Company expresses its views on the recommendations from the Code used until the end of 2023. Namely, the Slovenian Sovereign Holding adopted a revised Code in December 2023 that entered into force as of 01. 01. 2024.

providing compliance with the provisions of energy legislation while meeting the conditions for efficient operation of the entire internal control system. In 2023, a decision was adopted to introduce internal audit activity to the Company with the aim of additionally strengthening independent supervision of the operation of internal controls and internal control mechanisms.

Plinovodi d.o.o. is a subsidiary of the company with the State capital investment, and therefore subject to the Recommendations and expectations of the Slovenian Sovereign Holding. The Company complies with said Recommendations and expectations, except in points provided below, where the Company partially deviates from the said recommendations and expectations. The deviations are as follows:

- Point 3.9: Upon concluding transactions, the Company regularly publishes values and types of transactions in line with the Public Information Access Act (ZDIJZ) and Public Procurement Act (ZJN-3).
- Points 7.2 and 7.11: In 2024, the Company will draw up a strategy of sustainable business and submit it to the Supervisory Board for confirmation.

On 2 July 2015, Plinovodi d.o.o. acceded to the Slovenian Corporate Integrity Guidelines and thus clearly and publicly expressed its commitment to introducing and respecting the principles of corporate integrity and adopted the Company's principle in its endeavours to establish an efficient system of corporate integrity. On 26 October 2018, the Company signed the Slovenian Diversity Charter and, on 25 May 2019, the Guiding Principles on Business and Human Rights, and thus made a responsible decision and included the values of integration and equality and respect of human rights in its basic principles or values. In conducting business, the Company and its employees are bound by honest business practices, high ethical standards and principles, as apparent from the Code of Conduct of Plinovodi d.o.o.

The Management of the Company is leading by example and promotes this conduct in its employees to provide further improvements in the system of corporate integrity. The Company regularly plans, monitors and draws up a report on the fulfilment of guidelines and recommendations of the Slovenian corporate integrity guidelines and the Guiding Principles on Business and Human Rights and makes decisions and adopts measures for system development on this basis.

Descriptions of the main features of internal control systems and risk management

The system of internal controls and risk management is an integral part of the Company corporate management and an integral part of the management and control system established in the Company.

Based on the methodology which draws on expert bases and good practice, the Company established risk management process. Risks are identified, assessed, managed and monitored. The established control environment is formed by factors, such as: promoting the Company integrity and ethical values, commitment to competencies, mindset of the Management and style of operating, cooperation of persons responsible for management, organisational structure, assigning competencies and responsibilities, guidelines and procedures.

Risk identification and assessment is a procedure to identify and assess the risks affecting the achievement of objectives. The risk catalogue is a starting point to make decisions on their treatment as well as internal controls and measures to achieve objectives and to provide the compliance of operation.

The Company regularly identifies and assesses risks at all levels within the scope of all organisational units, functions and processes. Control activities and other mechanisms are proactively formed in relation to all key risks. The system of internal controls is checked and risks are managed through timely actions.

Internal control activities are organised and executed at all levels of the Company, namely at the level of internal control system, at the level of compliance and risk management and at the level of internal control function that will be reinforced by introducing internal audit activity.

In the chapter Risks of this Annual Report, the risk management system and the introduced control mechanisms are presented in detail.

The Company has adopted the Code of Conduct, the Compliance Programme and the Rules on establishing an internal channel to report infringements and protecting whistleblowers that also define the reporting of infringements of the Code, the Compliance Programme and other regulations and protection of whistleblowers.

Operation of the General Meeting and its key competencies and description of the rights of the Shareholder and way of their exercise

The General Meeting of the Company is represented by the sole shareholder, Plinhold d.o.o., which has a voting right and decides on:

- the appointment and dismissal of members of Supervisory Board of the Company, representative of the shareholder;
- at the proposal of the Supervisory Board on the increase or decrease of Company's capital, whereby it must comply with the provisions of the Gas Supply Act and the decisions of the Energy Agency associated with the provision of assets to implement investments foreseen in the 10-year system development plan;
- the division, cessation or transfer of business shares;
- the change of Company activities, change of the Articles of Association, and the new shareholders;
- other matters, as laid down by the Articles of Association and the applicable legislation.

In implementing its rights and obligations as per Companies Act (ZGD-1) and in accordance with the Gas Supply Act, the shareholder must not interfere in the autonomy of the Company Management with regard to the decisions made by the Management associated with the Company operation, and in particular it must not interfere in the management of transmission system, and must act according to the activities to prepare and execute the 10-year system development plan. The Compliance officer carries out the control of providing the autonomy of the transmission system operator pursuant to the Gas Supply Act.

The shareholder must record all decisions in the document of decisions certified by the notary. Without the record, they have no legal effect. The shareholder usually decides on the basis of the decision proposals submitted by the Management.

Composition and operation of management and control bodies and their committees and powers of the Management members

Plinovodi d.o.o. is led by the Management consisting of one or two members. It is composed by the Managing director who represents the Company independently. The Management represents the Company under its own responsibility.

It manages the business of the Company in accordance with the applicable legislation, the Act establishing the limited liability company and the Rules of Procedure of the Management of Plinovodi d.o.o.

The Supervisory Board comprises six members. Four members of the Supervisory Board have been appointed by the shareholder, while two members are employees' representatives and have been appointed in accordance with the law governing employee participation in company management. The Audit Committee comprising three members, of which one is an external expert in the field of accounting and auditing, and the Staff Committee consisting of three members operate within the Supervisory Board.

The Supervisory Board, the Audit Committee and the Staff Committee operate in accordance with the applicable energy legislation and the legislation governing companies, the Act establishing the limited liability company and the Rules of Procedure of the Supervisory Board of the Company.

The energy legislation lays down that decisions of the Supervisory Board must not include decisions associated with regular operation and day-to-day activities of the transmission system operator and network management, including the conclusion of legal transactions and making of decisions related to their enforcement. The Supervisory Board must also not make decisions that would have an impact on the activities necessary for or associated with drawing up a ten-year network development plan.

In the Company, which operates according to the model of independent gas transmission system operator, the Supervisory Board has appointed the Compliance officer pursuant to the energy legislation. The Energy Agency gave its consent to the decision of appointing the Compliance officer. The Compliance officer is responsible for constant supervision of the fulfilment of requirements of European and national energy legislation related to the provision of independence of the transmission system operator and unbiased treatment of all users of transmission system.

Report on the implementation of the diversity policy and its achieved results in the reporting period

In addition to different age structure and continuity of the work and interdisciplinary knowledge, the composition and efficiency of the operation of the Supervisory Board as a whole take into account professional diversity of the members, in particular in that all

members of the Supervisory Board have collective knowledge and experience in the field of economy, law, mechanical engineering and construction. Thus, the objective to provide complementarity and diversity of the Supervisory Board is achieved by taking into account different types of knowledge, skills, experience, professional qualifications, age and working methods defined in the Diversity Policy of the management and control bodies of Plinovodi d.o.o. There are no women in the Supervisory Board, but all the above provides for a prudent and close supervision of the Company and thus the realisation of its strategic objectives, successful performance and sustainable operation. The Supervisory Board does not carry out nomination procedure for candidates for new members of the Supervisory Board, since the Company has only one shareholder who appoints a new configuration of the Supervisory Board. Regardless of the above, the professional autonomy of newly appointed members of the Supervisory Board following the appointment is verified by the national regulatory authority pursuant to the provision of the Gas Supply Act.

The Management comprises one member.

Company rules on the appointment and replacement of members of management and control bodies and on the changes to the Articles of Association

In addition to conditions laid down in Companies Act (ZGD-1) and conditions on education and experience stipulated by the Articles of Association, each member of the Management must meet the requirements defined by the Energy Agency. Each member of the Management as well as persons directly responsible to the Management for the operation, maintenance and development of the transmission network must also fulfil all conditions laid down in the Gas Supply Act.

Members of the Management are appointed and dismissed by the Supervisory Board of the Company. In appointing and dismissing a member of the Management, the Supervisory Board must comply with the provisions of the Gas Supply Act and decisions made by the Energy Agency. The chairperson of the Supervisory Board of the Company concludes an employment contract with a member of the Management on behalf of the Company for the term of office of five years.

In accordance with the Gas Supply Act, the Supervisory Board must inform the Energy Agency in writing of any appointment, termination of the term of office or other decisions associated with the term of office of the Management member of transmission system operator and persons responsible for executive management, their duration and expiry as well as the reasons for each proposal to terminate the term of office of the said persons. The decision of the Supervisory Board takes effect, if the Energy Agency raises no objections in three weeks after receiving the notification on the decision.

In appointing members of the Supervisory Board, the shareholder must comply with the provisions of the Gas Supply Act and decisions made by the Energy Agency. Provisions of the Gas Supply Act relating to the independence of individual members of the Supervisory Board must be complied with as to provide the independent operation of at least the chairperson, the deputy and two members of the Supervisory Board within the meaning of the provisions of the Gas Supply Act. Members of the Supervisory Board are appointed for the term of office of four years. Members can be reappointed.

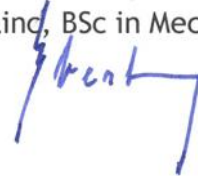
A member of the Supervisory Board may be dismissed by the body appointing them, whereby, in appointing and dismissing a member, it must comply with the provisions of the Gas Supply

Act and decisions made by the Energy Agency. The membership in the Supervisory Board may cease also before the expiration of the term of office, namely at the wish of the member or due to dismissal. In accordance with the Gas Supply Act, the Supervisory Board must inform the Energy Agency in writing of any appointment, termination of the term of office or other decisions associated with the term of office of the member of the Supervisory Board of transmission system operator, its duration and expiry as well as the reasons for each proposal to terminate the term of office of the said persons meeting the provisions of the Gas Supply Act regarding the independence of the members. The decision takes effect, if the Energy Agency raises no objections in three weeks after receiving the notification on the decision.

A compliance officer must meet the requirements laid down in the Gas Supply Act. In appointing and dismissing a compliance officer, the Supervisory Board must comply with the provisions of the Gas Supply Act and decisions made by the Energy Agency. Conditions applicable to the term of office and the employment of the Compliance officer are adopted by the supervisory body with the prior consent of the Energy Agency. The Compliance officer is appointed for the term of office of four years.

In accordance with the Act establishing the limited liability company, the sole shareholder of Plinovodi d.o.o. shall decide on amendments to the Articles of Association.

General Manager
Marjan Eberling, BSc in Mech. Eng.

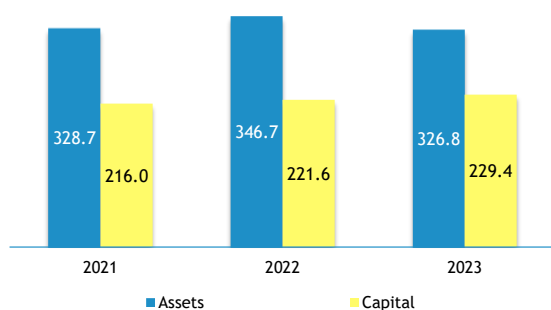


Financial Highlights

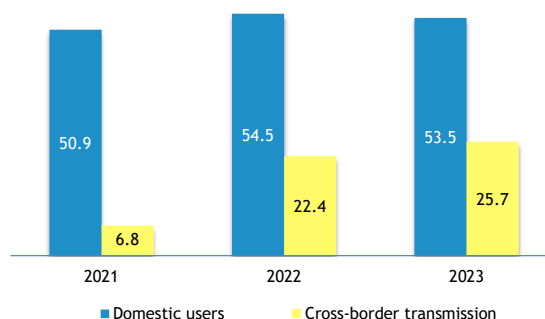
Financial highlights

Data / indicator	Unit / criterion	2021	2022	2023
Booked entry capacities at cross-border points	MWh/day	42,139	55,625	63,028
Booked exit capacities in Slovenia	MWh/day	50,915	54,490	53,539
Transmitted quantities	GWh	12,227	14,491	11,785
- of which domestic transmission	%	82.8	62.0	74.4
Net sales revenues	mio EUR	58.8	100.0	67.7
Gross profit or loss	mio EUR	40.6	47.3	45.0
Depreciation	mio EUR	15.9	16.5	17.0
Net profit	mio EUR	4.7	5.5	9.0
Investment in (in)tangible fixed assets	mio EUR	11.4	23.5	21.3
Total assets	mio EUR	328.7	346.7	326.8
Regulatory assets base	mio EUR	235.9	240.5	237.3
Employees at the end of period	number	148	148	149
Added value per employee	EUR '000	226.0	242.2	268.8
EBIT	mio EUR	8.1	9.0	12.4
EBITDA	mio EUR	24.2	25.8	29.5
Net debt/EBITDA	< 4.0	1.7	1.4	1.4
EBITDA/interest	> 3.0	9.5	10.9	13.2
Debt/assets	< 50 %	17.2	15.3	15.2

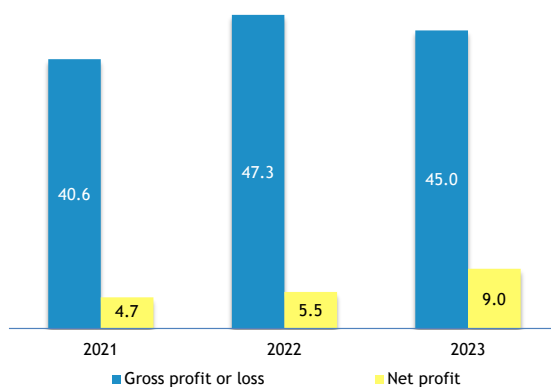
Balance Sheet (in EUR million)



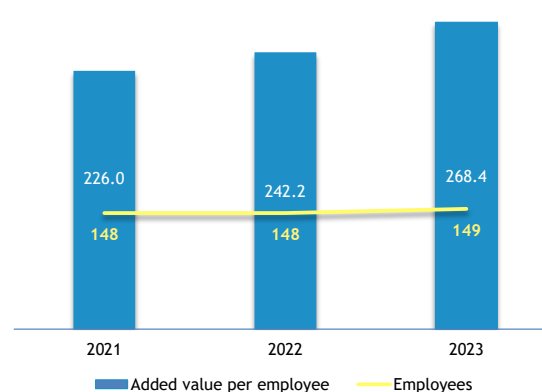
Booked exit capacities (in GWh/day)



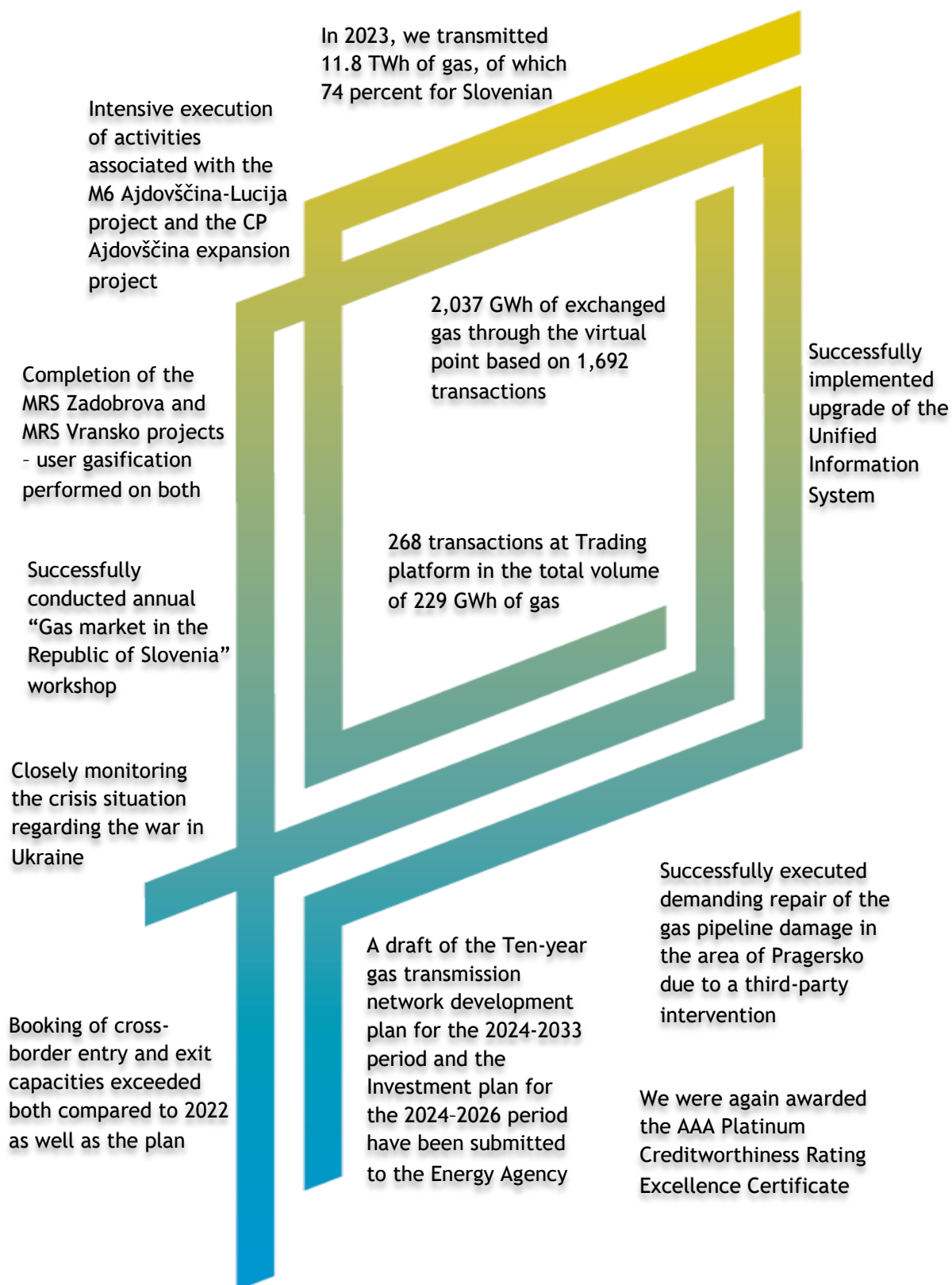
Income statement (in EUR million)



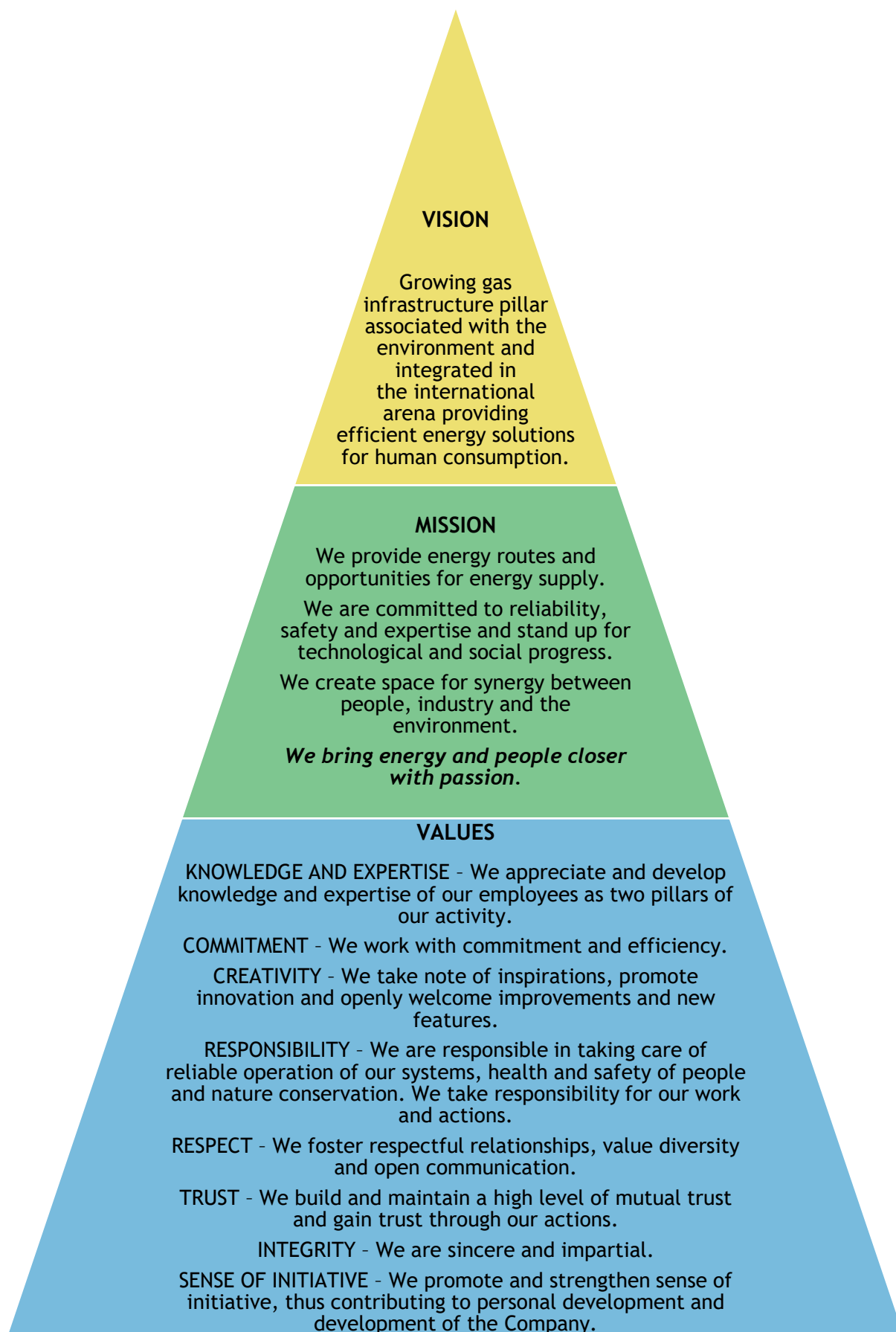
Added value and employees (in EUR '000)



Major Developments in 2023



Our values, mission and vision



Presentation

Full company name: Plinovodi, Družba za upravljanje s prenosnim sistemom, d.o.o.

Short company name: Plinovodi d.o.o.

Address: Cesta Ljubljanske brigade 11b, p.p. 3720, 1001 Ljubljana, Slovenia

Telephone: +386 (0)1 5820 700

Fax: +386 (0)1 5820 701

E-mail address: info@plinovodi.si

Web-page: www.plinovodi.si
www.linkedin.com/company/plinovodi-d.o.o.

Registration number: 1954288000

VAT ID no. : SI 31378285

Date of incorporation: 01. 01. 2005

Court register: Ljubljana District Court

Certificate: Certification decision for gas transmission system operator
 No. 533-100/2011-20/134, issued by the Energy Agency

Size of the company as per Companies Act (ZGD-1): Large company:

Activity code: H 49.500 Transport via pipeline

Management Board: Marjan Eberlinc, Managing Director

Supervisory Board: Tibor Šimonka, the Chair

Share capital: EUR 98,733,790.00

Shareholder: Plinhold d.o.o., Mala ulica 5, 1000 Ljubljana, Slovenia
 100 percent share

Bank account number: SI56 02923-0254424156 Nova Ljubljanska banka d.d., Ljubljana
 SI56 03100-1002465515 SKB d.d., Ljubljana

Environmental certification: ISO 14001:2015 for environmental management

Accreditation document: No. K-010 and Annex No. 3150-0048/10-008
<http://www.slo-akreditacija.si/accreditation/plinovodi>

Composition of the Supervisory Board and committees in the 2023 financial year

Name and surname	Tibor Šimonka	Žarko Furman	Janez Žlak	Hinko Šolinc
Function (Chair, Deputy-Chair, Member of SB)	Chair of the Supervisory Board	Deputy Chair of the Supervisory Board	Member	Member
First appointment to the office	02. 09. 2021	02. 09. 2021	01. 09. 2021	11. 01. 2023
End of the office/term				
Representative of the capital of employees	representative of the capital	representative of the capital	representative of the capital	representative of the capital
Participation at the SB meetings according to the total number of SB meetings	100%	100%	100%	100%
Gender	Male	Male	Male	Male
Citizenship	Slovenian	Slovenian	Slovenian	Slovenian
Year of birth	1953	1979	1965	1966
Education	BEC	LLB and BEC	PhD, M.S.	MA in Electrical Engineering
Professional profile	SIJ d.d. Management Board member	General Manager of Hmezad trgovina Žalec d.o.o.		Director-General of the Directorate-General for Energy
Independence as per Article 23 of the Code (yes/no)	YES	YES	NO (Management member of SDH, d.d.)	YES
Existence of the conflict of interest in the financial year (yes/no)	NO	NO	YES	NO
Membership in the supervisory bodies of other companies			Chair of the Supervisory Board of Petrol d.d.	
Membership in committees	HR	HR, Audit (AC)		
President/member of the Committee	President of the HR from 24. 03. 2022	President of the AC from 02. 09. 2021 Member of the HR from 24. 03. 2022		
Participation at the committee meetings according to the number of meetings	100%	100%	100%	100%

Name and surname	Aleš Šuštar	Rok Vozel	Marko Hočevar	Boštjan Napast
Function (Chair, Deputy-Chair, Member of SB)	Member	Member		Member
First appointment to the office	08. 04. 2021	08. 04. 2021		01. 09. 2021
End of the office/term				10. 01. 2023
Representative of the capital of employees	Representative of employees	Representative of employees		Representative of capital
Participation at the SB meetings according to the total number of SB meetings	100%	100%		---
Gender	Male	Male	Male	Male
Citizenship	Slovenian	Slovenian	Slovenian	Slovenian
Year of birth	1982	1983	1962	1971
Education	LLB	BEng	PhD in economics	BEng
Professional profile	Assistant manager of the law office	Project manager II	Full professor at the School of Economics and Business	
Independence as per Article 23 of the Code (yes/no)	YES	YES		YES
Existence of the conflict of interest in the financial year (yes/no)	NO	NO		NO
Membership in the supervisory bodies of other companies			Member of the SB of Slovenian Air Navigation Services RS	
Membership in committees	AC	HR	AC	
President/member of the Committee	Member of the AC since 02. 09. 2021	Member of the HR since 24. 03. 2022	Member of the AC since 02. 09. 2021	
Participation at the committee meetings according to the number of meetings	100%	100%	100%	---

Since 21. 02. 2024, the Supervisory Board comprises members Anton Rop, Jožef Klavdij Novak and Jan Bohinec who replaced Tibor Šimonka, Žarko Furman and Janez Žlak.

