



BSP Energy Exchange LL C

# Annual Report 2022

Ljubljana, May 15 .2023



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## 1 KEY DATA

BSP closed the financial year 2022 with a net profit for the financial period (after tax) of EUR 670,021. During the period BSP generated total revenues of EUR 3,799,285 and total expenses of EUR 2,971,341. BSP holds capital of EUR 6,947,057 as of 31 December 2022.

**Table 1: Key financial indicators of the company**

Indicators	Year 2020	Year 2021	Year 2022
<i>FROM THE BALANCE SHEET as of 31.12.</i>			
Assets (in EUR)	16,351,025	46,647,496	75,400,163
Equity (in EUR)	8,600,432	9,315,214	6,947,057
<i>FROM THE INCOME STATEMENT</i>			
Operating revenues (in EUR)	2,809,259	3,197,678	3,746,197
Operating expenses (in EUR)	1,633,173	2,127,979	2,522,153
EBIT → operating profit (in EUR)	1,176,086	1,069,699	1,224,044
EBITDA → EBIT + depreciation (in EUR)	1,237,100	1,137,303	1,325,235
EBITDA margin in %	44,01	35,45	35,38
Total revenues (in EUR)	2,810,717	3,208,595	3,799,285
Total expenses (in EUR)	1,833,004	2,320,775	2,971,341
Tax on profit (in EUR)	160,891	173,038	157,922
Net profit for the financial period (in EUR)	816,823	714,782	670,021
<i>FINANCIAL INDICATORS</i>			
Return on equity (ROE) in %	9,97	7,98	8,24
Return on assets (ROA) in %	5,03	2,27	1,10
Added value per employee (in EUR)	175,973	160,005	158,906
<i>AVERAGE NUMBER OF EMPLOYEES</i>	10,75	12,54	14,33

Source: BSP internal data.

BSP organises Slovenian electricity exchange market for different products and on different segments; day-ahead trading, intraday continuous trading, intraday auctions trading and customised auctions for long-term products.

In the day-ahead and intraday trading segments, the Slovenian exchange market is directly linked to the single European market at all borders of the Slovenian electricity system. Trading of electricity and the allocation of cross-border electricity transmission capacity between markets is carried out on a co-temporal basis, taking into account the most advantageous bids, on the basis of the procedures applicable to the single European market.

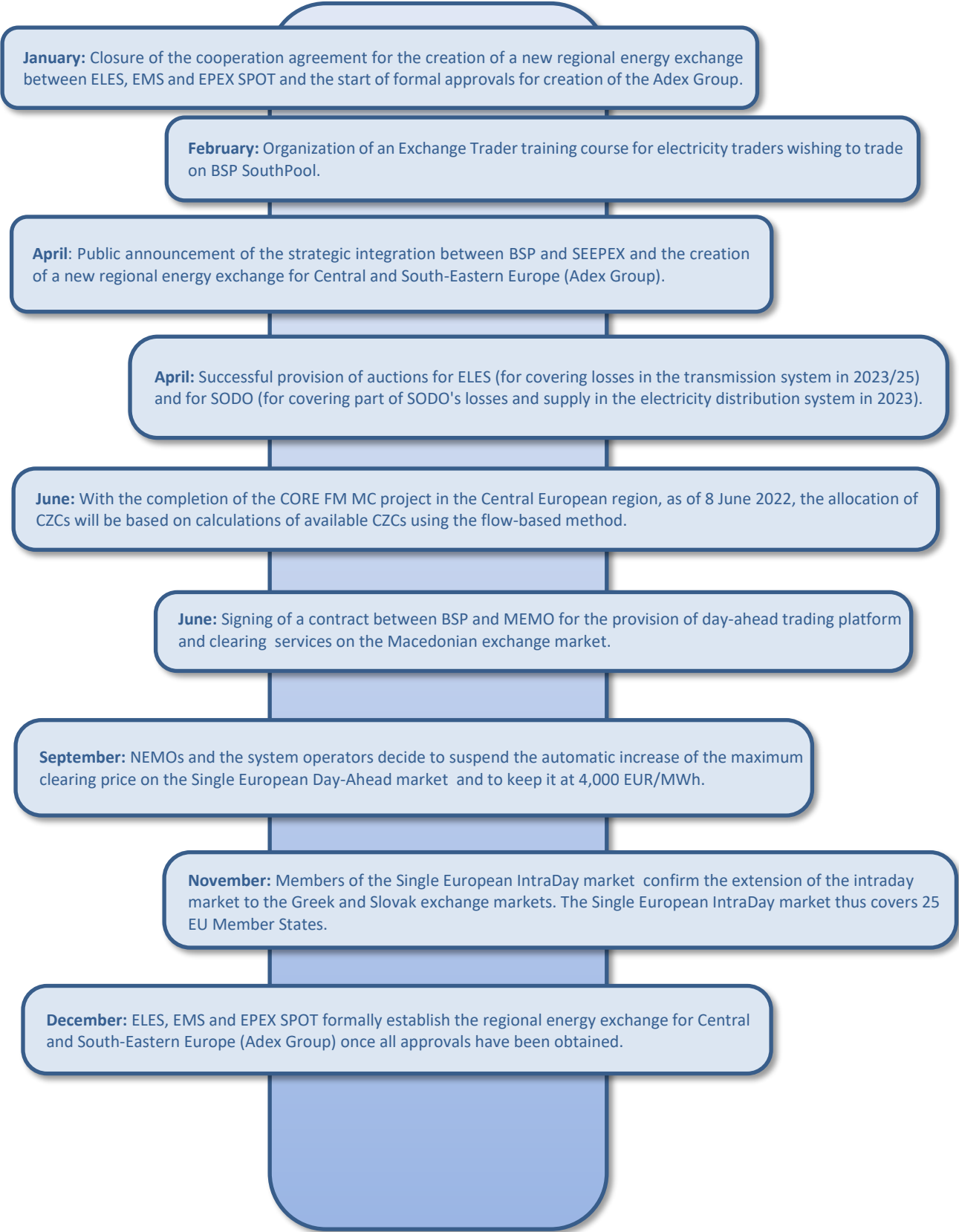
By successfully organising Slovenian exchange market and smoothly performing the financial settlement of trades concluded on the exchange, BSP in 2022 ensured that market participants were able to conclude trades and settle their trading positions across all trading segments.

**Table 2: Key data on the Slovenian organized electricity market**

Indicators	Year 2020	Year 2021	Year 2022
<i>DAY-AHEAD AUCTION TRADING</i>			
Trading volume (in GWh)	7,614	8,125	9,437
Number of active market participants	22	24	17
<i>INTRADAY AUCTIONS TRADING</i>			
Trading volume (in GWh)	440	494	444