SUSTAINABLE **DEVELOPMENT**

Development and sustainability

Plinovodi d.o.o. is driven by its vision of a growing gas infrastructure pillar linked to the environment and integrated into international arena with a view of providing efficient energy solutions for human consumption.

The Company's development policies and objectives stem from the core activities, namely:

- Development, construction and management of the transmission system and carrying out gas transmission (including recoverable and carbon-neutral gas); and
- Expansion of the system by providing connections and access to the transmission system to all interested users.

In carrying out its activities, the Company pursues a set of strategic objectives, which are provided below. Strategic objectives include efforts of the Company in terms of introducing renewable and carbon neutral gases into the gas transmission system, while focusing also on digitalisation or active introduction of modern information and technology solutions into the Company's operation.

Strategic objectives - guidelines of the Company are as follows:

- Sustainable development;
- Increase in the use of transmission system;
- Expansion and strengthening international connections;
- Integration within the value chain of sectors;
- Introduction of energy solutions of the future.

Sustainable development

Sustainable development of the Company is ensured by providing the access to clean energy. Sustainability is based on ensuring professional qualification and development of employees, corporate integrity and respect for human rights and diversity. Our commitment to sustainable development is also reflected in pursuing the 2030 Agenda of the United Nations, in particular the following objectives: accessible and clean energy; industry, innovations and infrastructure, and quality education. In addition, the Company significantly contributes to the following objectives: partnerships for the goals, health and well-being; responsible consumption and production, and decent jobs and economic growth.



Increase in the use of transmission system

Activities to achieve the respective objective are aimed at optimum use of available transmission system capacity and connecting new users. Our aim is to ensure competitiveness of the activity and socially responsible presence in the region. We strive to gradually include renewable gases and green hydrogen into the transmission system, thereby making it a carrier and reservoir of renewable energy. We operate with probity and promote the role of the transmission system in the transition to environmentally neutral society.

Expansion and strengthening international connections

We plan and build necessary international connections and introduce new technologies in the field of integrating energy sectors. By participating in international organisations and trade associations, we share knowledge and experience and increase the Company's visibility, influence and reputation.

Integration within the sectors' value chain

We carefully monitor the possibilities and work toward the integration within the sectors' value chain. In this context, it is important to achieve synergies and create higher added value, provide sustainable products and optimise the operation throughout the chain.

Introduction of energy solutions of the future

We introduce the solutions of the future to provide a balanced and gradual transformation of the transmission system. We increase energy efficiency and reduce environmental burden. We will provide transmission of renewable gases and green hydrogen and integration of energy sectors. The objectives will be achieved through innovation, research and advanced approaches in the field of digitalisation.

Sustainable management of the Company

We operate in a regulated activity, which, as such, limits the scope of the desired participation in sustainable projects in certain segments, but nevertheless we strive to achieve as sustainable operation in business and social environment as possible. We identified three lines of action of our sustainable operation in the "Commitments to the Sustainability of Plinovodi d.o.o.":

- Environmental aspect;
- Social aspect;
- Managerial aspect;

Given the fact that the Corporate Sustainability Reporting Directive (CSRD) was adopted in December 2022 introducing more detailed reporting requirements and providing that large companies should report the sustainability issues, e.g. environmental, social and human rights and governance factors, in future years we will report in line with the respective directive by publishing the information in a special section of the business report, which will provide for better availability of information.

Environmental aspect

We follow a holistic approach to the environmental impact and risks in pursuing the activity and business processes within Plinovodi d.o.o. as well as in working with external stakeholders and in terms of wider social environment.

In this regard we pursue the following objectives:

- In carrying out activities and business processes within the Company, we strive to find sustainable solutions with an emphasis on the efficient use of energy, water and other resources, and to reduce pollution (reduction of carbon footprint, use of energy efficient lighting, reduction of paper use, reduction of water consumption, waste separation, improvements in the fleet structure, energy-efficient management of business premises where Company activities take place). We prove our responsibility to the environment through the introduced system of environmental management ISO 14001, thereby recognising, managing and monitoring the environmental aspect of the Company.
- In conducting business with external stakeholders, we take into account the direct and indirect impact of business relationships on the environment as well as associated risks, and strive to achieve the adopted environmental goals and realise our environmental commitments at the local and global level. We have a pro-active approach to tackling challenges, such as climate change.
- In a wider sphere, we carry out activities and support the incentives with a view of providing lasting preservation of the natural environment and biodiversity. The Company supports development of knowledge in the field of development of new technologies to reduce negative impacts of economic and social activities on the environment. In spatial planning, building and managing energy infrastructure, we operate according to the principle of promoting sustainable spatial development, identity of the locality, expertise and commitment to technological progress.

We also monitor the carbon footprint of the Company within the scope of the environmental management system. In the recent years, we realised a series of measures to reduce carbon footprint by implementing environmental objectives in the field of operation and maintenance of the transmission system.

We carried out the reporting for **Scope 1** and **Scope 2** in accordance with the GRI (Global Reporting Initiative) as required in Chapter 305:1-3:

- **Scope 1** addresses direct emissions including combustion in stationary plants, such as gas heating installations in metering and regulation stations and gas turbines in compressor stations. Regarding the gas transmission system, Scope 1 also deals with methane emissions.
- **Scope 2** focuses on indirect emissions from the production of purchased or generated electric energy, heating, cooling and steam used.

In 2022, we set the baseline for greenhouse gas emissions according to the Greenhouse Gas Protocol (GHG) for Plinovodi d.o.o., namely it is set for 2021 and amounts to 5,810.4 tCO₂e (carbon footprint expressed in metric tonnes of CO₂e equivalent).

Based on the baselines for 2021, direct emissions in Scope 1 and emission in Scope 2 will be addressed as the basic indicators of carbon footprint in the following years. Given the relatively favourable flow and pressure conditions at the connections with neighbouring systems, lesser operation of compression stations and lower consumption of gas for own use, the carbon footprint of the company was 4,448.5 tCO₂e in 2023.

The own use at metering and regulation stations and compressor stations is dealt with relatively according to the transferred quantity of gas, since the emissions due to gas heating

in metering and regulation stations as well as emissions due to operation of compressor stations may depend on the volume of transferred quantities. As an example of such approach, we provide the carbon footprint indicator taking into account the volume of transferred quantities: specific value of carbon footprint per transferred quantity of gas for 2023 was 3.19 tCO₂e/mioNm³ (for 2022: 3.84 tCO₂e/mioNm³).

On the transmission system, the direct emissions of Scope 1 depend very much on the need for gas compression, which, in addition to the mere gas transmission, is determined also by the flow and pressure conditions in the region and boundary pressure conditions at the connections with neighbouring countries (Austria, Italy, Croatia). Pressure condition on transmission systems of neighbouring countries are periodically changing according to the volume and direction of transmissions in the region and also depending on the maintenance works. The emergence of war in Ukraine and changes in transmission routes was followed by the change in the flow and pressure conditions in the region, which was gradually already reflected in the Slovenian gas transmission system through the increase in the transmission from the western supply route.

Changes in operating parameters of neighbouring transmission systems thus have an impact mainly on the part of direct emissions in Scope 1 that is generated at the circulator gas turbine in compressor stations. In the next period, we will have to adequately take into account the potential major change in flow and pressure conditions in our comparisons of the carbon footprint indicator with the baseline. In terms of reporting in the following years, we also consider a possibility of formulating an indicator by taking into account the impact of maintenance interventions in the transmission system.

In terms of emissions in Scope 2, we do not expect such significant periodic changes. We also review the data for reporting in Scope 3 that deals with greenhouse gas emissions resulting from the activities of the organisations but nevertheless emerging from sources not owned or under control of the organisation.

In 2023, we had 21 environmental objectives. We continued to modernise boiler rooms at metering and regulation stations and carried out a large-scale modernisation of the heating system at the Kidričevo compressor station. The upgrade of the small photovoltaic power plant at the location in Ljubljana was completed. Within the environmental objective to reduce methane emissions, we replaced gas powered units of control valves with the electrical drives at the border metering and control station in Rogatec and Šempeter. We also conducted a study on limiting methane emissions. The replacement of lights with LED lights continued. In the field of emissions into the atmosphere and noise emissions, we carried out all statutory monitoring procedures, and found no deviations from the applicable norms.

In gas transmission through the pipeline system we also require gas for our own use, i.e. gas to power compressors, and technological gas for heating at metering and regulation stations. In 2023, gas consumption for own use at metering and regulation stations was 16 percent lower than in 2022, whereby, in 2023, 8,772 GWh of gas was transmitted for Slovenian users, i.e. 2 percent less than in 2022. In 2023, the total realisation of the cross-border transmission was 3,013 GWh, a reduction by half compared to the cross-border transmission in 2022.

In total, the transmission for Slovenian users and cross-border transmission in 2023 was 11,785 GWh, which is 18.7 percent less than in 2022 (14,491 GWh). The gas consumption to power compressor units in 2023 (322 MWh) was by 85 percent lower than in 2022 (2,212 MWh) due to favourable pressure conditions at border handover points.

Selected sustainability indicators

Indicator	Unit / criterion	2021	2022	2023
Investments in environmental management	EUR '000	275.3	428.8	685.7
Employee turnover	%	2.0	3.9	6.9
Training hours per employee	hours	12.5	26.5	29.5
Sick leave	%	3.6	4.6	3.4
Sponsorships and donations	%	0.13	0.18	0.16 *

* 0,05 % intended for a humanitarian organization for flood relief

Social aspect

We act responsibly in relation to our employees and wider community. In this regard, we pursue the following objectives:

- Our employees are the most important asset of the Company. Through our values (knowledge and expertise, commitment, creativity, responsibility, trust, integrity and sense of initiative) we strive to provide work culture and workplace environment that attract and maintain top employees with a view of being one of the best and most reputable employers.
- We aim to achieve a high level of commitment of our employees and their satisfaction through activities and projects. The Company is based on the principle of equality of all employees, regardless of their gender, race, religion and other personal matters. Through numerous activities we ensure continued growth and development of expert qualifications of our employees and provide them stimulating and safe work environment with an emphasis on health and well-being. In addition, the Company significantly contributes to the following objectives: partnerships for achieving goals, health and well-being, responsible consumption and production, and decent jobs and economic growth.
- In terms of a wider social environment, we carry out a series of preventive actions to reduce environmental risks and support activities in the field of sports, culture, education, health and charity.

Aspect of management

In our operations, we provide a high level of corporate management and act toward the following objectives:

- We strive to achieve the highest level of compliance with legislation, internal rules and adopted commitments, thereby providing fair and legal operation. Our underlying principles include, inter alia, zero tolerance to criminal offences, prevention of money laundering and terrorist financing, prevention of corruption, respect for human rights and fundamental freedoms, management of conflicts of interest, high level of personal data protection, complying with business ethics principles and care for information security. We provide for the quality of external audit of our operation and ensure the development of corporate culture, also through memberships in respective trade associations and organisations.

- We ensure the high quality of corporate management in the two-tier system of the Company, while taking into account the Slovenian Corporate Governance Code for Listed Companies, Recommendations and expectations of the Slovenian Sovereign Holding and consistently follow best practices. The Company has undertaken and develops the fields of corporate integrity, diversity, internal succession and pursues the adopted methodology of awarding the members of Management.

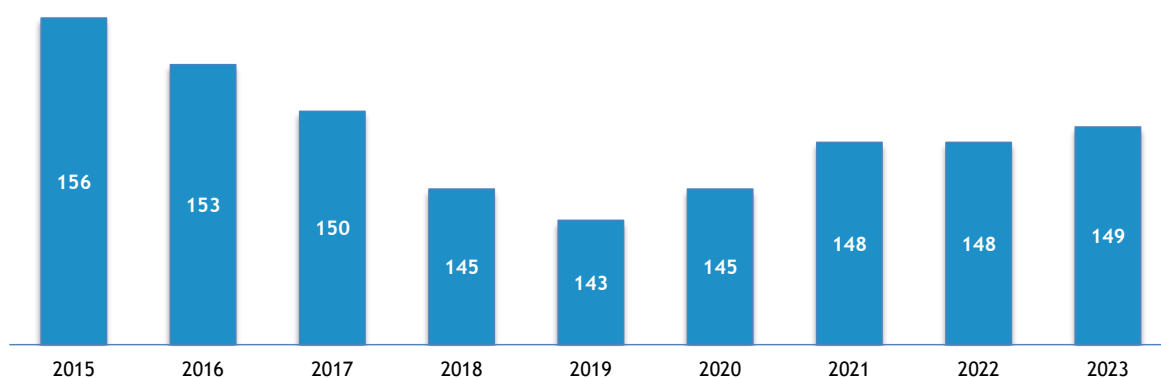
Employees and internal communication

Plinovodi understands that employees are an important building block of the Company success. Thus, we take care of their personal and professional development. We strive to create work environment which combines operating requirements and results with satisfaction, motivation, affiliation, respectable and good interrelations.

The Plinovodi organisational scheme reflects the activity of the transmission system operator, with technical field (71 percent of employees) being the largest. At the end of 2023, the Company employed 149 people, of which 83 percent worked at the company headquarters in Ljubljana. Other employees worked at three sites, 19 at the maintenance centre in Maribor, four at the Kidričevo compressor station and two at the Ajdovščina compressor station. Due to disability or partial retirement two employees worked only part time, while three employees were employed with short working hours due to parental care.

For some time, we have been pursuing due diligence of the Company through precise assessment of labour replacement due to retirements. With new colleagues we filled part of vacancies, while part of new employees was employed in the fields with staff shortage.

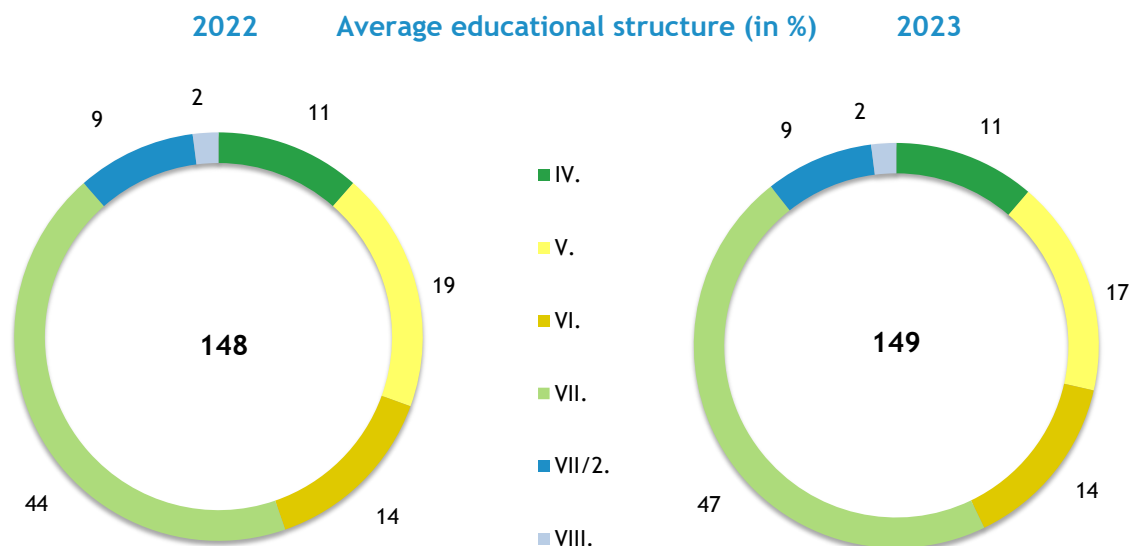
Number of employees in the 2015-2023 period



Gender structure of our employees reflects demonstrated interest of female and male candidates in vacancies through a longer period and specificity of our activities: as at 31 December 2023, we employed 83 percent men and 17 percent women. The highest share of employees falls under the age class of 51-55 years, namely just below 20 percent.

We ensure quality and technically sound operation through good education structure. The share of employees having at least higher level or level VI of education was 72 percent. Despite high educational structure of our employees, we encourage all to participate in constant education and additional training. In 2023, 4,397 realised hours (550 working days)

were intended for education. 86 percent of employees (128 people) attended various forms of training. Given the needs and provided content, the main focus was on professional and technical training, followed by business training. The training includes the attendance at seminars, conferences, courses, specialised workshops, on-line training and other forms of training.



Due to the nature of the activity associated with risk posed by the presence of gas, the provision of high safety and health at work level is a constant priority of the Company. Risks are regularly assessed and kept at the acceptable level by applying safety measures. External contractors are provided with safety instructions as well.

Work in safe and stimulating environment is one of the building blocks to achieve good results, and for this reason employees are provided appropriate working premises, we provide safe working equipment and understanding of the working procedures and organise regular preventive medical examinations.

We understand that the balance between professional and family life today is becoming a challenge, and for this reason we managed to obtain a basic Family Friendly Enterprise Certificate in 2014, and full Family Friendly Enterprise Certificate in June 2017. In the 2020-2023 period, we carried out the activities to maintain the full certificate. The full certificate is renewed every three years from the date it was obtained. The execution of activities is verified by an auditor every three years, and the precondition to maintain the full certificate is a positive assessment of the board of auditors. In September 2023, the Board of Auditors submitted us a Decision on the renewal of the full certificate for a new three-year period, namely from 13/08/2023 to 13/08/2026.

We believe that interlevel communication and quality communication within different departments is important, and for this reason we pay special attention to this field. Employees are regularly informed on the developments in the Company through Intranet, e-mail, various formal and informal meetings and internal newsletter of the Company, called Plinovodnik.

Plinovodi appreciates and is receptive to diversity policy. We operate in accordance with the Diversity policy of the management and control bodies of Plinovodi d.o.o. Diversity of

members of the Supervisory Board is reflected through the aspects of age, education and experience.

Communication with external audiences

We pay as much attention as possible to the stakeholders within the Company as well as external entities. Through appropriate communication with our suppliers, customers, regulators, national and supranational organisations we wish to maintain proper, mutually respectful and sustainable business relation. In accordance with good business practice and personal data and trade secret protection, we carefully protect personal and commercially sensitive information, while our communication is based on the transparency and impartiality.

We have Plinovodi d.o.o. profile on the LinkedIn social network which helps us to spread the network and increase our visibility on the gas market.

Customers

In line with the trend of computerisation and digitalisation of business processes, there is an ongoing intensive communication with gas transmission system users through the website www.plinovodi.si, where a (potential) system user may obtain all information on the procedures to conclude contractual relationships, and legal provisions in the gas transmission activity. We ensure that the interested public always has up-to-date information on the volume and structure of bookings of transmission capacity at cross-border interconnection points. Although all relevant information is publicly available on the website of the transmission system operator, we readily provide explanations provided as well.

In June 2023, we organised the traditional expert workshop entitled “Natural gas market in the Republic of Slovenia”, which was attended by approximately 100 people.

All interested parties on the market who have subscribed to receive our e-news on our website are informed in Slovenian and English on important developments in the field of gas and other relevant events on a monthly basis.

Suppliers

Due to the specificity of the activity, in which we operate, a substantial portion of our income is outside our control, and for this reason extensive oversight of the costs is all the more important. Efficient procurement is therefore one of the prerequisites of successful operation. Notwithstanding that we must comply with the legislation in the field of public procurement, we strive to perform contracts in the most quality way. In all phases of procurement, our employees comply with legislation as well as internal regulations. We ensure efficient purchase of material and services, and strive to establish a correct and sustainable business relationship with our suppliers. We settle all liabilities at the maturity date, which granted us the Platinum Creditworthiness Certificate of Excellence in Creditworthiness awarded exclusively to companies with the highest creditworthiness of Gold AAA for three consecutive years. Companies demonstrating Platinum creditworthiness are the most reliable, credible and low-risk business entities for conducting business with all business partners.

Financial, national and supranational institutions

Due to operating in a regulated activity, ownership structure and financing-related commitments given, Plinovodi have undertaken to provide monthly, quarterly and annual reports to financial, national and other institutions. In addition to regular reports in the form of pre-defined and standardised forms, we respond quickly, efficiently and in user-friendly way to any requirements after the submission of data. We are in regular contact with financial institutions, within the scope of which we check their offer and maintain their high willingness for cooperation.

Social environment

Sustainability-oriented operation of the Company calls not only to care for natural, but also social and cultural environment in which we operate. Using limited assets, we wish to respond as much as possible also to calls for financial aid of various humanitarian organisations. For several years, we support different interest and sports associations and cultural events and activities within our possibilities.

Although the gas transmission through underground pipelines is the most optimum form of energy product transport in terms of the use of space, safety, energy efficiency and environmental impact, we pay special attention to laying gas pipes and within the preparation of national spatial plans with prior archaeological research we ensure that all sites are suitably addressed.

Decarbonisation Plan

Defining objectives to reduce carbon footprint at the level of Plinovodi d.o.o.

Short-term objectives (by 2025):

- **Maintaining the environmental management system and the ISO 14001 environmental system certificate**

Every year, we elevate our objectives according to the ISO 14001 environmental management standard and carry out environmentally sustainable projects and operational business activities to monitor and reduce carbon footprint of the Company and additionally increase the efficiency of the transmission system.

- **Comprehensive management of environmental aspects and decarbonisation in the field of gas transmission**

Using environmental indicators, we monitor and plan environmental and economic efficiency of the transmission system and Company operations. Already since the introduction of certification under the ISO 14001 environmental management system, in terms of annual environmental objectives we regularly determine and implement projects to reduce carbon footprint and thus achieve a good position with regard to fulfilling environmental commitments and commitments relating to green transition.

- **Transition of company fleet to alternative fuels**

We carry out a gradual systemic transition of company fleet to alternative fuels (CNG, electricity) at the annual level and within the vehicle purchase procedure.

- **Modernising the gas heating systems in metering and regulation stations**

We modernise the gas heating systems in metering and regulation stations by regulating the gas outlet temperature according to the dew point temperature of the ambient air and minimising the energy consumption for gas heating.

- **Introducing gas heating with cogeneration of heat and electricity and utilising excessive heat from processes**

By continuing the introduction of cogeneration of thermal and electric energy (CHP), we ensure that the generated waste heat from the CHP unit is used as technological heat, and the generated electricity is partly used to cover our own needs and partly delivered to the power distribution network under the contract on providing support.

- **Optimising the operation of compressor stations and balancing the transmission system**

We provide better energy efficiency in optimising the operation of compressor stations and balancing the transmission system. By remote starting of back-up diesel generators, the system is able to respond to the demand for electricity generation to regulate the frequency in the electricity network.

- **Expanding the capacity of photovoltaic (PV) modules for the Company own requirements**

To increase the level of energy independence and perform green transition of the Company, we also carried out the project to expand the photovoltaic power plant at the company headquarters in Ljubljana in 2023, while in 2024 we will complete the project of constructing a small photovoltaic power plant at the maintenance centre in Maribor.

Medium-term objectives (by 2030):

- **Further transition of company fleet to alternative fuels**

We will continue with the electrification of the company fleet at the annual level and within the vehicle purchase procedure. Vehicles that cannot be electrified will be equipped with the hydrogen or biomethane drive units in the medium term.

- **Generating green electricity at transmission system locations**

The locations of transmission system that can be used to place photovoltaic power plants will be used and thus the share of electricity from renewable sources will be increased.

- **Pilot generation of green hydrogen for own use**

We will strive to achieve the self-generation of green hydrogen from the surplus electricity for the purpose to inject it to the gas transmission system and to increase the share of renewable energy sources for our own use of green gas.

- **Projects to reduce methane emissions in the transmission system operation and maintenance**

We will carry out projects to reduce the methane emissions in the transmission system during regular operation as well as measures to minimise the emissions in carrying out ordinary and extraordinary maintenance on the transmission system.

- **Preparing the transmission system on the injection of green gases and using added green gases for own use**

We will carry out projects to prepare the transmission system for the efficient injection of green gases, such as biomethane, synthetic methane and green hydrogen). We will provide a safe and reliable transmission and transmission system operation to achieve the medium-term objective of introducing green gases in gas distribution networks by 2030.

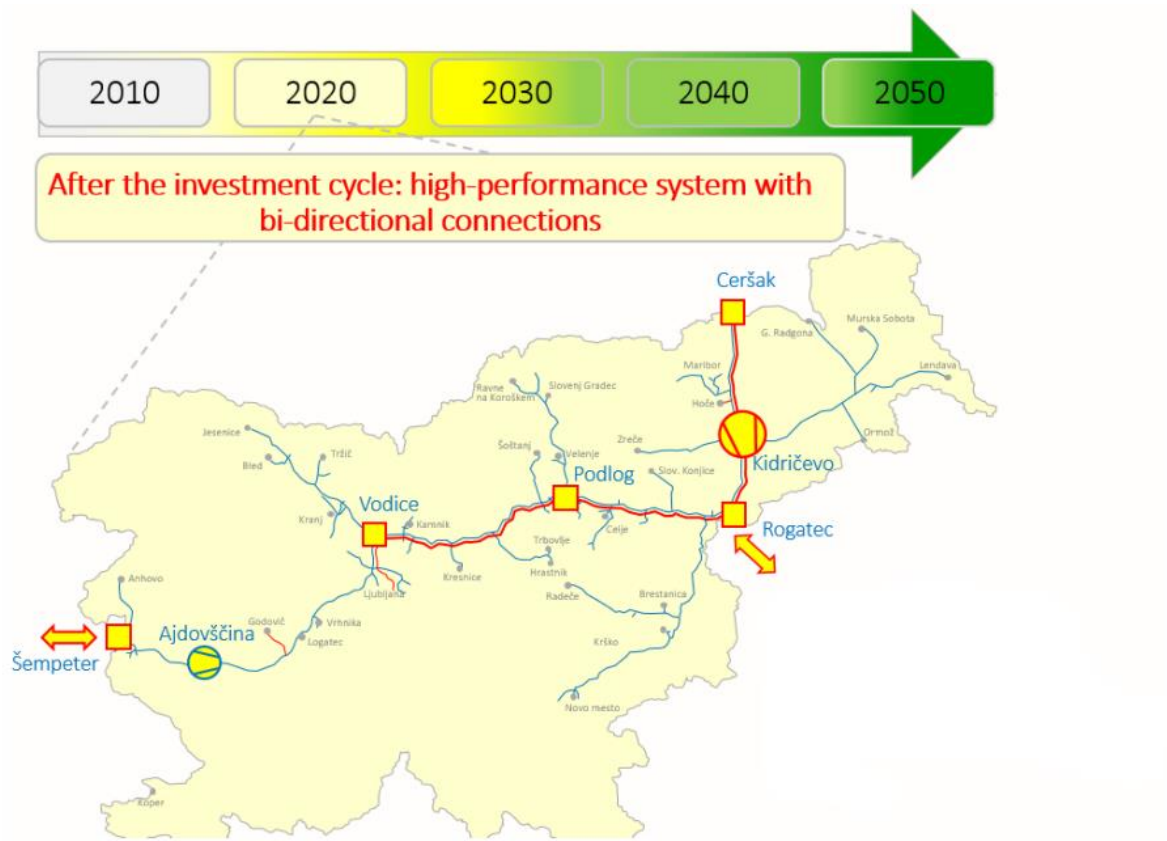
Long-term objectives (by 2050):

- **Replacing own use of fossil gas fuels with green gas fuels, biomethane and hydrogen**
We will completely transfer to green gases for own use.
- **Transmitting alternative green gas fuels (hydrogen, synthetic methane, biomethane) through the gas pipeline network**
We will finish the projects and the transmission system will operate on green gases.
- **Decarbonising the transmission system operation where the use of green gases is not possible**
The transmission system will be adopted as to replace parts of the system with other forms of decarbonisation at points where a transition to green gas is not possible.

Definition of objectives to reduce carbon footprint and steps towards green gas transmission system

Situation in 2022 with the parallel gas backbone and key new buildings

Gas transmission system is operating well, it is safe and reliable, it operates without interruptions and with capacity that enables further development of the existing or new energy locations. Good cross-border connection with gas sources has been established.



Short-term objectives (by 2025):

- **Increasing the cross-border connectivity of transmission system to provide reliable gas supply and green transition**

By building a gas transmission connection to Hungary, the cross-border connectivity of the system will be rounded off with the neighbouring transmission systems. The construction of the connection will enable the transfer of green gas and hydrogen. Increasing the capacity thresholds from the western supply direction at the interconnection with the Italian system for a greater reliability of supply and dispersion of supply sources and the future green transition.

- **Providing the gas supply to regions not yet covered to expand and increase the reliability of supply of the existing gas system**

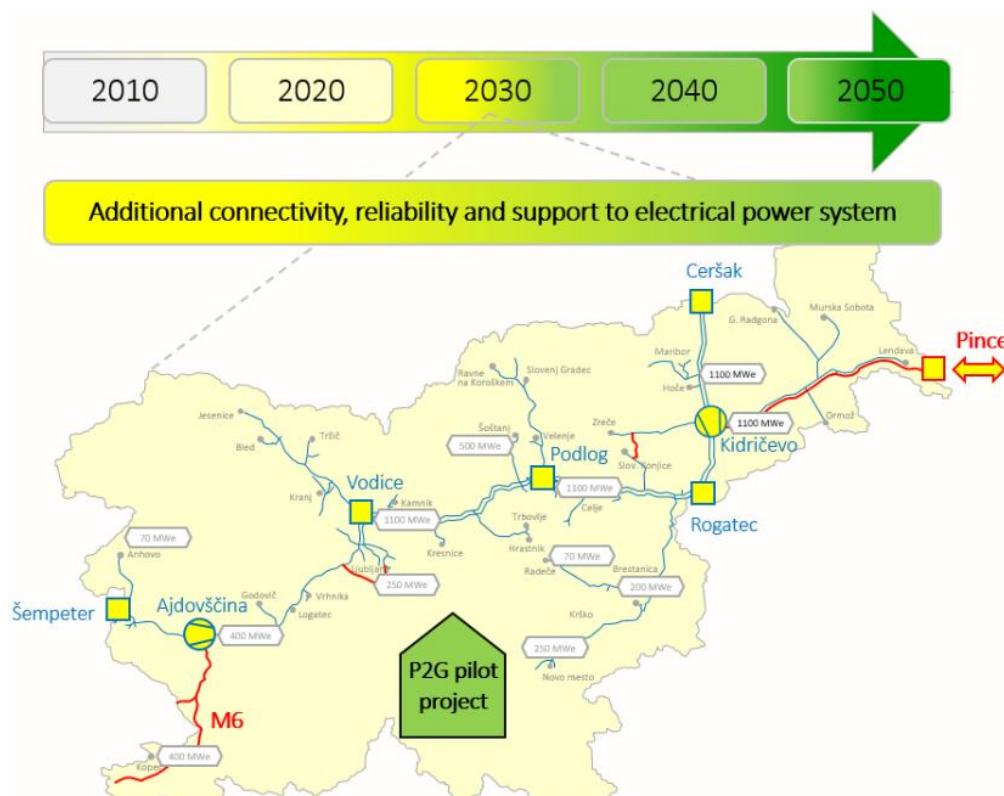
We will establish supply of the Obalno-Kraška region with a gas transmission system from Ajdovščina to Lucija and upgrade the security of supply (the Ljubljana loop, the Zreče loop, and other investments to increase the operational capacity). Our development plans include also an option to expand the transmission system to Bela Krajina and build a new connection between Ljubljana and Novo mesto.

- **Sector consolidating projects to provide higher reliability of the electricity system operation**

The gas supply system enables a transition of large energy buildings using gas and thus support the reliable operation of electric and energy system in the process of abandoning coal technologies and introducing RESs. In addition to the existing gas production facilities in Brestanica, Šoštanj and Ljubljana (TE-TOL), the current transmission system may be connected to additional 1,100 MWh gas production units.

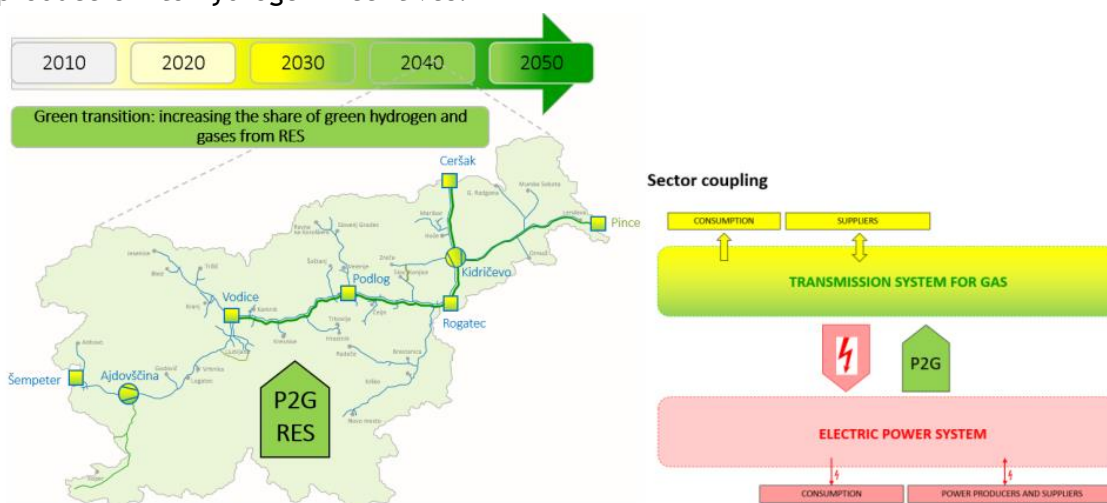
- **Projects preparing the gas transmission system to the introduction of new gases, such as green hydrogen and biomethane**

We will carry out a gradual preparation of sections of the transmission system to use new, green gases. The project includes a development plan of the transmission system operator, an ENTSOE development plan as well as active involvement in the activities of the European Hydrogen Backbone.



Medium-term objectives (by 2030):

- **Implementation of the pilot project to inject hydrogen into the gas transmission pipeline**
For the transition to RES and making the gas supply system greener by 2030, we will carry out a pilot project of injecting green hydrogen as the first step in introducing green gases and adapting the system and with regard to users.
- **Gradual transition to renewable gases from cross-border supply**
A joint project of the Slovenian P2G initiative with the production of green hydrogen and its use for gas transmission system operator's own use and PCI green projects to adjust the use of buildings for adding green hydrogen and transport of gas with different percentage of green hydrogen will be conducted.
- **Constructing new pipeline buildings with elements and materials enabling the operation with 100 percent hydrogen**
All new projects will be designed and implemented in a way and using elements and procedures enabling the hydrogen transmission through the pipeline system by 2030.
- **Implementing the change in use of sections of gas transmission system to operate with 100 percent hydrogen to be included in hydrogen corridors and EHB**
We will provide a gradual transition to renewable gases. By changing the use of a part of transmission system, we will provide the users on the transmission system to start using green gases, including hydrogen. By 2030, we will establish a support to supply with alternative fuels at the Ceršak-Ljubljana section by supplying the traffic, gradual greening the industry and production of electricity with mixtures of natural gas and green gases. We anticipate the integration of interested hydrogen users and producers into hydrogen incentives.



Long-term objectives (by 2050):

- **The Slovenian transmission system is a part of the European Hydrogen Backbone (EHB)**
By 2050, the Slovenian gas system will become a part of the European Hydrogen Backbone in the Ceršak - Rogatec - Ljubljana - Šempeter corridor with the Pince - Kidričevo connection. Two interconnected system will operate. A system for

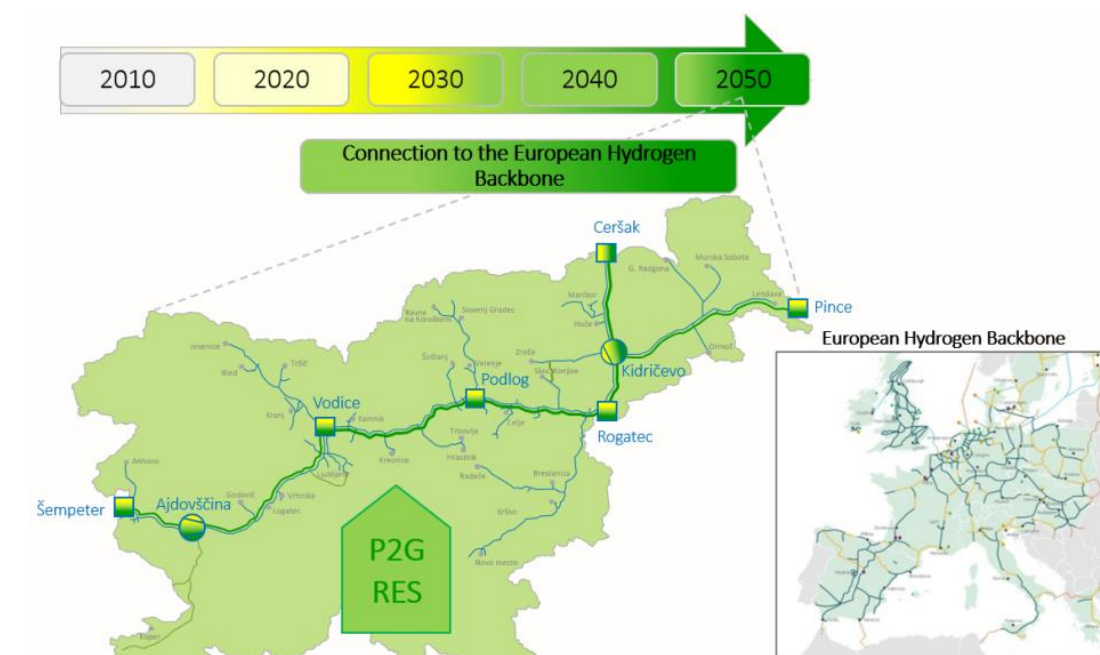
hydrogen and system for natural gas that will be gradually replaced by biomethane and synthetic methane.

- **The transmission system acts as a long-term storage of surpluses of renewable electricity sources - combining sectors**

At the common point with the electricity system, the transmission system also provides a possibility to store surpluses of the renewable electricity sources through the production of hydrogen and its injection into the gas transmission system.

- **Hybrid gas energy system**

The transmission system will provide hybrid operation of users of renewable energy sources, alternative and distributed generation of electricity and self-supply. A cross-border role of the transmission system and connections with neighbouring transmission system will be significant for harmonised operation.



BUSINESS

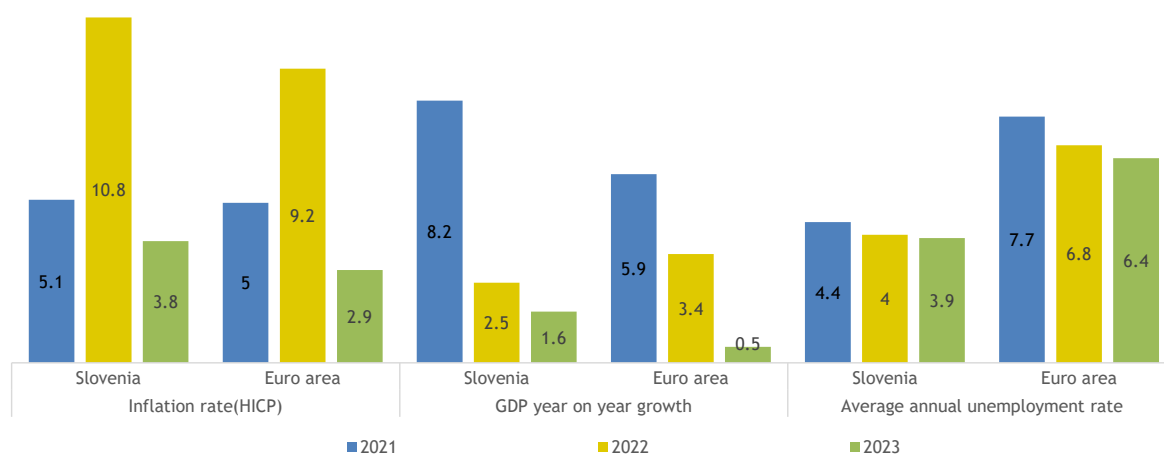
Business environment

According to the estimates of the European Central Bank ([Economic Bulletin, num. 8/2023](#)), the global economy registered moderate but steady growth, mostly due to private consumption and robust labour markets. Nevertheless, the prospects of economic activity according to the assumptions of the Bank of Slovenia ([Review of macroeconomic developments, January 2024](#)) remain weak, in particular due to geopolitical tensions in the Middle East and Ukraine, tighter financial conditions, extreme weather events and slowing down of the Chinese economy.

According to the Eurostat preliminary assessments ([Newsrelease, 15/2024](#)) the growth of GDP in the euro zone was 0.1 percent in the last quarter, while the growth in the EU as a whole was 0.2 percent, which is an improvement of economic data compared to the previous quarter, as at that time, both areas recorded 0.1 percent negative growth. For 2023, Eurostat assesses 0.5 percent annual growth of GDP for the euro zone as well as in the European Union as a whole.

According to the initial assessment of the Statistical Office of the RS, the Gross Domestic Product ([Publication as of 14/02/2024](#)) in 2023 increased by 1.6 percent, as a result of investment in fixed assets and household final consumption. Although the import and export of goods and services reduced, the foreign trade surplus increased (due to a significantly larger fall of import compared to export) and had a positive impact on the GDP growth. However, the reduction in stocks had a negative effect on the growth of Slovenian GDP.

Comparison of main economic indicators in %

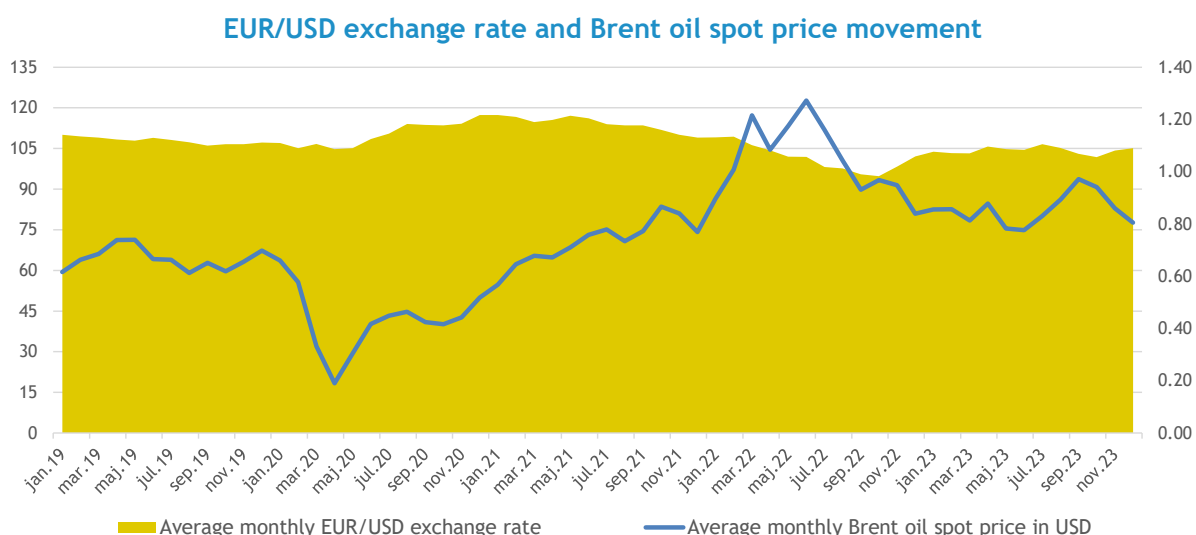


According to the most recent data of Eurostat ([Newsrelease, 17/2024](#)), after the coronavirus leap in the 2020-2021 period, the unemployment rate is continuously dropping in the euro area as well as through the European Union. In December 2023, the unemployment rate in the euro zone was 6.4 percent, while throughout the European Union it was a half percentage point less, meaning that the unemployment rates for both areas are lower compared to the “precoronavirus” values. In December 2023, the highest unemployment rates were recorded by Spain (11.7 percent) and Greece (9.2 percent), while Malta (2.4 percent), the Czech Republic (2.8 percent) and Germany (3.1 percent) had the lowest. The latest available data of the Statistical Office of the Republic of Slovenia as regards unemployment refers to the

end of the third quarter of 2023, when the unemployment [rate](#) was 3.9 percent ([final data, 27/11/2023](#)).

Compared to the third quarter of 2022, the third quarter of 2023 saw the hourly labour costs in the euro area increased by 5.3 percent, and in the European Union as a whole by 5.7 percent ([Newsrelease 139/2023](#)). Thus, both in the euro area and in the European Union as a whole, both components of labour costs increased, i.e. wages and salaries per hour worked and non-wage part. According to the most recent available data of the Statistical Office RS ([provisional data as of 15/02/2024](#)), the Slovenian average gross salary was EUR 2,348.32 in December, which represents a nominal reduction by 3.2 percent but real reduction by 2.7 percent compared to November 2023. In November, the average salary significantly increased compared to December, namely due to higher exceptional payments (the 13th salary and Christmas bonuses). Compared to 2022, the gross salary was nominally higher by 9.7 percent and recorded real increase by 2.1 percent in 2023.

The annual inflation of the euro area, measured with the harmonised Consumer price index, stood at 2.9 percent in December 2023 ([Newsrelease, 10/2024](#)), and 3.4 percent throughout the European Union, which is a significant reduction in price growth compared to December 2022. At that time, the harmonised Consumer price Index values amounted to 9.2 for euro zone and 10.4 for the EU as a whole. The lowest annual price growth rate was recorded by Denmark (0.4 percent) and Belgium and Italy (both 0.5 percent), while the highest was registered by the Czech Republic (7.6 percent) and Romania (7 percent). According to the data of the Statistical Office ([final data, 29/12/2023](#)), Slovenia had 3.8% price growth in 2023 measured with the harmonised Consumer price index, while the HCPI at the end of December 2022 was 10.8 percent. In one year, the prices of goods increased by 2.7 percent in average, while the prices of services were by 6 percent higher in average.



Source: Banka Slovenije - Average monthly exchange rate and U.S. Energy Information Administration

After the average monthly spot price of Brent North Sea oil reached the lowest value since 1999 (USD 18/barrel) in April 2020, it started to increase in the second half of the year and continued to increase until June 2022, when it achieved the highest value USD 123/barrel. As at the last day of December 2023, the Brent oil price was almost USD 78/barrel, while its

average price in the whole 2023 was USD 82/barrel ([U.S. Energy Information Administration - Short-Term Energy Outlook, January 2024](#)).

Economic movements in the world, the EU and Slovenia are monitored with the purpose to evaluate their impact on the Company operation in the current and the next period, thereby determining that the respective movements in the period considered have not negatively affected the Company operation.

Activities associated with the war in Ukraine

In 2023, the Slovenian transmission system had stable operation without any special features resulting from the war in Ukraine affecting the security of supply. Plinovodi continues to participate in the activities of the ENTSOG Regional Coordination, in the activities of the crisis group of the competent authority for security of supply (Energy Agency until 01/05/2023, then the Ministry of the Environment, Climate and Energy), and in the activities of the crisis group at the competent ministry. Since the early warning level is still in effect in Slovenia, Plinovodi as a TSO regularly submits reports to the competent authority on the security of supply.

The EU member states ensure the stability of the gas market and reliable operation of gas transmission systems by stocking warehouses from the beginning of the winter season (99.4 percent as at 01/11/2023), increasing capacities for LNG and transmission capacities from west to east, and by reducing demand. At the beginning of the 2022/2023 gas year, Plinovodi also increased its cross-border transmission capacities from Italy to Slovenia. Since the beginning of 2023, the gas transmission runs through the interconnection in Šempeter in accordance with the long-term supply contract of the Algerian gas.

To increase the long-term security of supply by increasing transmission capacities for the supply from the western supply route, already in 2022 Plinovodi initiated the implementation of investments to provide for additional transmission capacities to cover the needs of Slovenia during a potential disruption of the eastern supply route, and to harmonise with the operating parameters of the Italian transmission system. 2023 saw the continuation of the project to construct an additional compressor unit at the Ajdovščina compressor station and the project to construct a new cross-border metering and regulation station in Vrtojba. In order to increase the capacity of the southern supply route, it is necessary to eliminate bottlenecks on the border with the Croatian operator, and for this reason the Croatian and Slovenian operator have the PCI project of the Croatia-Slovenia connection on the 5th list.

In 2023, the natural gas supply to the EU member states from Russian sources was reduced to 10 percent. The shares of other sources were LNG 40 percent, Norway 29 percent, North Africa 11 percent, United Kingdom 6 percent and Caspian area 4 percent. We assess that short-term risks due to potential full disruption of supply from Russia are associated mainly with managing temporary price-related situation, during which the price would likely fluctuate and which would have to be followed by Slovenian shippers. The Company as the transmission system operator may only contribute to a small extent by balancing potential deviations between intake and off-take through gas stocks in the transmission system. At the table top exercises of ENTSOG Regional Coordination in 2023, we addressed conditions of the potential full disruption of supply from Russia. The results of technical and operational

considerations showed that technical capacities of transmission systems in the EU member states would provide physical balancing of transmission systems.

With regard to data flow from distribution systems operators to suppliers and the crisis group of the competent authority for security of supply, a need for additional information support was identified and must be provided within the framework of the Unified Information System (UIS). In accordance with the Act amending the Gas Supply Act, in coordination with the stakeholders (distribution system operators, suppliers, the Energy Agency and the Ministry of Infrastructure), the Company prepared the UIS within the deadline. The UIS has been functioning since the beginning of 2023, and all monthly data processing cycles have been successfully completed.

Activities associated with August floods

In August, Slovenia was hit by extremely heavy precipitation. Storms and floods did not inflict damage to the gas transmission system and equipment to the extent that would cause operational disturbance or endanger safe operation of the transmission system.

At the start of the extreme weather event, the Company organised an internal crisis group of employees to address the issues of floods, which continuously monitored the conditions and carried out necessary measures. The situation on the gas transmission system and consequences of floods were monitored from our control centre and by field teams. We also regularly reported the status of the transmission system to the Ministry of the Environment, Climate and Energy as the line ministry competent for energy. In the first phase, the intervention activities were directed to verifying the situation of metering and regulation stations exposed to floods, and this was continued with intensive inspection of pipeline routes due to landslides and erosion of watercourses banks.

Among the damages of storms and floods, the following was addressed:

- Flooding of several MRS facilities in the area of Medvode, Kozarje, Domžale, Otiški vrh, and associated damage to fences, station platforms, access routes and equipment;
- Detection of several small landslides and erosions of watercourse banks that did not require urgent interventions, and that have already been partially repaired;
- Several flooded or damaged devices of the system of cathodic protection and several flooded and damaged electronic devices on the transmission system facilities during atmospheric surges;

Repair and maintenance teams of the Company and external contractors cleaned the facilities, repaired equipment and made remediation on system facilities and routes. The major restoration project was that of the landslide on the R24 pipeline route in Laze pri Velenju, where the geologic analysis of landslide had already been performed and a multi-phase rehabilitation project is already in its preparation phase.

According to the indicative estimate, the cost of repairing the damages found so far amounts to EUR 356 thousand. We have insurance taken that also covers the flood damage, landslide damage and damage due to land swept away. The loss events were documented and insurance claims were drawn up.

Use of transmission capacity

As a TSO, Plinovodi provides system and other services prescribed by legislation and offers capacity for gas transmission through gas transmission network in the territory of the Republic of Slovenia on the primary market. A completely open gas market in the Republic of Slovenia enables all gas users to freely choose their supplier as well as independent arrangement of access to transmission system that can be provided directly through the transmission contract conducted with TSO or via an authorisation through gas suppliers or other balance responsible party holders. TSO examines applications and confirms the booking of transmission capacity to interested users in a transparent and impartial manner.

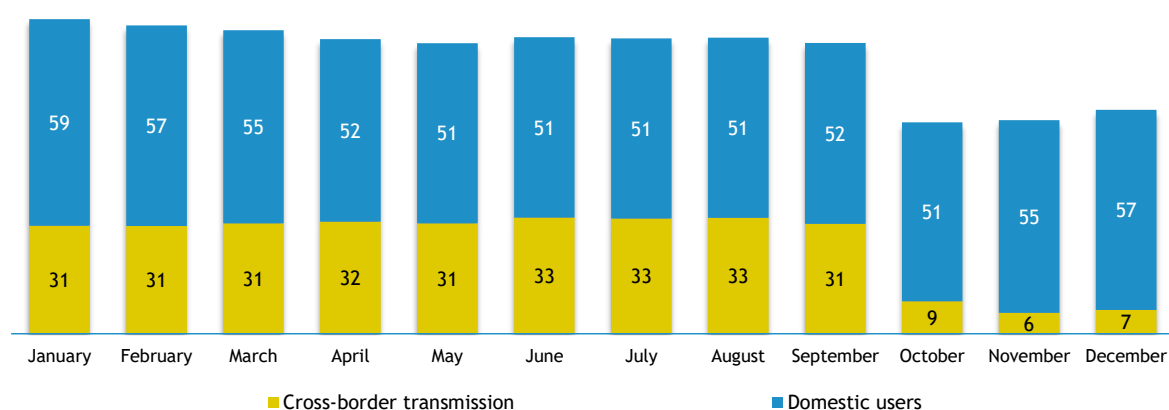
By expanding the gas transmission network based on the investments carried out, foreseen in the development plan, the Company has managed to gradually increase the available transmission capacity in recent years. In this way, the marketing of transmission capacity gained on its importance, and, due to the nature of Plinovodi activity, it is largely limited to publishing free capacity for gas transmission and applicable transmission tariffs. It is focused on communication with the existing and potential new users and with other interested public, and also increasingly on the promotion of gas use.

In accordance with the Network Code for the natural gas transmission system, the Virtual Gas Point enables gas transactions, bulletin board service and trading platform for the operation of balancing market of balancing group leaders.

Booking of transmission capacity

In 2023, we implemented 997 transmission contracts at cross-border entry points, and 968 transmission contracts of different maturity and different types of services at the exit points in Slovenia. Transmission contracts were concluded also with foreign companies, in particular for the needs of cross-border transmission.

Booking of exit transmission capacities (in GWh/day)

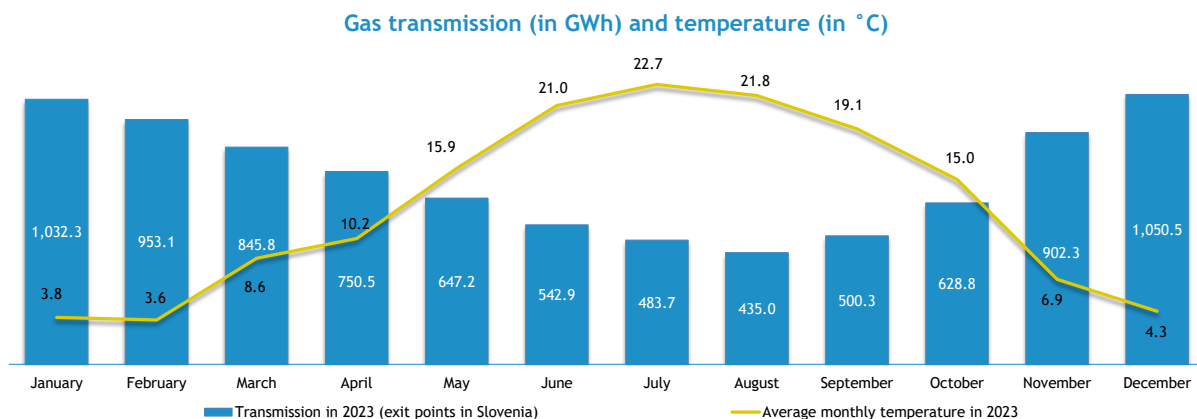


In 2023, total average booking of transmission capacity at cross-border entry points was 63,028 MWh/day.

The total average booking of transmission capacity in 2023 at cross-border entry points exceeded the capacity planned in our yearly Financial plan.

Gas transmission

Transmitted gas volumes reflect the needs of users in Slovenia and those of foreign contractual partners (in case of cross-border transmission) and affect the utilisation of transmission system capacity. Gas transmission was carried out according to plans, without any interruptions in operation or gas supply. At the end of 2023, there were 13 Balancing groups active in Slovenia, of which 8 were also suppliers of gas to Slovenian users.



A total transmitted annual volume of 11,785 GWh did not exceed the level planned for 2023. 8,772 GWh of gas were transmitted to users in Slovenia, i.e. 74 percent of all gas transmitted in 2023. In 2023, the transmission for domestic users was 2.3 percent lower than a year before. In 2023, the cross-border transmission was reduced by 45 percent as a result of changed conditions on the gas markets. The total realisation of the cross-border transmission was 3,013 GWh in 2023.

Transmission system operation

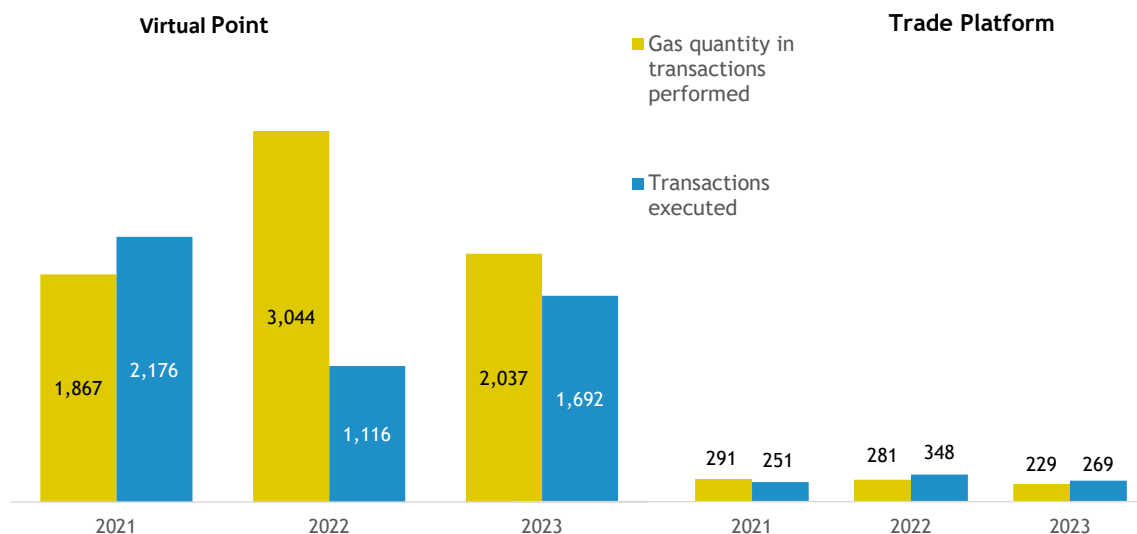
With adjustments of volume of gas in the transmission system, Plinovodi constantly provides for balancing of the transmission system by following daily plans of transmission and purchases or sells appropriate volumes of gas according to the needs of providing optimum operational statuses of the system at the daily level.

Balancing of the transmission system

The Virtual Point enables daily gas transactions among the Virtual Gas Point members. Transactions are carried out on a free market, where participants to transaction may be all registered Virtual Gas Point members, and on the balancing market, where participant to transaction can only be Balancing group leaders and TSO. Transactions on free and balancing market are carried out through the Virtual Gas Point on-line application. On the Trading platform, daily trading with gas volumes is conducted in a transparent and impartial manner, where, in addition to Balancing group leaders that are members of the Virtual Gas Point, also TSO participates through purchase and/or sale of gas volumes for the needs of balancing.

The first transaction between Virtual Gas Point members was conducted in January 2016. In 1,692 transactions performed in 2023, 2,037 GWh of gas were exchanged, i.e. 170 GWh more than in 2021 and 1,007 GWh less than in 2022.

Review of transactions and exchanged gas quantities (in GWh) at VP and TP



In 2023, as a TSO we, purchased or sold 229 GWh of gas for balancing of the transmission system. The data comparison of both years shows that Balancing group leaders in 2023 performed balancing of their balancing groups more successfully, and thus reduced the scope of needs for balancing of the transmission system, which we nevertheless implement as a TSO.

Maintenance of the transmission system

To provide safe and reliable operation of gas pipelines, buildings and equipment, preventive maintenance activities are key since they provide constant availability and high operational capacity of gas pipeline infrastructure. In 2023, we carried out 2,855 MRS controls and 1,679 route controls. Within the framework of periodical activities, we carried out 2,707 inspections of electrical installations, 211 inspections of Ex-equipment and 256 controls of cathodic protection. Maintenance interventions require handling of complex technical equipment and inertisation of individual sections of gas pipeline system with nitrogen for safe execution of maintenance works and connections of newly build gas pipeline buildings. Professional maintenance teams of the Company carry out works independently and cooperate also with external contractors, if required. Maintenance service contracts with external contractors and required procurement of material and assets were carried out in accordance with the public procurement legislation and Company procurement rules.

Information system

Maintenance and support to information systems does not only mean providing operation for internal users of Plinovodi, but, recently, also increasing support to external users as well. That is why we pay great attention to maintenance of information systems, since non-operation of certain information systems may cause financial loss to the Company as well as external users of our information solutions. This also increased the need of availability of information systems of the Company, while the importance of providing comprehensive and quality maintenance of all components of computer and information systems at all Company locations was identified as well.

In 2023, we carried out activities within the framework of the connection with the Security Operation Centre and upgraded and maintained our own applied computer solutions. With

the purpose to reduce the dependence on external contractors, we started using our own IT solutions for managing contractual relationships and network charges and the system for validating, allocating and balancing of transmitted gas volumes. In accordance with the amendments to the Gas Supply Act, we established and handed over for use the Uniformed Information System at the end of 2022; the system enables the data on configurations and volumes of all offtake points in the Republic of Slovenia to be processed. By adopting legislative acts that recognised the Uniform Information System as an information system of gas supply, the UIS was used for their implementation. In a very short time, the upgrade of the uniform user portal was executed as well, including the GUI of the Uniform Information System.

Information security is extremely important for the Company and therefore one of the focuses of our attention. Through different upgrades and configurations of information systems we reduce potential vulnerabilities and thus also risks identified during the routine security inspection of the Company. The Company constantly follows the most recent guidelines and technologies to provide information security. The Company implements the Modern concept of cyber security, a project which includes a comprehensive review of cyber security using the globally established methodology with a view to drawing up a strategy of specific improvements with their implementation in the next three years. We also put considerable emphasis on additional configuration of the internal firewall (between business and process IT environment), all aiming at reducing cyber risks.

Transmission system development

Research and development

As a TSO, Plinovodi manages and adapts to numerous changes that affect the operation of the gas pipeline infrastructure, maintenance of existing and construction of new transmission capacity, including investments, and planning and implementing strategic activities. In the field of research and development, Plinovodi cooperates with external, mainly domestic research organisations. It incorporates developmental activities in ten-year development plans, investment plans and annual financial plans.

In 2023, as in previous years, the Innovation Board addressed innovation contributions of our employees and monitored the effects of the implemented innovation contributions. Innovation contributions have a positive effect on the development of the Company and enable the use of more advanced approaches in different fields of gas transmission system operations, i.e. in terms of technical aspect, labour organisation, providing reliability and reducing the risks identified.

In 2023, employees prepared five innovation contributions. Three of them will be used to address concrete challenges we have faced during our work, the fourth has outlined guidelines for developing electricity supply to facilities on the gas transmission system, while the fifth contribution will assist in increasing the level of safety.

These innovations will contribute to better safety and economic efficiency in carrying out the works on the transmission system.

Plinovodi pays special attention to the field of innovation, because it is aware that the previous 29 innovation contributions have had positive impact on the Company operation

from several different angles, i.e. the mere operation of the transmission system as well as the culture of the Company and its employees and our environment.

Investments in (in)tangible assets

Investment activity in 2023 comprised construction of transmission pipelines and MRSs to connect new users, and drawing up documentation for implementing the projects in the years to come.

In the field of transmission system development in 2023, we would like to emphasise the following activities and events:

- M6 project - completed supply of pipes and arches and obtained building permits at different route sections, a request has been filed with the competent ministry to obtain a building permit for the Sežana-Dekani section;
- The R21AZ Konjiška vas - Oplotnica project - the competent ministry issued the building permit for the majority of the route;
- Drawing up expert and spatial planning for the R42/1 Anže - Brestanica gas transmission pipeline;
- Supply and installation of a new compressor unit and other associated equipment was conducted on the CP Ajdovščina expansion project;
- Conclusion of the MRS Zadobrova and MRS Vransko projects;
- The works for the Arrangement of alternative premises and access project were completed, and the operating permit was obtained;
- Designing R25A/1 Trojane - Hrastnik - Second stage: Trbovlje - Hrastnik, rights in rem were being obtained and the opinions on the building permit documents were acquired;
- Designing the MRS Koto and MRS Sava projects;
- The draft of the Ten Year Gas Transmission Network Development Plan for the 2024-2033 period was drawn up as well as the Investment plan for the 2024-2026 period.

Easements

The gas transmission system comprises some 1,200 km of gas pipelines and over 300 buildings connected with the operation of gas network and gas transmission. For construction, management and maintenance of gas pipeline infrastructure we obtain adequate rights in rem and entitlements, namely by concluding contracts to establish easements, acquisition or lease of land, and creation of the right to build for the existing and new buildings of gas pipeline infrastructure, as well as agreements for compensation for interventions in the buffer zone of the gas pipeline infrastructure. In 2023, there were 453 such instruments, and the obtained rights in rem were lodged to be entered in the Land Register.

Financing investment

A large part of our investments is financed through own means and we successfully obtain grants with the European Commission. In the 2010-2012 period, we used EEPR grants in the total amount of EUR 37 million for realised investments of essential transmission system infrastructures by the end of 2014. The European Commission has so far awarded us a total of EUR 3.9 million of grants with the purpose to stimulate investments approved on the PCI list, within TEN-E and CEF-E. We allocate the respective assets for up to 50% co-financing of previous works on notified projects that are in the planning phase.

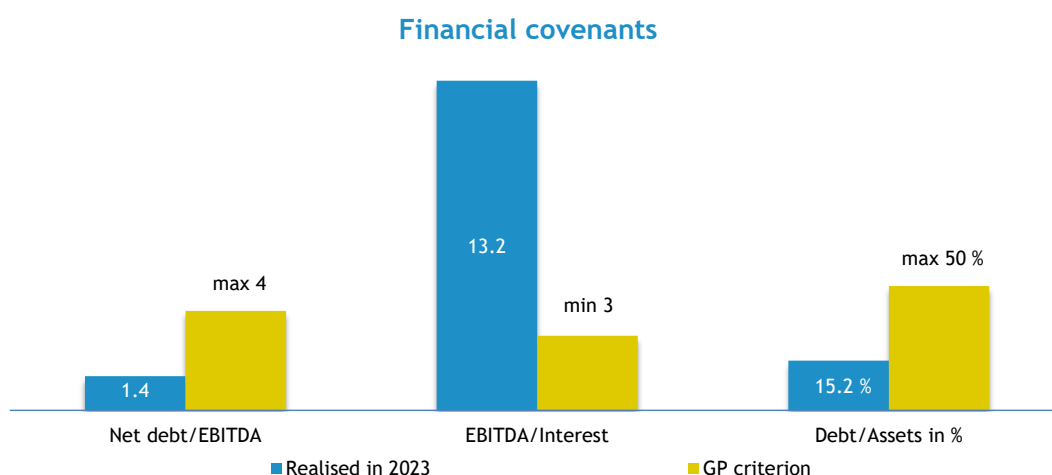
According to the investment cycle in the 2009 - 2014 period and large level of investments implemented, we obtained a long-term EIB investment loan in the amount of EUR 100 million. Through successful operation and by optimising dynamics of implementing investments, we managed to achieve only 70% of awarded funds to be absorbed and for utilising the available loan.

All investments in 2023 were financed with our assets.

Business analysis

Operational results

Financial results of 2023 demonstrate very successful operation. Net sales revenues amounting to a total of EUR 67.7 million due to a significantly lower price of gas for balancing the transmission system and levelling of daily deviations by 32 percent from the result achieved in 2022. The net profit for 2023 is demonstrated in the amount of EUR 9 million, which is 13.3 percent of the net sales revenues. It is fully generated from operation. At the end of 2023, all indicators of financial covenants, including the level of indebtedness, comply with the Guarantee Facility Agreement criteria and are more favourable than planned values for 2023.



The balance sheet total was EUR 327 million at the end of December 2023, and is by EUR 20 million lower than at the start of the year. The asset and sources of finance structure did not change significantly.

Below are essential highlights from the Plinovodi operation in 2023, while more detailed data is indicated in the accounting part of the Annual Report.

Assets

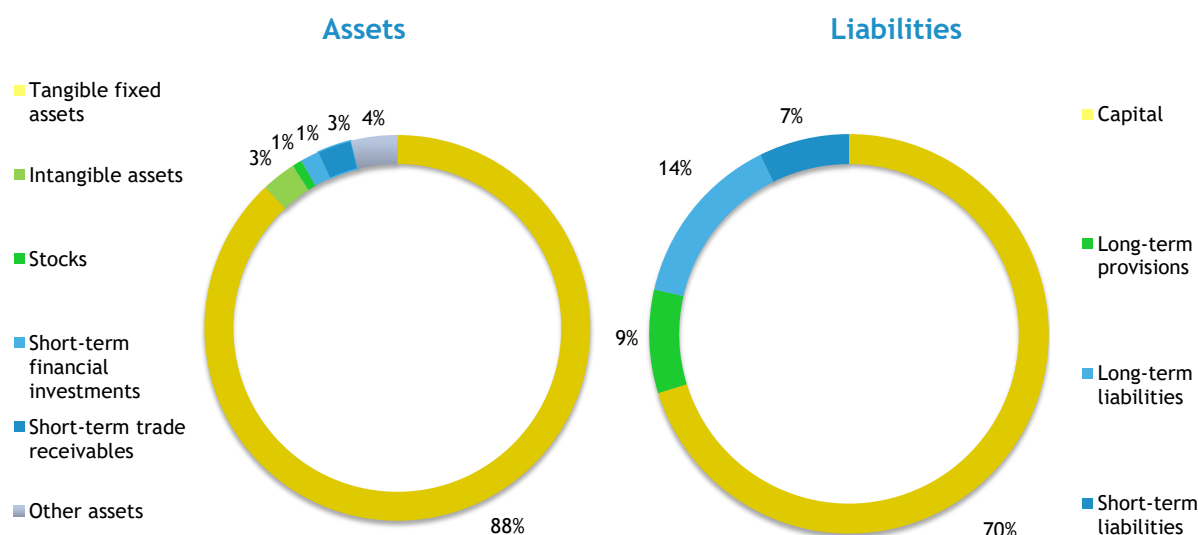
Long-term assets, which are almost entirely consisted of long-term tangible fixed assets, increased by 1% in 2023 due to the increase in investment activities.

Assets review

in EUR '000

Assets	Balance as at 1.1.2022	Balance as at 1.1.2023	Balance as at 31.12.2023	Index 31.12.23/1.1.23
A S S E T S	328,695	346,727	326,756	94
A. LONG-TERM ASSETS	286,195	292,696	296,929	101
I. Intangible assets and long-term deferred costs and accrued revenues	10,350	9,812	9,434	96
II. Tangible fixed assets	275,396	282,630	287,324	102
IV. Long-term financial investments	43	43	43	100
VI. Deferred tax assets	406	212	128	60
B. SHORT-TERM ASSETS	42,395	53,937	29,722	55
II. Stocks	3,667	4,109	2,622	64
III. Short-term financial investments	3,500	0	5,000	
IV. Short-term operating receivables	16,198	13,347	9,454	71
V. Cash	19,029	36,481	12,646	35
C. SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES	105	94	104	111

Current assets reduced due to reduction in cash, where also deposits on a special deposit account earmarked for security for auction capacities and balancing contracts are shown. The lower value of stocks results from the low gas price.



Equity and liabilities

Since the beginning of the year, capital increased by 4 percent. It is affected by the net profit of the current year and the decision of the Supervisory Board on the distribution of part of profits of 2022 to the sole shareholder.

Long-term financial liabilities decreased by 7 percent from the start of the year due to payment of instalments of the long-term EIB loan. In short-term financial liabilities, instalments of long-term EIB loan, due for payment in one year, are disclosed.

In short-term operating liabilities, short-term operating liabilities to suppliers, state, employees and others are disclosed. Their status was by 56 percent lower at the end of 2023 compared to the start of the year due to the reduction in liabilities to suppliers and liabilities based on sureties.

Review of asset liabilities

in EUR '000

Liabilities from asset sources	Balance as at 1.1.2022	Balance as at 1.1.2023	Balance as at 31.12.2023	Index 31.12.23/1.1.23
LIABILITIES FROM ASSET SOURCES	328,695	346,727	326,756	94
A. CAPITAL	216,034	221,585	229,402	104
I. Called-up capital	98,734	98,734	98,734	100
II. Capital reserves	8,152	8,152	8,152	100
III. Reserves from profit	104,437	109,060	113,449	104
V. Fair value reserves	-11	101	58	57
VI. Retained net profit or loss	0	0	14	4,067
VII. Net profit	4,723	5,538	8,997	162
B. PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES	29,426	28,395	27,316	96
1. Long-term provisions	1,014	1,449	1,658	114
2. Long-term accrued costs and deferred revenues	28,412	26,946	25,658	95
C. LONG-TERM LIABILITIES	53,046	49,577	46,108	93
I. Long-term financial liabilities	53,046	49,577	46,108	93
D. SHORT-TERM LIABILITIES	27,846	44,875	21,769	49
II. Short-term financial liabilities	3,469	3,469	3,469	100
III. Short-term operating liabilities	24,376	41,406	18,300	44
E. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUES	2,342	2,295	2,161	94

Operating income

The main portion of the net sales revenues of EUR 68 million is realised through a charged access to transmission system, access to transmission system for cross-border transmission and through the gas sale for levelling of daily deviations and balancing the transmission system. Around 6 percent of total net sales revenues were network charges charged to users of the transmission system with their registered office outside Slovenia.

Review of operating income

in EUR '000

Item	2021	2022	2023	Index 2023/2022
Revenues on the domestic market	56,110	90,152	55,887	62
Network charges	37,797	38,708	40,478	105
Gas sale for balancing and levelling of deviations	18,041	51,132	15,067	29
Sale of material, services and other	272	313	342	109
Revenues on the foreign market	2,669	9,855	11,854	120
Network charges	2,444	7,986	3,944	49
Gas sale for balancing and levelling of deviations	141	1,773	7,829	441
Sale of material, services and other	84	96	81	85
Net sales revenues in total	58,779	100,007	67,740	68
Purchase value of natural gas sold	18,155	52,704	22,783	43
Gross selling profit or loss	40,624	47,303	44,957	95
Other operating income	1,563	1,783	1,958	110

Net sales revenues amounted to 68 percent achieved in 2022. The gas purchase/acquisition value is represented by the value of gas sold due to levelling of daily deviations in volume and balancing the transmission system. Compared to the previous year, the purchase/acquisition value of gas volume sold, is by 57 percent lower and reaches 55 percent of annual planned value. Gross selling profit or loss is thus disclosed in the amount of EUR 45 million and exceeds the projected profit and loss by 2.3 percent.

Gross selling profit and loss is increased by other operating income in the amount of EUR 2.0 million. Other operating income disclosed includes in particular the income from the reduction of short-term accrued costs and deferred revenues arising from the European Commission grants.

Operating expenses and expenditure

Operating expenses and expenditure without the purchase value of the gas sold amounted to EUR 34.5 million in 2023. They are costs of material, services and labour, other costs and expenditure and depreciation expense. Individually, the largest share in operating expenditure is depreciation with 49 percent.

Review of operating costs and expenditure

in EUR '000

Item	2021	2022	2023	Index 2023/2022
Costs of material and services	7,323	12,160	5,725	47
Labour costs	8,796	9,210	9,805	106
Depreciation	15,904	16,511	17,031	103
Expenses from revaluation	212	268	9	3
Other operating expenses	1,842	1,899	1,923	101
Total	34,077	40,048	34,493	86

Costs of material and services reach 44 percent of the planned costs for 2023, and are lower by 53 percent from the costs achieved in 2022. The main reason for the respective deviation is decrease in gas price. The average gas price on CEGH was 41.9 EUR/MWh in 2023, while it amounted to 125.7 EUR/MWh in 2022. Operating expenses from revaluation are formed for trade receivables from clients in judicial proceedings or insolvency proceedings. According to the legislation, other operating expenses comprise contributions and membership fees.

Financial income and expenses

Finance income includes revenue from loans granted which represent the received interest on deposits with banks and revenue from commercial receivables. Finance expenses were at the level of those planned for 2023 and are a result of long-term dedicated indebtedness for the investments implemented in previous years.

Due to repayment of principals of the long-term EIB loan, finance expenses were decreasing and were EUR 2.3 million in 2023, which was 5.4 percent less than a year before.

Profit and loss

In 2023, the Company achieved a total of EUR 10.3 million of earnings before taxes. Income tax that is charged to profit and loss of 2023 in the amount of EUR 1.3 million is calculated according to the tax rate of 19 percent from the profit and loss and takes into account tax relief, non-deductible costs and deferred taxes.

The net profit for 2023 is disclosed in the amount of almost EUR 9 million. It is fully generated from operation and exceeds the amount achieved in 2022 by 62 percent.

Cash flows

Cash flow statement shows the change in cash in hand and on the bank accounts with the breakdown of cash flows in operation, investment and financing.

In 2023, the cash flow from operating activities was positive, amounting to EUR 17.6 million, mostly due to successful operation in this period. The impact of changes in net current capital is negative and amounts to EUR 10.2 million. The positive result of cash flow from operating activities was earmarked to cover investment expenditure, pay interest and pay the instalments of long-term loans. Cash flow from investment is negative and amounts to EUR 34.6 million. The investment expenditure decreased by EUR 37.7 million in 2023.

Overview of cash flow

in EUR '000

Type of cash flow	2021	2022	2023
A. CASH FLOW FROM OPERATING ACTIVITIES			
a. Items of income statement	23,249	24,610	27,796
b. Change in net current assets	-2,430	13,116	-10,171
c. Net operating receipts (+)/expenditures (-) a+b	20,819	37,725	17,625
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
a. Investment receipts	5,022	8,510	3,131
b. Investment expenditure	-14,059	-22,842	-37,697
c. Net investment receipts (+)/expenditures (-) a+b	-9,037	-14,332	-34,566
C. CASH FLOWS FROM FINANCING ACTIVITIES			
a. Cash receipts from financing activities	0	0	14
b. Cash disbursements from financing activities	-8,011	-5,942	-6,907
c. Net financing receipts (+)/expenditures (-) a+b	-8,011	-5,942	-6,893
D. CLOSING BALANCE OF CASH			
x. Cash flow for the period	3,772	17,452	-23,835
y. Opening balance of cash	15,258	19,030	36,481

Management Declaration in accordance with Article 545 of Companies Act (ZGD-1)

In the 2023 financial year, Plinovodi d.o.o. was a subsidiary of Plinhold d.o.o.

Plinovodi d.o.o. concluded no transactions with Plinhold d.o.o. in 2023.

In 2023, Plinovodi d.o.o. concluded no legal transaction with the controlling undertaking or its related company or at the initiative or in the interest of the respective companies that would mean disadvantage to the Company. The Company also did not receive any disadvantage compensations.

In 2023, Plinovodi d.o.o. also conducted or omitted no action at the initiative or in the interest of the controlling undertaking or its related companies that would mean disadvantage to the Company. In this regard, the Company also did not receive any disadvantage compensations.

Risks

A risk is an uncertain event that may endanger or even prevent the planned objectives to be achieved. Strategically focused companies eliminate, minimise or even take advantage of risks. Each operation is faced with risks, and this is no different in the case of our Company, therefore a comprehensive risk management system is an integral and indispensable part of the Company management system.

Risk management is important to fulfil the mission and the business performance of the Company. One of the answers to understanding economic uncertainties and changing nature of the operation conditions is to strengthen the control of understanding and develop risk management as an integral part of the business strategy that contributes to stability of operation and achieving goals. Risk management means that risk and opportunities in an increasingly complex economic and social environment are responded to in a timely and correct manner. The established organisation, process and methodology of risk management ensure us to be aware of risks and opportunities at all times, know and understand them and to be committed to constant monitoring of changes in the risk structure and the appropriateness of measures.

The established risk management system (ERM) is an integral part of corporate management that also focuses on identifying opportunities. We have established a solid and reliable ERM system which is intelligible and proportional to the characteristics, scope and complexity of transactions we perform as a company. The established process and organisation of risk management, in particular their development, are integral parts of the Company business strategy. We approach risk management in a systematic way through appropriate organisation and clear definition of competencies and responsibilities, definition of policies and risk catalogue. In doing so, we also adapt to changed circumstances, such as coronavirus in 2020 and 2021, the energy crisis in 2022 and floods in 2023. It is the rapidly changing circumstances in recent years that requires agile adaptation systems, including the prompt detection of risks as well as timely adoption of risk management measures.

Risk management falls under the responsibility of the Company Management Board for strategic risk, while all other risks are managed by directors of sectors and heads of organisational units or functions. Risk Management Group (hereinafter referred to as: Group) is in charge of the risk management system which comprises managers and owners of the risks identified. The Group's task is to develop guidelines and a model for risk management in a manner that it develops according to the needs and objectives of the Company, prepare reviews of recognised risks or a catalogue of the most important risks with established controls and measures for risk management, define the reporting process and address the reports on the progress in terms of risk management, and monitor the ERM operation and development. The Group regularly reports to the Company Management Board.

The process is periodically checked in terms of methodological approach, appropriateness of the identified risks, identification of new risks and opportunities, adequacy of the risk evaluation system, while taking into account the operation goals set within the scope of current and foreseen operating conditions. Changes in the structure and significance of risks are closely related to the type of activity, changes in the way of Company operation, regulatory and legislative changes, expansion of gas pipeline system in the country and in

connection to neighbouring countries. The aim is to assume the right amount of appropriate risks and thus enable the Company to follow its strategic goals.

An important part of risk management system are internal controls that draw attention to the possibility of materialisation of risks, as well as measures to strengthen the controls, identify new risks or changes in the intensity of already identified risks, minimise risks and protect the Company against the risks or only monitor them constantly. The internal controls are provided through constant adaptation of work processes and internal acts to individual types of risks and legislative changes, appointment of expert commissions and groups (groups managing individual projects, public procurement commission, liquidity commission, crisis group for coordinating activities related to the coronavirus epidemics, team for the environment and work groups operating in their specific fields), detailed analysis of the selected types of risks, monitoring the risk indicators and efficiency of implementing measures and searching new solutions. Through timely provision of relevant information for the needs of Management Board, the decision-making efficiency is increased, thereby enhancing the contribution to quality risks management. The risk management procedure was complemented with monthly reviews of thirty most significant risks and activities of the Company related to them. If necessary, the list is promptly supplemented with newly emerged risks and evaluation of the existing risks is regularly updated.

The Compliance Officer carries out tasks laid down in the Gas Supply Act, and promotes efficient implementation of measures to achieve objectives defined in the Compliance Programme that reduce regulatory risk and provide actual independence of the transmission system operator.

In addition to strategic risks, which are to some extent environmental risks and have certain consequences on the achievement of strategic objectives and core activity of the Company as well as business operation and results of the Company, the risk management also comprises operational risk. Strategic risks with their diversity and limited possibility of impact remain a significant risk.

The main focus is constantly on the risk of core activity, for which we have made special action scenarios due to the specificity and potential consequences that provide safety and reliable operation of the system, also in the event of emergency. The reliability of the gas transmission system operation and gas supply is provided through an adequate and doubled control system and regular maintenance and upgrade of buildings and devices. The quality of our services is a result of consistent systematic implementation of prescribed control procedures in all fields, monitoring the development of gas technologies and rehabilitation and protection activities. Risks associated with the environmental protection are managed by technical provision of safety and implementing the system of environmental management in accordance with the requirements of the ISO 14001 standard, in particular through waste separation, monitoring and improving environmental indicators and controlling the emissions and waste. We have concluded relevant insurance contracts to reduce risks arising from the TSO activity and assets and which include in particular the insurance of third-party liability, professional indemnity and insurance of property (fire insurance incl. floods, earthquake insurance, machinery break-down insurance, computer insurance and motor insurance).

Risks associated with siting and permits for siting and construction, risks associated with drawing up projects and selection procedures of contractors and timeliness of the conclusion

of execution prevail in the field of project risks. In order to manage risks arising from the public procurement procedures, where required, we included additional legal experts in the implementation of the procedure. With new development plans, project risks will increase. By providing compliance of development plans within the scope of the country and region, timely spatial placement of projects and acquisition of permits and consents, detailed preparation of the timeline of the planned projects, selection of the most suitable contractor, close monitoring of project implementation and timely responses in the event of any deviates, we manage these risks at the acceptable level.

We put considerable emphasis on regulatory and legislative risks, risks associated with political and economic environment with a focus on the importance of gas and development of gas market as well as transmission capacity. We closely monitor all changes in European and national energy policy and regulations and codes, participate in their preparations and adopt them in our procedures and operation.

In 2023, we also focused on sources replacing Russian gas, such as LNG and gas from North Africa and gas from the Caspian Basin, since the changes in this field may significantly affect the volume of booking of transmission capacity at cross-border interconnection points and thus the Company income. The LNG terminal on the Island of Krk has an impact especially on the flows between Croatia and Hungary and less on the flows between Slovenia and Croatia that already reduced in recent periods. The market aspect of the strategic risk is also managed through competitive tariff policy, focused marketing activities to recognise gas as a primary energy product on the path to low-carbon society, and action plans to increase the booking of transmission capacity in the country and connection of new users.

Extremely high gas prices from 2022, decreased throughout 2023 and approached the value before the energy crisis at the end of 2022. Thus, the profit and loss fluctuation risk due to the cost of own use and systemic differences significantly decreased. This risk was notably mitigated due to the legislative solution adopted at the end of 2022 to address systemic differences.

In 2023, the Company continued to closely monitor geostrategic risks arising from the Russian invasion of Ukraine in February 2022, and continued throughout 2023 with the war in Ukraine. The Company responded to the changed conditions by intensifying its engagement in the Regional Cooperation coordination group (ReCo) of ENTSOG that regularly monitors and analyses the events in the European transmission systems and supply routes from Russia to the EU. The Company continued with the activities to provide additional capacities from the western supply route (investments in new BMCS Vrtojba, CP Ajdovščina expansion and envisaged construction of M3/1 gas pipeline from BMCS Vrtojba to CP Ajdovščina), after increasing its capacities already in 2022 for transmission from Italy to Slovenia and thus significantly reduced the consequences of potential full disruption of gas supply from Russia to the EU.

Within the scope of purchase risks the Company is mainly exposed to risks in providing compliance with the regulations for public procurement. To ensure sound implementation of the applicable legislation, it is necessary to regularly monitor changes and perform efficient internal communication in drawing up tender documentation. Through proper management and timely decision-making, we control the whole process of public procurement.

The risk of non-fulfilment of non-monetary liability of contractors is managed by appropriate contractual provisions, providing adequate collateralisation and contract management.

We also pay attention to financial risks: credit risk and wider risk of non-fulfilment of obligations by counterparty, liquidity risk, interest rate risk and investment risk. Financial risks are aligned through an established system of cash management, management of claims and a proper structure of financial sources within the scope of the borrowing policy and optimisation of sources of finance. Long-term indebtedness has no impact on sound and suitable capital adequacy. Based on the successful operation of the Company, stable cash flow from operating activities and financing growth from own means as well provided long-term assets earmarked, the liquidity risk was low in 2023. The exposure to interest risk did not significantly change and remains negligible, all loans have fixed interest rate. The exposure to foreign-exchange risk is low and short-termed since, in 2023, less than 0.1 percent of turnover with suppliers was generated in other (other than EUR) currencies, mainly in US dollars.

On the customers' side, it is important to manage risk arising from (in)solvency and lack of financial discipline. Credit risk is reduced by dispersion of customers, financial guarantees, monitoring the credit rating of main customers, regular dynamic analyses of payment discipline and prompt actions in the event of non-paid revenue due. Despite the continuation of the tough situation due to energy crisis and economic slowdown, the exposure did not increase in 2023.

In the field of operational risks, we perform careful analyses of information technology risks in business processes, telecommunications and risks of information security. These risks are actively managed by introducing additional and improved existing data protection and access controls, an backup location, providing appropriate computer capacities, regular control, maintenance and investments in improvements, updates and upgrades of information systems, as well as through constant education and training of employees. We regularly analyse the exposure of individual IT suppliers, identify changes in risks and adopt suitable measures according to the findings.

We are aware of the risk associated with the provision of key and professionally trained personnel, human resources management and the promotion of innovations. Qualification of employees in line with the requirements of international standards applicable to gas operations, maintaining high level of professional, special and general knowledge, targeted management and development of employee potential, promoting knowledge transfer, long-term planning and recruitment and development of internal communication system are key measures for managing risks in the field of human resources. Based on the implementation of the above-stated measures, stable management and key employees, labour market conditions, low fluctuation and favourable employee satisfaction, we assess this risk as well managed.

In the last three years, the importance of being active in risk management has been more than evident: a well-established system of risk management - designed according to the top-to-bottom principle in accordance with the activity and needs of the Company and with a strong support of the Management Board - is a prerequisite enabling the Company to efficiently and successfully face new situations also in a fast-changing environment. Therefore, Plinovodi is committed to perform constant upgrades of the system of risk

management and strengthen its use in the process of strategic planning as well as making current business decisions. In the following years, we will continue to upgrade the culture of risk management in the Company. In 2023, a decision was adopted to introduce internal audit activity to the Company with the aim of strengthening independent supervision of the operation of internal controls and internal supervision.

In accordance with findings and proposal of the Group, we will also pay special attention to an ever faster changing environment or business-related circumstances, and thus focus on the range of identified risks which in turn influences the appropriate behaviour and efficient actions of the Company. We will continue to perform close monitoring and management of risks associated with gas price fluctuations on the futures market, regulations, information security risks, changes for decarbonisation of the environment and geopolitical developments. With the aim of becoming a flexible company that is able to timely and adequately respond to challenges and related risks of tomorrow, we will continue to review and upgrade the risk catalogue and management.

We will continue to develop the importance of management and security culture, thereby providing that employees understand the risks and operate in the range of reasonable risks and point out any deviations. By upgrading the component “Information, communication and reporting”, we will ensure quick identification of risks, early detection of changes in the environment and thus draw up proper measures and responses to risks. Due to detected change in intensity related to personnel-related risks, we will focus on the personnel development with an emphasis on preserving and replacing key personnel and reducing their workload.

Although the risk management system of the Company is established and operating, the Group will continue to adopt guidelines for risk management in line with the development of experts and good practice, and develop a risk management model in a way which best responds to needs and goals of the Company.

Events after the Balance Sheet date

Between the Balance Sheet date and the date of approval of financial statements there were no events that would require the correction of financial statements to the Balance Sheet date or specific disclosure in the financial statements.

ACCOUNTING REPORT ACCOUNTING REPORT

STATEMENT BY THE MANAGEMENT BOARD

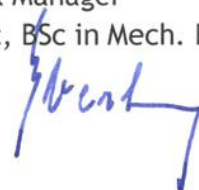
The Management adopts and confirms the Annual Report of Plinovodi d.o.o. for 2023 which consists of Business Report and Accounting Report.

The Management confirms that relevant accounting policies were consistently used in drawing up financial reports, that accounting estimates were prepared according to the precautionary principle and the principle of good governance, and that financial statements present a true and fair financial situation and results of operation in 2023.

The Management is responsible also for the proper management of accounting, adopting adequate measures for protecting property and other assets, and preventing and detecting abuse and other misconduct. The Management also confirms that financial statements together with respective notes were drawn up on the basis of the assumptions of further operation of the Company and in accordance with the applicable legislation and Slovenian Accounting Standards (2016).

Ljubljana, 19. 03. 2024

General Manager
Marjan Eberlinc, BSc in Mech. Eng.



Balance Sheet as at 31. 12. 2023

in EUR

Item	Notes	Balance 31. 12. 2023	Balance 31. 12. 2022
ASSETS		326,755,664	346,726,630
A. Long-term assets		296,929,406	292,695,905
I. Intangible assets and long-term deferred costs and accrued revenues	2.1.1	9,434,443	9,811,776
1. Long-term property rights		9,361,666	9,745,046
5. Other long-term deferred costs and accrued revenues		72,777	66,730
II. Tangible fixed assets	2.1.2	287,323,989	282,629,506
1. Land and buildings		224,623,736	227,286,785
a) Land		24,017,825	24,298,241
b) Buildings		200,605,911	202,988,544
3. Other devices and equipment		34,815,243	36,879,355
4. Tangible fixed assets in obtaining		27,885,010	18,463,366
a) Tangible fixed assets under construction or in production		27,885,010	18,463,366
IV. Long-term financial investments	2.1.3	42,949	42,949
1. Long-term financial investments, excluding loans		42,949	42,949
VI. Deferred tax assets	2.1.4	128,025	211,674
B. Current assets		29,721,956	53,937,005
II. Inventories	2.1.5	2,622,213	4,109,326
1. Materials		2,142,599	2,376,826
3. Goods and merchandise		479,614	1,732,500
III. Short-term financial investments	2.1.6	5,000,000	0
2. Short-term loans		5,000,000	0
IV. Short-term operating receivables	2.1.7	9,453,563	13,346,703
2. Short-term trade receivables		8,452,569	11,450,077
3. Short-term operating receivables from others		1,000,994	1,896,626
V. Cash	2.1.8	12,646,180	36,480,976
C. Deferred costs and accrued revenues	2.1.9	104,302	93,720

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

Balance Sheet as at 31. 12. 2023

in EUR

Item		Note	Balance 31. 12. 2023	Balance 31. 12. 2022
EQUITY AND LIABILITIES			326,755,664	346,726,630
A.	Equity	2.1.10	229,401,931	221,584,751
I.	Called-up capital		98,733,790	98,733,790
1.	Share capital		98,733,790	98,733,790
II.	Capital reserves		8,151,515	8,151,515
III.	Reserves from profit		113,448,856	109,060,351
1.	Legal reserves		1,933,169	1,933,169
5.	Other reserves from profit		111,515,687	107,127,182
V.	Fair value reserves		57,645	100,590
VI.	Retained net profit or loss		13,619	335
VII.	Net profit or loss for the financial year		8,996,506	5,538,170
B.	Provisions and long-term accrued costs and deferred revenues	2.1.11	27,315,876	28,395,004
1.	Provisions for retirement allowances and jubilee benefits		736,552	655,237
2.	Other provisions		921,680	793,421
3.	Long-term accrued costs and deferred revenues		25,657,644	26,946,347
C.	Long-term liabilities	2.1.12	46,108,025	49,577,160
I.	Long-term financial liabilities		46,108,025	49,577,160
2.	Long-term financial liabilities to banks		46,108,025	49,577,160
Č.	Short-term liabilities		21,768,767	44,874,684
II.	Short-term financial liabilities	2.1.13	3,469,136	3,469,136
2.	Short-term financial liabilities to banks		3,469,136	3,469,136
III.	Short-term operating liabilities	2.1.14	18,299,631	41,405,548
2.	Short-term operating liabilities to suppliers		8,022,547	20,586,956
4.	Short-term operating liabilities from advance payables		35,250	155,041
5.	Other short-term operating liabilities		10,241,834	20,663,551
D.	Short-term accrued costs and deferred revenues	2.1.15	2,161,065	2,295,031

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

The income statement is drawn up in accordance with the Companies Act and SAS 21 - Version I. Individual items of the income statement are explained in breakdowns and notes to financial statements.

Income statement for 2023

in EUR				
	Item	Notes	2023	2022
1.	Net sales revenues	2.2.1	67,740,457	100,007,424
4.	Other operating income (with operating revenue from revaluation)	2.2.2	1,958,081	1,783,294
5.	Costs of goods, material and services	2.2.3	-28,508,610	-64,863,864
a)	Purchase/acquisition value of goods and material sold and costs of material used		-24,311,492	-61,113,496
b)	Cost of services		-4,197,118	-3,750,368
6.	Labour costs	2.2.4	-9,804,674	-9,209,745
a)	Wages and salaries		-7,204,596	-6,850,035
b)	Social security costs		-1,378,247	-1,320,858
c)	Other labour costs		-1,221,831	-1,038,853
7.	Write-offs	2.2.5	-17,040,017	-16,779,003
a)	Depreciation		-17,030,767	-16,510,703
b)	Operating expenses from revaluation in intangible assets and tangible fixed assets		-7,791	-268,244
c)	Operating expenses from revaluation of current operating assets		-1,459	-56
8.	Other operating expenses	2.2.6	-1,922,882	-1,899,081
9.	Financial revenues from stakes		0	0
10.	Financial revenue from loans granted		83,507	2,619
b)	Financial revenue from loans granted		83,507	2,619
11.	Financial revenues from operating receivables		35,327	16,217
b)	Financial revenues from operating receivables from others		35,327	16,217
12.	Financial expenses from impairment and financial investment write-offs		0	0
13.	Finance expenses from financial liabilities	2.2.8	-2,228,555	-2,372,779
b)	Finance expenses from bank loans		-2,228,555	-2,330,015
d)	Finance expenses from other financial liabilities		0	-42,764
14.	Finance expenses from operating liabilities	2.2.9	-24,094	-8,243
b)	Finance expenses from liabilities to suppliers and notes payables		-1,392	-1,510
c)	Finance expenses from other operating liabilities		-22,702	-6,733
15.	Other income		6,419	26,007
16.	Other expenses		-956	-20,211
17.	Income tax		-1,176,975	-950,473
18.	Deferred taxes	2.1.4	-83,649	-193,991
19.	NET PROFIT OR LOSS FOR THE PERIOD		8,996,506	5,538,170

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

Other comprehensive income statement for 2023

in EUR		
	2023	2022
19. Net profit or loss for the period	8,996,506	5,538,170
23. Actuarial profit/loss	-42,945	111,976
24. Other components of comprehensive income statement of the reporting period	13,619	335
25. Total comprehensive income for the period	8,967,180	5,650,481

The cash flow statement is drawn up in accordance with the Companies Act and SAS 22 - Version II.

Cash flow statement for 2023

in EUR

	Item	2023	2022
A.	CASH FLOW FROM OPERATING ACTIVITIES		
a)	Items of income statement	27,795,863	24,609,761
	Operating income (except for from revaluation) and financial revenues from operating receivables	69,310,770	101,716,113
	Operating expenses excl. depreciation (except for from revaluation) and financial expenses from operating liabilities	-40,254,283	-75,961,888
	Income taxes and other taxes not included in operating expenses	-1,260,624	-1,144,464
b)	Changes in net current capital (and deferred costs and accrued revenues and deferred tax assets and liabilities) operating items of Balance Sheet	-10,171,238	13,115,507
	Opening less closing operating receivables	4,327,017	2,877,239
	Opening less closing short-term deferred costs and accrued revenues	-16,629	29,597
	Opening less closing assets (for disposal groups) as held for sale	0	0
	Opening less closing deferred tax assets	83,649	193,991
	Opening less closing inventories	1,487,113	-442,393
	Closing less opening operating liabilities	-14,727,556	11,378,909
	Closing less opening accrued costs and deferred revenues and provisions	-1,324,832	-921,836
c)	Positive or negative cash flow from operating activities (a+b)	17,624,625	37,725,268
B.	CASH FLOWS FROM INVESTMENT ACTIVITIES		
a)	Investing receipts	3,130,954	8,509,905
	Cash receipts from interest and profit share of others associated with investment	49,387	2,619
	Cash receipts from disposal of tangible fixed assets	81,567	7,286
	Cash receipts from financial investment	3,000,000	8,500,000
b)	Investment expenditure	-37,697,438	-22,842,059
	Expenditure on the acquisition of intangible assets	-576,951	-354,638
	Expenditure on the acquisition of tangible assets	-29,120,487	-17,487,421
	Expenditure on the acquisition of short-term financial investments	-8,000,000	-5,000,000
c)	Positive or negative cash flow in investments (a+b)	-34,566,484	-14,332,154
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
a)	Cash receipts from financing activities	13,619	335
	Cash receipts from paid-in capital	13,619	335
b)	Cash disbursements from financing activities	-6,906,556	-5,941,915
	Interest paid on financing activities	-2,287,421	-2,372,779
	Expenditures from repayment of financial liabilities	-3,469,135	-3,469,136
	Expenditures from payment of profit shares	-1,150,000	-100,000
c)	Positive or negative cash flow from financing activities (a+b)	-6,892,937	-5,941,580
Č.	CLOSING BALANCE OF CASH (x+y)	12,646,180	36,480,976
x)	Cash flow for the period (Ac+Bc+Cc)	-23,834,796	17,451,534
y)	Opening balance of cash	36,480,976	19,029,442

Statement of changes in equity for 2023

in EUR

Item	Called-up capital	Share capital	Capital reserves	Reserves from profit	Legal reserves	Other reserves from profit	Fair value reserves	Net profit or loss from previous period	Net profit or loss for the financial year	Equity in total
	I	I/1	II	III	III/1	III/5	V	VI	VII	VIII
A.1. Balance as at 31.12.2022	98,733,790	98,733,790	8,151,515	109,060,351	1,933,169	107,127,182	100,590	335	5,538,170	221,584,751
A.2. Balance as at 1.1.2023	98,733,790	98,733,790	8,151,515	109,060,351	1,933,169	107,127,182	100,590	5,538,505	0	221,584,750
B.1. Changes in equity - transactions with owners	0	0	0	0	0	0	0	-1,150,000	0	-1,150,000
g) Payment of the profit share	0	0	0	0	0	0	0	-1,150,000	0	-1,150,000
B.2. Total comprehensive income of the financial year	0	0	0	0	0	0	-42,945	13,619	8,996,506	8,967,180
a) Entry of the yearly results	0	0	0	0	0	0	0	0	8,996,506	8,996,506
d) Other components of comprehensive income statement of the reporting period	0	0	0	0	0	0	-42,945	13,619	0	-29,326
B.3. Changes in equity	0	0	0	4,388,505	0	4,388,505	0	-4,388,505	0	0
a) Allocation of the part of net profit of comparable reporting period to other equity components	0	0	0	4,388,505	0	4,388,505	0	-4,388,505	0	0
d) Settlement of loss as deducted equity component	0	0	0	0	0	0	0	0	0	0
C. Balance as at 31.12.2023	98,733,790	98,733,790	8,151,515	113,448,856	1,933,169	111,515,687	57,645	13,619	8,996,506	229,401,931

Statement of changes in equity for 2022

in EUR

Item	Called-up capital	Share capital	Capital reserves	Reserves from profit	Legal reserves	Other reserves from profit	Fair value reserves	Retained net profit or loss	Net profit or loss for the financial year	Equity in total
	I	I/1	II	III	III/1	III/5	V	VI	VII	VIII
A.1. Balance as at 31.12.2021	98,733,790	98,733,790	8,151,515	104,437,456	1,933,169	102,504,287	-11,386	0	4,722,895	216,034,270
A.2. Balance as at 1.1.2022	98,733,790	98,733,790	8,151,515	104,437,456	1,933,169	102,504,287	-11,386	4,722,895	0	216,034,270
B.1. Changes in equity - transactions with owners	0	0	0	0	0	0	0	-100,000	0	-100,000
g) Payment of the profit share	0	0	0	0	0	0	0	-100,000	0	-100,000
B.2. Total comprehensive income of the financial year	0	0	0	0	0	0	111,976	335	5,538,170	5,650,481
a) Entry of the yearly results	0	0	0	0	0	0	0	0	5,538,170	5,538,170
d) Other components of comprehensive income statement of the reporting period	0	0	0	0	0	0	111,976	335	0	112,311
B.3. Changes in equity	0	0	0	4,622,895	0	4,622,895	0	-4,622,895	0	0
a) Allocation of the part of net profit of comparable reporting period to other equity components	0	0	0	4,622,895	0	4,622,895	0	-4,622,895	0	0
d) Settlement of loss as deducted equity component	0	0	0	0	0	0	0	0	0	0
C. Balance as at 31.12.2022	98,733,790	98,733,790	8,151,515	109,060,351	1,933,169	107,127,182	100,590	335	5,538,170	221,584,751

Balance sheet profit as at 31. 12. 2023

		in EUR	
	Item	2023	2022
a)	Net profit or loss for the financial year	8,996,506	5,538,170
b)	Net profit/loss brought forward	13,619	335
g)	BALANCE SHEET PROFIT	9,010,125	5,538,505

1. Summary of relevant accounting policies

Basis for drawing up financial statements

Financial statements are presented in euros. Rounding may result in minor differences during addition.

Financial statements in this report are drawn up on the basis of the Slovenian Accounting Standards (SAS) applicable as of 01/01/2016 issued by the Slovenian Institute of Auditors including the amendments of SAS adopted after 01/01/2016, and in accordance with the Companies Act.

The balance sheet is adjusted to indication as per SAS 20.4., and Income statement as per SAS 21.6. - Version I, cash flow statement as per SAS 22.9. - Version II, and statement of changes in equity as per SAS 23.2. Only items are indicated, the value of which is more than zero in the current and previous year.

Pursuant to Article 109 of the Gas Supply Act, the Company, as the transmission system operator, must disclose in notes to financial statements any deviation from the regulatory framework for the financial year reflected in the surplus or deficit in network charges.

Financial statements for the year ended on 31/12/2023 were confirmed by the Management at the 13th Management meeting of 19/3/2024.

Rate and the method of conversion to domestic currency

Assets and liabilities expressed in foreign currency are recalculated in domestic currency using ECB reference rate as at the last day of the accounting period.

Information on the controlling undertaking

As at 31/12/2023, the controlling undertaking is Plinhold d.o.o., which is the sole shareholder of Plinovodi d.o.o. Plinovodi d.o.o. is in the indirect State's majority ownership, namely 60.10 percent (the percentage indicated represents a direct share of the shareholder (the Republic of Slovenia) in Plinhold d.o.o.).

Financial statements of Plinovodi d.o.o. are included in the consolidated financial statements of Plinhold and published on the website www.ajpes.si. Consolidated financial statements of the Plinhold Group at the day of confirming the Plinovodi d.o.o. Annual Report have not been drawn up; they are expected to be prepared in April 2024.

Important information on accounting policies

Intangible assets and long-term deferred costs and accrued revenues

The assets include intangible assets that are investments in other property rights (computer software, investment in network development planning, project and spatial documentation, studies and analyses that usually relate to several gas pipelines and the use of which is longer than a year, etc.). Intangible assets in obtaining are disclosed separately.

At the initial recognition, the intangible asset is evaluated at purchase/acquisition price and has the defined final useful life. The purchase/acquisition value also includes import duties and non-refundable purchase taxes.

Rights related to immovable property and other rights are recognised and measured in accounting records as intangible assets, while in the balance sheet they are disclosed as Land and Buildings items.

Intangible assets in obtaining are impaired in part of investments in network planning on projects where the activities for completion are temporary at the standstill and it is highly unlikely that they will continue. The adjustment is calculated to the debit of operating expenses from revaluation.

The Company separately discloses also long-term deferred costs and accrued revenues. Long-term deferred costs and accrued revenues include long-term deferred initial costs for obtaining a long-term EIB investment loan and initial costs of obtaining a SID bank guarantee.

Tangible fixed assets

Tangible fixed assets of the Company are land, easement and building rights, gas pipelines, buildings and other facilities, equipment, items of artistic value, replacement parts of high value and property, plant and equipment under construction or in production.

Tangible fixed assets also comprise all types of small tools with the useful life longer than a year and the individual value of which exceeds EUR 500 according to the supplier's invoice. Regardless of the limit set, it applies that equal assets (assets of the same type or similar purpose) are treated equally.

After the initial recognition, the tangible fixed asset is evaluated according to the purchase/acquisition value. It consists of its purchase price and all costs required for bringing the asset to its working condition.

The tangible fixed asset obtained free-of-charge is disclosed at purchase/acquisition value of the assets of same type, and if this is not known, the fair value is used.

The difference between the net sales value and carrying amount of the disposed tangible fixed asset is carried over to operating revenue from revaluation, if the first is higher than the second, or in operating expenses from revaluation, if the second is higher than the first.

Costs incurred subsequently related to property, plant and equipment

Costs incurred subsequently related to tangible fixed asset may be disclosed as:

- Maintenance costs; or
- Increase in purchase/acquisition value of the asset, if conditions from SAS 1.7 are met.

Criteria used by the Company to define the costs incurred later in relation to the tangible fixed assets:

- As maintenance costs, the costs are disclosed which are needed for maintaining fixed assets in the useful life (value of works performed only to re-establish the existing situation or replace already existing parts);

- As increase in purchase/acquisition value of the tangible fixed asset, the costs are disclosed which increase future benefits of the assets compared to those assessed upon the purchase: easier management of the asset (electronic management, etc.) and thus reducing the costs of management and control; in the case of investments in buildings, those investment are disclosed as increase in purchase/acquisition value, which are used to be built on (completed, produced etc.), which has not been possible before the start of works and increase the utility value of the building or gas pipeline.

Depreciation

Net carrying amount of the tangible fixed asset and intangible asset are reduced through depreciation. The tangible fixed asset and intangible asset begin to be depreciated on the first day of the next month after the fixed asset is available for use.

Intangible and tangible assets are depreciated in the useful life according to the method of straight-line depreciation. Depreciation is calculated separately.

Depreciation rate of intangible assets ranges from 2.5 percent to 33 percent for typing of buildings or to 50 percent for specific software and licences. For investing in network development planning, the depreciation rate is associated with the duration of concession relationship for pursuing the public service of natural gas transmission system operator, i.e. 35 years.

Main depreciation rates of the tangible fixed assets are as follows: from 2 percent to 5 percent for buildings, 2.86 percent for gas pipelines, 6.67 percent for metering devices; 10 percent for furniture; 20 percent for passenger vehicles and 33 percent or 50 percent for computers and computer equipment, respectively.

Depreciation rates remained unchanged in 2023.

Financial investments

In the Balance Sheet, financial investments are disclosed as long-term and short-term financial investments. Long-term financial investments are investments that the Company possesses in the period longer than one year and are not possessed for trading.

Shares together with the controlled company, placements of financial assets in deposits with banks, and other financial investments are disclosed under financial investments. Deposits over 31 days, but not longer than 1 year, are deemed short-term financial investments.

Capital investment in joint venture is evaluated at purchase/acquisition value in financial statements. Remitted share in profit increases financial revenue. If there exist objective evidence that the respective asset is impaired in long term, the impairment is recognised in the income statement as financial expenditure.

Financial investment in capital, equity securities of other companies or debt securities of other companies or the state are evaluated at purchase/acquisition value upon the initial recognition, which equals the account of cash paid.

Financial investments relating to loans granted are evaluated at the measured amortised costs, whereby they are indicated as the principal of loans after the paid amount upon the initial recognition.

Inventories

Inventories of material, replacement parts and small tools, inventories of gas for system differences, inventories of gas for own use, stocks of gas in the transmission system for balancing and inventories of gas in the transmission system intended for managing the differences between the measured energy and energy intended for transmission by systems users at different sides of the cross-border point of the transmission system (OBA), if it is carried out in cash, are disclosed as inventories.

Gas in the transmission system for balancing is gas intended for balancing daily deviations between the takeover and delivery of natural gas, balancing the system and gas for losses and does not include gas for basic filling.

The stock unit of quantity is valued at purchase price comprising purchase price, import duties and direct costs of purchase. The purchase price is reduced by approved discounts.

In evaluating the utilisation of stocks, the Company uses the method of weighted average prices.

Receivables

The Company discloses regular operating receivables, receivables related to revenues from financing and deferred tax assets. According to their maturity, it divides them into long-term and short-term receivables.

Upon initial recognition, the receivables are disclosed with amounts that stem from the relevant accounting documents on the assumption they will be paid.

All receivables under the litigation proceedings, trade receivables for which compulsory settlement proceedings or bankruptcy proceedings is brought forward, and trade receivables in poor financial state and for which it is reasonably foreseen that they will not be settled in full or establish the inability to pay confirmed by the Management of the Company are transferred to doubtful and disputed receivables. At the same time, the adjustments of the value of receivables to the debit of operating expenses from revaluation are made in the same amounts.

Trade receivable value adjustments are made for individual receivables after the assessment of recoverability of individual receivables.

Cash and cash equivalents

Cash in hand, cash in bank, bank balance committed overnight, deposits redeemable immediately and at notice not longer than 31 days and credit balance on special account for special purposes.

Upon initial recognition, cash is disclosed in the amount stemming from the respective document. Cash expressed in foreign currency is converted in domestic currency according to the exchange rate on the day of receipt.

Revaluation of cash expressed in a foreign currency is carried out on the day of Balance Sheet. The reference ECB rate on the last day of the period is used for conversion. Conversion of cash is disclosed as financial revenue or expense.

Short-term deferred costs and accrued revenues

Short-term deferred costs and accrued revenues comprise short-term deferred costs (expenses), accrued revenues and VAT from the advances received. Prepaid insurance premiums, subscriptions, membership fees and other accrued and deferred items are disclosed under deferred costs and accrued revenues.

Accrued costs, accrued expenses and deferred revenues comprise part of deferred revenues from disproportionate costs of connections and obtained grants that will be carried over to the revenues in the period of one year from the balance sheet date, accrued salaries from the operation performance of the current year and accrued compensation of employee salaries from the untaken leave and VAT from advances provided.

Equity

The total equity of the Company consists of called-up capital, capital reserves, reserves from profit, fair value reserves (related to disclosing actuarial profits/losses from actuarial calculations of provisions for retirement allowances rendered), retained net profit or loss and net profit or loss for the financial year.

Payment of the profit share is disclosed in financial statements in the period when the decision of the shareholder on the payment has been adopted.

Long-term provisions and long-term accrued costs and deferred revenues

Provisions for accrued costs for severance payment and anniversary bonuses, provisions for easements to the public benefit within the procedure to restrict the on right property (enforced easements), and provision for any other purposes in accordance with SAS provisions are disclosed under long-term provisions.

Provisions are formed in the amount of estimated future payments for severance payments and anniversary bonuses, at the expense of long-term accrued costs or expenses, discounted at the day of Balance Sheet. The method of book reserve method based on actuarial calculation or assessment is used.

Deferred revenues from covering disproportionate costs of connections by users and grants obtained are disclosed under long-term accrued costs and deferred revenues. They are intended to cover depreciation costs of these assets and used by transferring to revenues at the prevailing depreciation rate of the tangible fixed assets and intangible assets of energy infrastructure.

Debts

The Company discloses operating and financial liabilities under the debts. According to their maturity, it divides them into long-term and short-term receivables.

Debts are initially disclosed in actual amounts arising from respective accounting documents. The interest rate is applied in accordance with conditions agreed in contracts with creditors.

Long-term debts relate to long-term loans received from banks and other legal persons. After the initial recognition, they are measured according to the amortised cost using the applicable interest rate method. The interest is demonstrated in the amount calculated in the same accounting period. Accrued interest from financial debts are finance expenses from financial liabilities, or in terms of financial debts they are financial expenses from financial liabilities.

Liabilities to suppliers, received advances and sureties, liabilities from operating on behalf of others, liabilities to employees, liabilities to state and other authorities, other short-term operating liabilities, short-term financial liabilities and that part of long-term liabilities that is due for payment no later than a year from the balance sheet date are disclosed under short-term debts.

Short-term debts are written off to the revenue of the Company after the expiry of limitation period, if the creditor waives them.

Recognition of revenues

The revenues are recognised if the increase of economic benefits in the period is related to the increase of the asset or the reduction of the debt, and this increase/reduction can be reliably measured.

The revenues are recognised when they are legitimately expected that they will lead to earning, if these were not realised at the time of occurrence.

The Company recognises the sales from revenue when it meets (or is meeting) contractual obligation. The contractual obligation is a performance obligation of the Company to deliver or perform contractual agreed goods or services. Performance obligation is fulfilled (or being fulfilled) by the Company through a transfer of contractually agreed goods or services to the customer.

The Company breaks down the income to operating, finance and other income.

Operating income includes sales revenues and other operating income associated with business effects. Sales revenues are those resulting from the agreements with buyers on sale of goods and services. Operating income includes revenue from the charged use of the transmission system from domestic and foreign users, gas sales income for balancing daily deviations in volume and balancing of the transmission system, revenue accruing from system differences, revenue accruing from annual registration at the virtual point, revenue accruing from transactions at the virtual point, revenue accruing from connection charges, sales revenue of material and electricity and revenue accruing from selling other services associated with the performance of the activity.

Revenue accruing from services rendered, except for the services rendered that lead to finance income, are measures at selling prices of completed services reduced by any approved discounts.

Revenue accruing from grants received and contractual penalties and operating income from revaluation are disclosed under other operating revenue associated with business effects.

Under the operating revenue from revaluation, the Company discloses revenues accruing from disposal of tangible fixed assets and intangible long-term assets and elimination of the impairment of assets and receivables.

Financial revenues are revenues from financial investments, revenues from operating receivables, revenues from the reversal of impairment of investments and other financial revenues.

Financial revenues are recognised if there is no doubt concerning their size and payability.

Financial revenues from revaluation occur in the following cases: upon the increase of fair value of financial assets measured at fair value through the profit and loss, upon the disposal of financial investments when their selling prices exceeds the carrying amount or in the case of financial investments available for sale measured at fair value, from the excess of their sales value over the carrying amount adjusted for the reserve due to evaluation at fair value arising from the respective assets, upon the elimination of impairments of financial investments, if the said elimination is allowed.

Other revenues comprise extraordinary items and other revenues that reduce profit and loss in the respective period.

Recognition of expenses

The expenses are recognised if the reduction of economic benefits in the period is related to the reduction of the asset or the increase of the debt, and this reduction or increase can be reliably measured. They have impact on the capital size through profit and loss.

The Company breaks down the expenses to operating, finance and other expenses.

Operating expenses are divided into purchase/acquisition value to the gas sold, operating expenses from revaluation and other operating expenses.

Operating expenses from revaluation occur in relation to tangible fixed assets, intangible long-term assets and current assets due to their revaluation to a lower value.

Finance expenses are expenses from financing and expenses from investments.

Default interest for late payments to suppliers, recognised financial discounts of deliveries and other finance expenses related to liabilities to suppliers are disclosed under finance expenses. Interest-rate costs from loans received, other expenses related to financial investments and debts, and finance expenses from revaluation that represent an impairment of financial investments, sale or any other disposal or elimination of the recognition of financial investments or selling accounts receivable are disclosed under investment expenses. They are a negative difference between the sales value and the carrying amount.

Finance expenses are recognised after the calculation, regardless of the payment related to them.

Other expenses comprise items and other expenses that reduce profit and loss in the respective period.

Tax liabilities

The Company charges and remits value added tax, corporate income tax and duties linked to natural gas (contribution for ECO Fund).

The Company charges and pays all taxes and other duties in accordance with the applicable legislation.

Deferred taxes

Balance of receivables or liabilities between deferred tax assets and deferred tax liabilities is disclosed under long-term assets or long-term liabilities for corporate income tax.

Only those liabilities are recognised under deferred tax assets or liabilities that arise from temporary differences. They are recognised only where there is a possibility that taxable profit will be available in the future, against which differed tax assets can be settled.

Deferred tax liabilities or assets are measured on the basis of tax rates, which are expected to be used when asset will be realised on liability paid.

Deferred tax is recognised as directly debited or credited equity, if it refers to items recognised as directly debited or credited equity.

Cash flow statement

The cash flow statement was drawn up using the indirect method by taking into account the data from the income statement for the January - December 2023 period, data from the balance sheet as of 31/12/2023 and 31/12/2022 or 01/01/2023, and other relevant data.

2. Breakdowns and explanations

2.1 Balance Sheet

2.1.1 Intangible assets and long-term deferred costs and accrued revenues

Table of movements of intangible assets and long-term deferred expenses and accrued revenues

in EUR					
Item	Long-term property rights	Other intangible assets	Deferred costs and accrued revenues (DCAR)	Intangible assets in obtaining	Total
Cost of purchase/acquisition					
Balance as at 31. 12. 2022	9,057,122	11,054,295	66,730	6,131,050	26,309,198
Acquisitions	0	0	53,417	576,951	630,368
Transfer to use	353,147	59,950	0	-413,097	0
Transfer to short-term DCAR	0	0	-47,370	0	-47,370
Write-offs	0	0	0	0	0
Balance as at 31. 12. 2023	9,410,269	11,114,245	72,777	6,294,904	26,892,196
Value adjustment					
Balance as at 31. 12. 2022	7,945,738	4,315,317	0	4,236,366	16,497,422
Write-offs	0	0	0	0	0
Impairment	0	0	0	0	0
Depreciation	493,574	466,757	0	0	960,331
Balance as at 31. 12. 2023	8,439,312	4,782,074	0	4,236,366	17,457,753
Net carrying amount					
Balance as at 31. 12. 2022	1,111,384	6,738,978	66,730	1,894,684	9,811,776
Balance as at 31. 12. 2023	970,957.00	6,332,171	72,777	2,058,538	9,434,443

Computer programs and licences, rights-of-use of transport capacity and other projects are disclosed under long-term property rights.

Major investments in computer equipment or licences in 2023 are investments in Microsoft Dynamics 365 BC system, GIS system, EPUS platform, upgrade of the Company's website, and safety management of information system in the total amount of EUR 220,082.

Deferred initial costs for the EIB loan and initial costs for obtaining SID Bank guarantee in the total amount of EUR 72,777 are disclosed under long-term deferred expenses.

Intangible assets in obtaining are disclosed in the amount of EUR 2,058,538 and mainly refer to investments in the network development planning.

As at 31/12/2023, the financial liabilities under 11 signed investment contracts to obtain intangible assets amount to EUR 1,613,792.

2.1.2 Tangible fixed assets

Table of movement of tangible fixed assets

in EUR

Item	Land	Building and easement rights	Buildings	Gas pipelines	Equipment	Replacement parts	Tangible fixed assets in obtaining	Advances for fixed assets	Total
Cost of purchase/acquisition									
Balance as at 31. 12. 2022	7,200,188	26,817,383	51,904,123	555,768,947	140,348,415	730,005	18,686,975	0	801,456,036
Acquisition	0	0	0	0	0	0	20,800,992	0	20,800,992
Transfer to use	421,031	28,906	5,644,112	1,124,134	4,151,319	9,846	-11,379,348	0	0
Transfer to tangible fixed assets	0	0	0	0	39,332	-39,332	0	0	0
Write-offs	0	0	-20,604	-1,071,932	-598,595	0	0	0	-1,691,131
Balance as at 31. 12. 2023	7,621,219	26,846,289	57,527,631	555,821,149	143,940,471	700,519	28,108,619	0	820,565,897
Value adjustment									
Balance as at 31. 12. 2022	0	9,719,329	29,115,975	375,568,553	103,841,755	357,309	223,609	0	518,826,530
Write-offs	0	0	-20,604	-1,044,365	-590,089	0	0	0	-1,655,058
Transfer to tangible fixed assets	0	0	0	0	37,980	-37,980	0	0	0
Depreciation	0	730,354	1,237,789	7,885,521	6,195,747	21,025	0	0	16,070,436
Balance as at 31. 12. 2023	0	10,449,683	30,333,160	382,409,709	109,485,393	340,354	223,609	0	533,241,908
Net carrying amount									
Balance as at 31. 12. 2022	7,200,188	17,098,054	22,788,148	180,200,395	36,506,660	372,695	18,463,366	0	282,629,506
Balance as at 31. 12. 2023	7,621,219	16,396,606	27,194,471	173,411,440	34,455,078	360,165	27,885,010	0	287,323,989

In 2023, the land was purchased for four metering and control stations and buildings at four transmission gas pipelines. The value of costs incurred while arranging the entries of land plots into the Land Register was increased on 8 land plots.

The capitalisations of gas pipelines and buildings by individual investments: alternative premises and access project, reviews and strengthening to provide safe and reliable operation, which includes inspection of individual parts of the transmission system and elimination of identified inadequacies, in a total amount of EUR 6,768,246.

Capitalisation of equipment: replacements and upgrades of machinery, electric and IT equipment at metering and control stations, purchase of three vehicles and a forklift truck, and purchase of computer equipment in the total amount of EUR 4,151,319.

The following fixed assets in obtaining are disclosed the most:

- Costs of the M6 Ajdovščina - Lucija project, which represents costs of gasification of the Obalno-kraška region in a total amount of EUR 12,906,218. These are the costs for drawing up project documentation, supplying pipes and arranging the rights in rem in individual sections;
- Costs of the project to extend CS Ajdovščina comprising the costs of an additional unit in the Ajdovščina compressor station in the total amount of EUR 9,440,299 to provide a possibility of the parallel operation of two compressor units and thus the increase of the transmission capacity at the Šempeter-Gorica interconnection entry point or the transmission of has to supply the Slovenian market;

None of the tangible fixed assets was not pledged as security for liabilities.

As at 31/12/2023, the financial liabilities under 18 signed investment contracts to obtain tangible fixed assets amount to EUR 9,454,910.

2.1.3 Long-term financial investments

Long-term financial investments

			in EUR
Item	31. 12. 2023	31. 12. 2022	
Investment in joint venture Južni tok Slovenija	28.681	28.681	
Investment in PRISMA European Capacity Platform GmbH	14.268	14.268	
Long-term financial investments in total	42.949	42.949	

In accordance with SAS 3, the Company conducted the verification of investment impairment indicators and established that they do not exist in the investment in joint venture Južni tok Slovenia and in PRISMA European Platform GmbH as at 31/12/2023. The needs of investment impairment as at 31/12/2023 were not established.

Company	Capital Share of the Company	Activity of the Company	Amount of the Company capital as at 31. 12. 2023 in EUR	Profit and loss of 2023 in EUR
Južni tok Slovenija d.o.o. Cesta Ljubljanske brigade 11b, 1000 Ljubljana, Slovenia	50%	Transport via pipeline H 49 500	1,124,693	-1,544

In 2012, together with Gazprom from the Russian Federation, the Company established a jointly controlled entity Južni tok Slovenija d.o.o. in accordance with the intergovernmental agreement, where each company has a 50 percent share. The established company was entered in the Commercial register with the Decision Srg 2012/34248 of 5 September 2012. The company is dormant since 2015 and fulfilled only statutory activities with minimum operating costs in 2023. Južni tok Slovenija d.o.o. has no impact on the Company operation. By the time of adopting the Annual Report, the Company has not received any official position on changing the project status from Gazprom.

Company	Capital Share of the Company	Activity of the Company
PRISMA European Capacity Platform GmbH Schillerstraße 4 04109 Leipzig, Germany	5.45% J 62 090	Other information technology and computer service activities

PRISMA European Capacity Platform GmbH was established on 01/01/2013 by European gas transmission system operators with the aim of establishing an on-line booking platform to allocate transmission capacity through auctions. The Company entered the PRISMA European Capacity Platform GmbH with its capital in 2015.

2.1.4 Deferred tax assets

Item	in EUR
Deferred tax assets in total as at 31. 12. 2022	211,674
Changes in deferred tax assets	-83,649
Deferred tax assets in total as at 31. 12. 2023	128,025

Breakdown	31. 12. 2022	Inrease	Decrease	31. 12. 2023
Operating receivables	144,045	0	78,710	65,335
Provisions for jubilee benefits	17,660	0	1,182	16,478
Provisions for retirement allowances	45,244	0	5,685	39,559
Tangible fixed assets	4,725	2,817	889	6,653
Total	211,674	2,817	86,466	128,025

Deferred tax assets are disclosed under long-term assets, namely income tax for non-deductible expenses and accrued income of the accounting year in the amount of EUR 128,025. The tax rate applied to calculate deferred taxes is 19 percent, because the Company estimates that there will be no major absorption of funds in the next five years.

The Company records deferred tax assets calculated on the basis of temporary differences in the amount, for which it assesses that they will be eliminated in the near future while taking into account foreseeable future tax bases.

2.1.5 Inventories

Registered gas inventories as a trade commodity in the gas pipeline system are owned by the Company. The movement of gas quantities in the transmission system depends mainly on daily needs for balancing the system and quantity variations of individual system users.

The material, gas inventories represent gas inventories to cover system differences and gas inventories for own use.

in EUR		
Item	31. 12. 2023	31. 12. 2022
Material - gas	821,509	1,091,453
Other material and replacement parts	1,285,558	1,253,922
Small tools	35,532	31,451
Merchandise - gas	479,614	1,732,500
Inventories in total	2,622,213	4,109,326

The lower value of inventories results from the low gas price. The inventories in no part represents security for liabilities. At the balance cut-off date, the Company verified the value of inventories and established that the carrying amount of inventories did not exceed the net realisable value, and for this reason it did not impair inventories in this regard in 2023.

The annual inventory of gas, other material, replacement parts and small tools did not establish any inventory differences.

2.1.6 Short-term investments

in EUR		
Item	31. 12. 2023	31. 12. 2022
Short-term bank deposits	5,000,000	0
Short-term financial investments in total	5,000,000	0

In short-term investments, short-term deposits redeemable at notice over 31 days and up to 12 months in the national currency with Slovenian banks are disclosed in the total carrying amount of EUR 5,000,000 not exceeding their fair value.

2.1.7 Short-term operating receivables

in EUR

Item	31. 12. 2023	31. 12. 2022
Short-term trade receivables	8,452,569	11,450,077
Short-term trade receivables domestic	7,790,222	10,640,288
- receivables from the joint venture	122	122
- receivables from network charges	7,673,431	10,446,375
- receivables from services performed	116,669	108,423
- doubtful and disputed receivables	343,975	988,091
- trade receivables allowance	-343,975	-902,723
Short-term trade receivables foreign	662,347	809,789
Short-term operating receivables from others	1,000,994	1,896,626
Advances provided short-term	9,760	0
Sureties provided short-term	905,468	890,099
Short-term receivables from interest	34,120	0
Receivables from input VAT	31,599	979,172
Tax on income receivables	0	0
Receivables other taxes/social institutions	19,218	27,259
Other short-term receivables	829	96
Short-term operating receivables in total	9,453,563	13,346,703

in EUR

Item	31. 12. 2022	Increase	Received payments	Elimination	31. 12. 2023
Adjustment of receivables	-902,723	0	395,988	162,760	-343,975
Total	-902,723	0	395,988	162,760	-343,975

Trade receivables from booking auction capacities at cross-border points are covered by financial guarantees, namely with funds deposited on a special account (Note 2.1.8 and Note 2.1.14) or guarantees (Note 2.1.16) in the prescribed amount.

Receivables from short-term sureties granted comprise sureties for enforced easements on the routes of transmission system.

As at 31/12/2023, the Company did not disclose claims towards members of the Management, members of the Supervisory Board and owners.

Short-term trade receivables due as at 31. 12. 2023

in EUR

Item	Not past due	Past due up to 30 days	Past due from 30 to 90 days	Past due over 90 days	Total
Gross trade receivables	7,658,341	791,496	2,009	344,698	8,796,544
Trade receivables allowance	0	0	0	343,975	343,975
Net trade receivables	7,658,341	791,496	2,009	723	8,796,200

2.1.8 Cash and cash equivalents

in EUR

Item	31. 12. 2023	31. 12. 2022
Cash in hand	18	78
Cash in bank	3,978,872	12,383,529
Deposits redeemable at notice of 31 days	0	5,000,000
Credit balance on the special account for special purposes (Note 2.1.14)	8,667,290	19,097,369
Cash and cash equivalents in total	12,646,180	36,480,976

Net credit on a special account is net credit from sureties for auction capacities and balancing agreements.

In cash and cash equivalents, also deposits redeemable at notice of 31 days in the national currency with Slovenian banks are disclosed.

2.1.9 Deferred costs and accrued revenues

in EUR

Item	31. 12. 2023	31. 12. 2022
Prepaid expenditure	65,311	47,909
VAT from advances received	2,750	27,856
Other long-term deferred costs and accrued revenues	36,241	17,955
Deferred costs and accrued revenues in total	104,302	93,720

in EUR

Item	Balance as at 31. 12. 2022	Addition	Expense	Balance as at 31. 12. 2023
Prepaid expenditure	47,909	625,240	607,838	65,311
VAT from advances received	27,856	24,279	49,385	2,750
Other long-term deferred costs and accrued revenues	17,955	47,369	29,083	36,241
Total	93,720	696,888	686,306	104,302

2.1.10 Equity

The Company's share capital is EUR 98,733,790.

Of the balance sheet profit of EUR 5,538,505 in 2022, EUR 1,150,000 were used in profit share in accordance with the decision of the Supervisory Board, while EUR 4,388,505 were allocated in other reserves from profit.

The Management proposes to the Supervisory Board to allocate the balance sheet profit of 2023 in the amount of EUR 9,010,125 to other reserves from profit.

As at 31/12/2023, the Company discloses capital reserves in the amount of EUR 8,151,515, legal reserves in the amount of EUR 1,933,169 and other reserves from profit in the amount of EUR 111,515,687. Capital reserves are share premium accounts. They were generated on 01/01/2005 by means of cash payment of the sole shareholder at that time - the parent company - upon transferring system operator activity from the parent company to the subsidiary.

Fair value reserves in the amount of EUR 57,645 are actuarial surplus or changes of the current value of liabilities to employees from retirement allowances due to changes in the actuarial assumptions and on the basis of experience adjustments.

2.1.11 Provisions and long-term accrued costs and deferred revenues

in EUR

Item	Balance as at 31. 12. 2022	Addition	Expense	Elimination	Transfer to short-term ACDR	Balance as at 31. 12. 2023
Provisions for severance payments and anniversary bonuses	655,237	153,604	39,505	32,784	0	736,552
- anniversary bonuses	161,694	86,978	9,033	3,407	0	236,232
- severance payment	493,543	66,626	30,472	29,377	0	500,320
Other provisions	793,421	200,600	0	72,341	0	921,680
- enforced easements	793,421	200,600	0	72,341	0	921,680
Government grants received	25,115,561	0	0	0	1,264,498	23,851,063
- grants	25,115,561	0	0	0	1,264,498	23,851,063
Other long-term accrued costs and deferred revenues	1,830,786	114,822	1,081	429	137,516	1,806,581
- connection charges paid	1,754,661	111,687	1,081	0	126,660	1,738,607
- GSM devices paid	918	3,135	0	429	2,261	1,363
- grants	75,206	0	0	0	8,595	66,611
Total	28,395,004	469,026	40,586	105,554	1,402,014	27,315,876

The grants received are mainly European Commission grants within the EEPR, TEN-E and CEF-E programmes.

in EUR

Item	Assumption	Deviation	Provisions in total	Severance payment	Anniversary bonuses
Stanje obv. (DBO)	Central scenario	0,00 %	736,552	500,32	236,232
Statement of liabilities (DBO)	Discount interest rate	-0.50 %	766,711	521,861	244,850
Statement of liabilities (DBO)	Discount interest rate	0.50 %	708,516	480,374	228,142
Statement of liabilities (DBO)	Salary growth	-0.50 %	707,879	479,853	228,026
Statement of liabilities (DBO)	Salary growth	0.50 %	767,136	522,242	244,894
Duration (DBO)			8.2	8.1	7.6

Provisions for enforced easements are formed in amounts according to appraising records in the amount of EUR 921,680.

Long-term accrued and deferred items from connection charges are formed in the amount of partial payment of costs for connection construction to the network by end users. Provisions for retirement allowances and jubilee benefits were formed on the basis of actuarial calculation. A discount rate of 3.51 percent and long-term salary growth of 1 percent were used in calculation, while employee fluctuation rate was taken into account according to age intervals and ranges from 0 percent to 3 percent.

2.1.12 Long-term financial liabilities

in EUR

Item	31. 12. 2023	31. 12. 2022
Long-term financial liabilities to banks	46,108,025	49,577,160
Long-term loans granted, received with banks abroad	49,577,161	53,046,296
Transfer to short-term part	-3,469,136	-3,469,136
Long-term financial liabilities in total	46,108,025	49,577,160

in EUR

Maturity of loans granted as at 31. 12. 2023	
- due to 1 year	3,469,136
- due from 1 year to 2 years	3,469,136
- due from 2 years to 5 years	10,407,407
- due over 5 years	32,231,482
Total	49,577,161

Lender	Insurance	Repayment deadline
EIB	SID Bank guarantee - bills of exchange	2039

At the end of 2023, interest rates for loans received were on an annual basis between 2.81 percent and 3.99 percent.

2.1.13 Short-term financial liabilities

in EUR

Item	31. 12. 2023	31. 12. 2022
Short-term part of long-term loans granted with banks abroad	3,469,136	3,469,136
Short-term financial liabilities in total	3,469,136	3,469,136

As at 31/12/2023, the Company did not disclose liabilities towards members of the Management, members of the Supervisory Board and owners.

2.1.14 Short-term operating liabilities

in EUR

Item	31. 12. 2023	31. 12. 2022
Short-term operating liabilities to suppliers	8,022,547	20,586,956
Short-term operating liabilities to domestic suppliers	7,203,620	16,727,948
Short-term operating liabilities to suppliers abroad	798,072	3,859,008
Short-term operating liabilities to suppliers for goods not invoiced	20,855	0
Short-term operating liabilities from advance payables	35,250	155,041
Other short-term operating liabilities	10,241,834	20,663,551
Sureties received short-term	7,992,842	19,126,692
Other short-term liabilities from operating on behalf of others	414,682	274,385
Short-term liabilities to employees	764,405	797,722
Short-term liabilities for VAT charged	573,388	0
Short-term liabilities for corporate income tax	305,707	101,864
Other liabilities to state and other institutions	7,261	46,569
Other short-term operating liabilities	183,549	316,319
Short-term operating liabilities in total	18,299,631	41,405,548

Short-term liabilities to suppliers are liabilities to suppliers for fixed assets, working capital and for off-setting and balancing. Their balance at the end of 2023 was lower than at the end of 2022, in particular due to reduction in liabilities to suppliers for fixed assets that depend on the supplied material and services rendered, and liabilities to suppliers for off-setting and balancing that are completely dependent on gas prices formed on the market.

Short-term received sureties are deposits from booking auction capacities and balancing agreements (Note 2.1.8).

Short-term liabilities to employees are liabilities for gross salaries written for the month of December 2023 that were paid in 2024, and liabilities for bonuses of previous years with the deferred maturity according to the decisions of the Supervisory Board.

Other short-term operating liabilities are mainly liabilities from interest from long-term loans.

2.1.15 Short-term accrued costs and deferred revenues

in EUR		
Item	31. 12. 2023	31. 12. 2022
Accrued costs of services	10,642	10,835
Accrued labour costs arising from untaken leave	281,399	258,569
Accrued labour costs arising from the performance in the current year	377,500	467,000
Deferred revenues from grants, salaries Network charges and GSM devices	1,402,014	1,399,009
Deferred revenues from virtual point services	87,750	74,250
VAT refund	0	85,368
VAT on received advances	1,760	0
Accrued costs and deferred revenues in total	2,161,065	2,295,031

in EUR					
Postavka	Balance 31. 12. 2022	Addition	Expense	Elimination	Balance 31. 12. 2023
Accrued costs of services	10,835	49,742	49,935	0	10,642
Accrued labour costs arising from untaken leave	258,569	281,399	246,606	11,963	281,399
Accrued labour costs arising from the performance in the current year	467,000	377,500	460,990	6,010	377,500
Deferred revenues from grants, salaries Network charges and GSM devices	1,399,009	1,402,350	1,399,263	82	1,402,014
Deferred revenues from virtual point services	74,250	127,982	114,482	0	87,750
VAT refund	85,368	0	0	85,368	0
VAT on received advances	0	1,760	0	0	1,760
Total	2,295,031	2,240,733	2,271,276	103,423	2,161,065

Deferred revenues from grants and connection charges paid as well as GSM devices are a part of long-term accrued costs and deferred revenues from connection charges or European Commission grants received, which are transferred to other operating income in one year after the Balance Sheet date. A part of accrued costs and deferred revenues was transferred to the income in a proportional amount of depreciation of tangible fixed assets and intangible assets that were financed through European Commission grants within the EEPT and TEN-E, connection charges and through employees. Accrued labour costs from the performance of the current year are included in accordance with the Rules on wages and salaries, namely on the basis on the achieved operating results of the Company.

2.1.16 Off-balance sheet assets/liabilities

	in EUR	
Item	31.12.2023	31.12.2022
Guarantees received for good and timely performance of work	524,615	956,589
Guarantees received for elimination of faults in guarantee period	5,653,595	5,571,461
Guarantees received for payment insurance	1,408,000	1,408,000
Guarantees received for repayment of advance	0	1,408,000
Guarantees received for auction capacities (Note 2.1.8)	7,230,000	7,155,000
Guarantees received for balancing agreements (Note 2.1.8)	3,258,000	6,005,000
Bills of exchange received	0	0
Unused limit	5,050,000	49,280
Operating balancing accounts at the border	-3,055	16,190
Off-balance sheet assets/liabilities in total	23,121,155	22,569,520

2.2. Income statement

2.2.1 Net sales revenues

in EUR		
Item	2023	2022
Revenues on the domestic market	55,886,666	90,151,998
- revenues from transmission services - network charges	40,477,562	38,707,534
- gas sale revenues for stabilisation and compensations	15,066,696	51,131,654
- service sale revenues from joint venture	600	600
- accrued revenues from connection charges received	125,513	126,504
- revenues from the sale of material and services	211,040	180,729
- revenues from rents	5,255	4,977
Revenues on the foreign market	11,853,791	9,855,426
- revenues from transmission services - network charges	3,944,097	7,986,416
- gas sale revenues for stabilisation and compensations	7,828,705	1,773,321
- revenues from the sale of services	80,989	95,689
Net sales revenues in total	67,740,457	100,007,424

The decrease in net sales revenues in 2023 that represent sales revenues arising from contracts with buyers on sale of goods and service compared to 2022 is mainly a result of the decrease in gas sales revenues for stabilisation and compensations that completely depend on gas prices formed on the market. These were significantly lower in 2023 compared to 2022. Gas prices on the market also affected the purchase value of a sold commodity, i.e. gas, thereby decreasing the costs of goods, material and services (Disclosure 2.2.3).

2.2.2 Other operating income (with operating income from revaluation)

in EUR		
Item	2023	2022
Revenues from reversal of provisions	50,756	98,265
- reversal of accrued costs and deferred revenues	17,972	14,329
- reversal of provisions	32,784	83,936
Other revenues associated with business effects	1,452,824	1,652,136
- accrued revenues from EEPR grants received	1,157,262	1,157,262
- accrued revenues from TEN-E grants received	42,505	42,505
- revenues from insurance company transfers	78,583	85,189
- revenues from contractual penalties	39,071	48,131
- revenues from free acquisitions	73,327	66,880
- other revenues associated with business effects	62,076	219,746
- other revenues, COVID 19 State aid	0	32,423
Operating income from revaluation	454,501	32,893
- receivables impairment reversal	401,216	25,607
- profit from selling fixed assets	53,285	7,286
- investment in-progress impairment reversal	0	0
Other operating income in total (with operating income from revaluation)	1,958,081	1,783,294

2.2.3 Costs of goods, material and services

in EUR		
Item	2023	2022
Purchase value of goods sold - gas	22,783,154	52,704,144
Costs of material	1,528,338	8,409,352
Cost of services	4,197,118	3,750,368
Costs of goods, material and services in total	28,508,610	64,863,864

in EUR		
Item	2023	2022
Cost of services related to maintenance	2,123,743	1,926,816
Rental costs	172,116	153,961
Reimbursement of work-related costs	148,969	103,778
Costs of payment transaction services, bank services, business, insurance premium	615,405	597,459
Costs of intellectual and personal services	174,107	182,773
Costs of fairs, advertisements and representation	180,216	144,794
Costs of services rendered by natural persons not pursuing the activity	153,998	167,494
Cost of other services	628,564	473,293
Cost of services in total	4,197,118	3,750,368

2.2.4 Labour costs

in EUR		
Item	2023	2022
Wages and salaries	6,923,197	6,591,466
Pension insurance costs	819,890	780,482
- incl. voluntary additional pension scheme	224,777	219,361
Social security costs	558,357	540,376
Provisions for jubilee benefits and retirement allowances	101,577	39,257
Provisions for untaken leave	281,399	258,569
Other labour costs	1,120,254	999,596
Labour costs in total	9,804,674	9,209,746
Average number of employees according to calculated hours worked	146,280	144,610

2.2.5 Write-offs

in EUR		
Item	2023	2022
Depreciation	17,030,767	16,510,703
Depreciation of intangible assets	960,331	874,612
Depreciation of tangible fixed assets	16,070,436	15,636,091
Operating expenses from revaluation	9,250	268,300
Operating expenses from revaluation of intangible assets and tangible fixed assets (Note 2.1.1 and 2.1.2)	7,791	268,244
Operating expenses from revaluation of current assets	1,459	56
Write-offs in total	17,040,017	16,779,003

2.2.6 Other operating expenses

in EUR		
Item	2023	2022
Duties independent of labour costs and other types of costs	1,845,063	1,820,998
- building land tax	33,996	31,956
- Energy Agency fee	1,262,381	1,262,381
- ENTSOG, ACER association fee	244,577	236,817
- on-line booking platform fee	296,400	279,384
- ECO Fund fee	6,999	9,668
- other duties	710	792
Environmental protection expenditure	13,285	36,528
Scholarships and awards for secondary and university students	150	2,433
Other costs	64,384	39,122
Other operating expenses in total	1,922,882	1,899,081

2.2.7 Costs by functional groups

in EUR		
Item	2023	2022
Purchase value of goods sold - gas	22,783,154	52,704,144
Costs of the main activity of the transmission system operator	30,942,089	36,618,005
Costs of selling and general activity	3,550,940	3,429,545
Costs by functional groups in total	57,276,183	92,751,694

2.2.8 Finance expenses from financial liabilities

in EUR		
Item	2023	2022
Interest and expenses from bank loans	2,228,555	2,330,015
Interest and expenses from other financial liabilities	0	42,764
Finance expenses from financial liabilities in total	2,228,555	2,372,779

2.2.9 Finance expenses from operating liabilities

in EUR		
Item	2023	2022
Interest from actuarial calculation	22,702	6,733
Finance expenses from operating liabilities in total	1,392	1,510
Finance expenses from operating liabilities in total	24,094	8,243

3. Other disclosures

3.1 Information on groups of persons

Structure and amount of emoluments of the Management in the 2023 financial year

in EUR

Name and surname	Function	Fixed emoluments - gross (1)	Variable emoluments - gross on the basis of quality criteria (2)	Deferred remuneration (3)	Recourse and Christmas bonus (4)	Benefits (5)	Gross total (1+2+3+4+5)	Net total
Marjan Eberlinc	General Manager	187,561	13,448	12,902	3,545	9,201	226,657	96,605

Structure and amount of emoluments of supervisory bodies in the 2023 financial year

in EUR

Name and surname	Function	Fixed emoluments - gross (1)	Variable emoluments - gross on the basis of quality criteria (2)	Deferred remuneration (3)	Recourse and Christmas bonus (4)	Benefits (5)	Gross total (1+2+3+4+5)	Net total
Dejan Koletnik	Compliance Officer	108,286	0	0	3,545	8,844	120,675	55,678

Structure and amount of emoluments of members of the Supervisory Board in the 2023 financial year

in EUR

Name and surname	Function	Payment for the performance of function (1)	Supervisory Board meeting allowances (2)	Benefits (3)	Travel expenses (4)	Gross total (1+2+3+4)	Net total
Tibor Šimonka	Chair of the Supervisory Board	16,950	1,375	76	33	18,434	13,331
Žarko Furman	Deputy Chair of the Supervisory Board	12,430	1,375	76	650	14,531	10,493
Janez Žlak	Member of the Supervisory Board	11,300	1,375	76	293	13,044	9,411
Boštjan Napast	Member of the Supervisory Board (until 10. 1. 2023)	1,245	0	0	0	1,245	906
Hinko Šolinc	Member of the Supervisory Board (until 11. 1. 2023)	10,055	1,375	76	27	11,533	8,311
Aleš Šuštar	Member of the Supervisory Board	11,300	1,375	76	0	12,751	9,198
Rok Vozel	Member of the Supervisory Board	11,300	1,375	76	0	12,751	9,198

Structure and amount of emoluments of members of the Audit Committee of the Supervisory Board in the 2023 financial year

in EUR

Name and surname	Function	Payment for the performance of function (1)	Supervisory Board meeting allowances (2)	Benefits (3)	Travel expenses (4)	Gross total (1+2+3+4)	Net total
Žarko Furman	Chair of the Audit Committee	4,238	1,320	0	780	6,338	4,610
Aleš Šuštar	Member of the Audit Committee	2,825	1,320	0	0	4,145	3,015
Marko Hočevar	Audit Committee, external member	11,300	1,650	0	31	12,981	9,441

Structure and amount of emoluments of members of the Staff Committee in the 2023 financial year

in EUR

Name and surname	Function	Payment for the performance of function (1)	Staff Committee meeting allowances (2)	Benefits (3)	Travel expenses (4)	Gross total (1+2+3+4)	Net total
Tibor Šimonka	Chair of the Staff Committee	4,238	0	0	0	4,238	3,082
Žarko Furman	Member of the Staff Committee	2,825	0	0	0	2,825	2,055
Rok Vozel	Staff Committee, external member	2,825	0	0	0	2,825	2,055

In 2023, the Company did not approve any advances, loans or guarantees to these groups of persons. Remuneration from the employment relationship of the members of Supervisory Board and a member of the Audit Committee, and a member Staff Committee, employees' representatives amounted to EUR 158,420 in 2023, including meeting allowances and remuneration for the performance of function.

Since 21/02/2024, the Supervisory Board comprises members Anton Rop, Jožef Klavdij Novak and Jan Bohinec who replaced Tibor Šimonka, Žarko Furman and Janez Žlak.

3.2 Contractual amounts for auditors

in EUR

Item	2023	2022
Auditing the Annual Report	13,585	13,585
Other assurance services	2,185	2,185
Total Company auditing costs	15,770	15,770

3.3 Disclosure of items relating to related companies in the financial statements for 2023

in EUR

Item	Plinhold d.o.o.	Južni tok Slovenija d.o.o.
Net sales revenues	0	600
Net revenue from the sale of services	0	600
Statement of receivables and liabilities at the end of financial year	0	122
Receivables to related companies for goods and services	0	122
Profit distribution	1,150,000	0

3.4 Transactions with companies indirectly or directly owned by the Republic of Slovenia

The scope of transactions and balances arising from these transactions of Plinovodi d.o.o. with companies having more than 20 percent share in Plinhold d.o.o., as a sole shareholder of Plinovodi d.o.o., and companies majority owned by these owners of Plinhold d.o.o. is shown by activities.

in EUR

Partner	Share in %	Outstanding receivables as at 31. 12. 2023	Receivables turnover in 2023	Outstanding liabilities as at 31. 12. 2023	Liabilities turnover in 2023
C 10.110 - Processing and preserving of meat					
Partner 1	min. 70	27,121	127,595	0	0
C 11.020 - Wine production from grapes					
Partner 2	min. 33	0	0	0	72,151
C 20.120 - Manufacture of dyes and pigments					
Partner 3	min. 44	32,331	466,741	0	0
C 21.200 - Manufacture of pharmaceutical preparations					
Partner 4	vsaj 26	66,525	674,290	0	0
C 24.100 - Manufacture of basic iron and steel and of ferro-alloys					
Partner 5	25	243,251	1,320,133	0	0
Partner 6	25	216,611	1,232,965	0	0
C 24.420 - Aluminium production					
Partner 7	95	73,819	910,451	0	0
C 25.500 - Forging, pressing, stamping and roll-forming of metal, powder metallurgy					
Partner 8	min. 45	30,924	168,795	0	0
C 25.620 - Machining					
Partner 9	100	18,344	103,946	0	0
D 35.112 - Production of electricity in thermal power stations					
Partner 10	100	424,308	4,763,876	0	0
Partner 11	100	43,888	487,384	0	0
D 35.140 - Trade of electricity					
Partner 12	min. 75	158,513	1,709,803	82,803	1,415,352
Partner 13	100	206,155	590,241	13,063	223,085
Partner 14	min. 90	309	176,612	0	128,993
Partner 15	min. 63	182	85,393	58,390	706,287
F 43.990 - Other specialised construction activities					
Partner 16	min. 72	0	0	83,436	471,607
G 46.710 - Wholesale of solid, liquid and gaseous fuels and related products					
Partner 17	min. 48	1,110,023	15,972,241	1,412,579	9,884,444
G 47.301 - Retail sale of own automotive fuel in specialised stores					
Partner 18	min. 31	299,805	3,379,638	168,809	258,473
H 52.290 - Freight forwarding and other related transport activities					
Partner 19	min. 94	0	0	0	140,303
I 55.100 - Hotels and similar accommodation					
Partner 20	min. 95	7,645	73,526	0	310
Partner 21	100	7,591	72,696	0	0
J 61.100 - Wired telecommunications activities					
Partner 22	min. 72	0	0	22,978	155,743
K 64.190 - Other monetary intermediation					
Partner 23	99	0	0	40,532	474,918
K 65.120 - Non-life insurance					
Partner 24	min. 62	0	0	41,807	552,317
O 84.110 - General public administration activities					
Partner 25	100	0	0	465,792	2,849,036
O 84.130 - Regulation of and contribution to more efficient operation of businesses					
Partner 26	100	0	0	105,198	1,262,381
Partner 27	100	0	0	2,125	84,348
P 85.422 - Third stage of tertiary education					
Partner 28	100	0	0	73,740	90,903
Q 86.100 - Hospital activities					
Partner 29	100	20,598	229,705	0	0

Transactions were conducted in the same way as with other unrelated parties.

3.5 Disclosures under Energy legislation

The Legal Act determining tariff rates for network charges enables that the Company adequately reimburses its past higher costs (negative settlements) by increasing the future tariff rates, or returns past over-registered income (positive settlements) by reducing tariff rates in the future.

Based on available data and in a fair and realistic way, the Company identified deviations from the regulatory frame work for the period from 01/01/2023 to 31/12/2023, which are reflected in the deficit in network charges. The established deficit in network charges amounts to EUR 2,769,964.43 and is not reported in the financial statements. The deficit in network charges will be taken into account in determining regulatory framework in the next years.

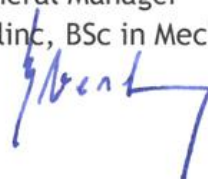
3.6 Events after the Balance Sheet date

Between the Balance Sheet date and the date of approval of financial statements there were no events that would require the correction of financial statements to the Balance Sheet date or specific disclosure in the financial statements.

SIGNING THE ANNUAL REPORT FOR 2023 AND ITS INTEGRAL PARTS

The Managing Director of Plinovodi d.o.o. is informed of the content of integral parts of the Annual Report for 2023 and thereby with the whole report of the Company. He hereby confirms the report with his signature.

General Manager
Marjan Eberlinč, BSc in Mech. Eng.



INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

to the owner of Plinovodi d.o.o.

Report on the audit of the financial statements**Opinion**

We have audited the financial statements of the company Plinovodi d.o.o. (hereinafter 'the Company'), which comprise the balance sheet as at 31 December 2023, and the profit or loss statement, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Slovene Accounting Standards (SAS).

Basis for opinion

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



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Deloitte revizija d.o.o. - The company is registered with the Ljubljana District Court, registration no. 1647105 - VAT ID SI62560085 - Nominal capital EUR 74,214.30.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year ended 31 December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>In order to ensuring efficient, safe and reliable operation, the company invests in fixed assets, which are primarily represented by gas pipelines, land, real estate and equipment. The company recognize intangible and tangible fixed assets that meet the conditions for recognition at their initial recognition at purchase cost. As stated in disclosure 2.1.1 Intangible fixed assets and 2.1.2. tangible fixed assets, the company purchased fixed assets in 2023 for EUR 21,431 thousand.</p> <p>The allocation of costs and the transfer of assets from fixed assets in acquisition to use depends on taking into account the nature of the costs and other conditions for recognition and transfer, in accordance with SAS 1, which is subject to significant judgement and estimates.</p> <p>Due to the judgments and estimates present in the process and the importance of the item in the financial statements, we have identified this area as a key audit matter.</p>	<p>As part of the audit procedures, we assessed the adequacy of the company's accounting policies regarding the recognition of gas pipelines, buildings and equipment connected to gas pipelines and their compliance with SAS.</p> <p>We reviewed the design and implementation of internal controls related to recognition.</p> <p>Based on a selected sample of new purchases in 2023, we checked the adequacy of capitalization and checked;</p> <ul style="list-style-type: none"> - adequacy of the methodology used by management for recognition; - the accuracy of the input data, which is the basis for the recognition of fixed assets; - compliance of fixed asset recognition with SAS. <p>We also reviewed the information in the financial statements to assess whether the disclosures related to property, plant and equipment and intangible assets are adequate.</p>

Other information

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

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

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



If based on our work performed we conclude that other information include material misstatement we need to report such circumstances. In relation to this and based on our procedures performed, we report that:

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 International Standards on Auditing, 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our



opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

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

Confirmation to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Prohibited Services

We confirm that no services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided and that the audit company fulfilled independence requirements.

Other services performed by the audit company

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

Appointment of the Auditor and responsible certified auditor

Deloitte revizija d.o.o. was appointed as the statutory auditor of the Company on General Shareholders' Meeting held on 25 August 2021, while the president of the Supervisory Board signed the audit contract on 25 August 2021. The audit contract was signed for three years. Our total uninterrupted engagement as statutory auditors has lasted since 30. August 2021.

Engagement partner responsible for the audit on behalf of Deloitte revizija d.o.o. is Yuri Sidorovich.

DELOITTE REVIZIJA d.o.o.

Yuri Sidorovich

Certified auditor

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

For signature please refer to the original Slovenian version.

Ljubljana, 19 March 2024

TRANSLATION ONLY, SLOVENE ORIGINAL PREVAILS

MISCELLANEOUS
MISCELLANEOUS

Legislative framework

European Union Law

- Council Regulation (EU) 2024/223 of 22 December 2023 amending the Regulation (EU) 2022/2577 laying down a framework to accelerate the deployment of renewable energy (Official Journal of the European Union, No. L 223/2024)
- Council Regulation (EU) 2023/2920 of 21 December 2023 amending the Regulation (EU) 2022/2578 on the extension of the period of its application (Official Journal of the European Union, No. L 2920/2023)
- Council Regulation (EU) 2023/2919 of 21 December 2023 amending the Regulation (EU) 2022/2576 as regards prolonging the period of its application (Official Journal of the European Union, No. L 2919/2023)
- Council Regulation (EU) 2023/706 of 30 March 2023 amending the Regulation (EU) 2022/1369 as regards prolonging the demand-reduction period for demand-reduction measures for gas and reinforcing the reporting and monitoring of their implementation (Official Journal of the European Union, No. L 93/2023)
- Council Regulation (EU) 2022/2578 of 22 December 2022 establishing a market correction mechanism to protect Union citizens and the economy against excessively high prices (Official Journal of the European Union, No. L 335/2022)
- Council Regulation (EU) 2022/2577 of 22 December 2022 amending the Regulation (EU) 2022/2577 laying down a framework to accelerate the deployment of renewable energy (Official Journal of the European Union, No. L 335/2022)
- Council Regulation (EU) 2022/2576 of 19 December 2022 enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges of gas across borders (Official Journal of the European Union, No. L 335/2022)
- Council Regulation (EU) 2022/1854 of 6 October 2022 on Regulating Emergency Intervention to Address High Energy Prices (Official Journal of the European Union, No. 261/2022)
- Council Regulation (EU) 2022/1369 of 5 August 2022 on coordinated demand-reduction measures for gas (Official Journal of the European Union, No. 206/2022)
- Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending the Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities (Official Journal of the European Union, No. L 188/2022)
- Regulation (EU) 2022/1032 of the European Parliament and of the Council of 29 June 2022 amending Regulations (EU) 2017/1938 and (EC) No. 715/2009 with regard to gas storage (Official Journal of the European Union, No. L 173/2022)
- Corrigendum to Regulation (EU) 2022/1032 of the European Parliament and of the Council of 29 June 2022 amending Regulations (EU) 2017/1938 and (EC) No. 715/2009 with regard to gas storage (Official Journal of the European Union, No. 245/2022)
- Regulation (EU) of the European Parliament and of the Council of 30 May 2022 on guidelines for trans-European energy infrastructure, amending Regulations (EC) No. 715/2009, (EU) 2019/942 and (EU) 2019/943 and Directives 2009/73/EC and (EU) 2019/944, and repealing Regulation (EU) No. 347/2013 (Official Journal of the European Union, No. L 52/2022)
- Directive (EU) 2019/692 of the European Parliament and of the Council of 17 April 2019 amending Directive 2009/73/EC concerning common rules for the internal market in natural gas (Official Journal of the EU, No. L 117/2022)
- The Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard security of gas supply and repealing the Regulation (EU) 994/2010 (Official Journal of the EU, No. L 280/2017)

- Commission Regulation (EU) No 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas (Official Journal of the EU, No. 72/2017)
- The Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and repealing Regulation (EU) No 984/2013 (Official Journal of the EU, No. L 72/2017)
- Commission Regulation (EU) No 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules (Official Journal of the EU, No. 113/2015)
- Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks (Official Journal of the EU, No. 91/2014)
- Commission Decision of 24 August 2012 amending Annex I to Regulation (EC) No 715/2009 of the European Parliament and of the Council on conditions for access to the natural gas transmission networks (Official Journal of the EU, No. L 231/2012)
- Commission Decision of 10 November 2010 amending Chapter 3 of Annex I to Regulation (EC) No 715/2009 of the European Parliament and of the Council on conditions for access to the natural gas transmission networks (Official Journal of the EU, No. L 293/2010)
- The Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (Official Journal of the EU, No. L 211/2009)
- Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 (Official Journal of the EU, No. L 211/2009).

Acts

- Gas Supply Act (Official Gazette of the Republic of Slovenia, Nos. 204/21, 29/22 - ZUOPVCE, and 122/22)
- Energy Act (Official Gazette of the Republic of Slovenia, Nos. 60/19 - official consolidated text, 65/20, 158/20 - ZURE, 175/20 - ZIUOPDVE, 121/21 - ZSROVE, 172/21 - ZOEE, 204/21 - ZOP, and 44/22 - ZOTDS)
- Act Determining the Intervention Measures to Remedy the Consequences of the Floods and Landslides in August 2023 (Official Gazette of the Republic of Slovenia, Nos 95/23, 117/23 and 131/23 - ZORZFS)
- Act Governing Aid to Businesses to Mitigate Impact of Energy Crisis (Official Gazette of the Republic of Slovenia, Nos. 163/22, 15/23, 39/23, 88/23 - ZOPNN-F and 95/23 - ZIUOPZP)
- Act on Measures for Management of Crisis Conditions in the Field of Energy Supply (Official Gazette of the Republic of Slovenia, Nos. 121/22 and 49/23)
- Act Regulating Emergency Intervention to Address High Energy Prices (Official Gazette of the Republic of Slovenia, Nos. 158/22 and 49/23),
- Act Governing Aid to Businesses Hit by High Increases in Electricity and Natural Gas Prices (Official Gazette of the Republic of Slovenia, Nos. 117/22 and 133/22),
- Act Determining Emergency Measures to Mitigate the Consequences of the Impact of High Energy Commodity Prices (Official Gazette of the Republic of Slovenia, No. 29/22)
- Act on Energy Efficiency (Official Gazette of the Republic of Slovenia, No. 158/20)

By-laws

- Regulation on the voluntary reduction of gas consumption (Official Gazette of the Republic of Slovenia, No. 69/23)
- Regulation on the determination of the price of natural gas from the gas system (Official Gazette of the Republic of Slovenia, No. 45/23)
- Regulation on the determination of the compensation to natural gas suppliers (Official Gazette of the Republic of Slovenia, No. 4/23 and 58/23)

- Decree on the operation of the natural gas market (Official Gazette of the Republic of Slovenia, No. 61/16 in 204/21 - ZOP)
- Decree on the method of provision of a gas TSO service of general economic interest (Official Gazette of the Republic of Slovenia, Nos. 97/04, 8/05, 8/07, 17/14 - EZ-1 and 204/21 - ZOP)
- Decree on the concession of a gas TSO service of general economic interest (Official Gazette of the Republic of Slovenia, Nos. 109/04, 73/08, 111/08, 17/14 - EZ-1 and 204/21 - ZOP)
- Decree on the energy infrastructure (Official Gazette of the Republic of Slovenia, No. 22/16 in 173/21)
- Resolution on the Slovenian climate long-term strategy 2050 (Official Gazette of the Republic of Slovenia, No. 119/21)
- Decree on the implementation of the Regulation (EU) on appliances burning gaseous fuels (Official Gazette of the Republic of Slovenia, No. 41/18)
- Rules on specifications for the construction, operation and maintenance of pipelines of operating pressure up to and including 16 bar (Official Gazette of the Republic of Slovenia, Nos. 26/02, 54/02, and 17/2014 - EZ-1)
- Rules on specifications for the construction, operation and maintenance of pipelines of operating pressure over 16 bar and on conditions for spatial intervention in their protected zones (Official Gazette of the Republic of Slovenia, Nos. 12/10, 45/11, and 17/14 - EZ-1)
- Resolution on the National Energy Programme (Official Gazette of the Republic of Slovenia, No. 57/04)

Acts of the Energy Agency and system operator

- Network code for the natural gas distribution system (Official Gazette of the Republic of Slovenia, Nos. 55/15, 80/17, 152/20, 204/21 - ZOP, 136/22 and 42/23)
- Legal Act on preventive action plan for the natural gas supply (Official Gazette of the Republic of Slovenia, Nos. 97/20 in 204/21 - ZOP and 130/23) replaced by the Order on preventive action plan for the natural gas supply (Official Gazette of the Republic of Slovenia, No. 130/23)
- Legal Act on the emergency plan for gas supply (Official Gazette of the Republic of Slovenia, Nos. 136/22 and 109/23) replaced by the Order on the emergency plan for gas supply (Official Gazette of the Republic of Slovenia, No. 109/23)
- Legal Act on the methodology for determining network charges for the natural gas transmission system (Official Gazette of the Republic of Slovenia, Nos. 20/19, 137/22 - corr., 8/20, 85/20, 48/21, 204/21 - ZOP and 103/23)
- Legal Act on the methodology for the calculating price in the event of involuntary reduction or interruption of gas consumption (Official Gazette of the Republic of Slovenia, No. 136/22)
- Legal Act on the methodology for the calculating compensation in the event of involuntary reduction or interruption of gas consumption (Official Gazette of the Republic of Slovenia, No. 136/22)
- Legal Act on the methodology for determining the regulatory framework of the natural gas transmission system operator (Official Gazette of the Republic of Slovenia, Nos. 21/18, 48/21, 204/21 - ZOP, and 136/22)
- Legal Act determining tariff rates for network charges for the natural gas transmission system (Of the Republic of Slovenia, No. 90/21);
- Legal Act on the mandatory content of the network code for the natural gas distribution system (Official Gazette of the Republic of Slovenia, Nos. 17/15, 66/17, and 204/21 - ZOP)
- Legal Act on the rules for monitoring the quality of natural gas supply (Official Gazette of the Republic of Slovenia, Nos. 28/15 in 204/21 - ZOP)
- Legal Act on the methodology for the preparation and evaluation of investment plans of the natural gas transmission system operator (Official Gazette of the Republic of Slovenia, Nos. 9/15, 16/18 and 204/21 - ZOP)

- Rules on terms and conditions for capacity allocation mechanisms at interconnection points of the transmission system through auction, congestion management procedure and capacity trading on the secondary market (Official Gazette of the Republic of Slovenia, Nos. 152/20 and 204/21 - ZOP)
- Rules on the procedure for the allocation of capacity on the transmission system for the entry and exit points in the Republic of Slovenia (Official Gazette of the Republic of Slovenia, Nos. 152/20 and 204/21 - ZOP)
- Legal Act on the method for the submission of data and documents by providers of energy sector activities (Of the Republic of Slovenia, No. 98/14);

List of abbreviations

ACER	Agency for the Cooperation of Energy Regulators
DCAR	Deferred costs and accrued revenues
GDP	Gross domestic product
BRP	Balance responsible party
CEF-E	Connecting Europe Facility - Energy
CEGH	Central European Gas Hub
CNG	Compressed natural gas
DBO	Defined Benefit Obligation
VAT	Value Added Tax
DEBT	Sum of long-term and short-term financial liabilities
NSP	National spatial plan
FU	Family-friendly Undertaking
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, and amortization
ECB	European Central Bank
EEPR	European Energy Programme for Recovery
EFQM	European Foundation for Quality Management
EHB	European Hydrogen Backbone
EIB	European Investment Bank
EIS	Uniform Information system
ENTSO-G	European Network of Transmission System Operators for Gas
ERM	Enterprise risk management
ERP	Enterprise resource planning
EU	European Union
EURIBOR	Euro InterBank Offered Rate
EZ-1	Energy Act
LNG	Liquefied Natural Gas
MS	Metering station
MRS	Metering and regulation station
NET DEBT	Debt reduced by short-term financial investments and cash
NS	Supervisory Board
OBA	Operating Balancing Account
INTEREST	Interest and other costs of financing
OS	Fixed assets
DSO	Distribution system operator
TSO	Transmission system operator
OPZP	Account for natural gas transmission
OS	Fixed assets
RES	Renewable Energy Sources
PCI	Project of Common Interest
P2G	Power to Gas
accrued costs and deferred revenues	Accrued costs and deferred revenues
RS	Regulation station
RS	Republic of Slovenia
SCADA	Supervisory Control And Data Acquisition
SDH	Slovenian Sovereign Holding
SON	System Operating Instructions
SAS	Slovenian Accounting Standards
TEN-E	Trans European Networks - Energy
TP	Trading platform
VTP	Virtual Gas Point
ZDIJZ	Public Information Access Act
ZGD-1	Companies Act
ZJN	Public Procurement Act
ZOP	Gas Supply Act

Who's who

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Managing Director
Marjan Eberlinc

COMPLIANCE OFFICER

Dejan Koletnik

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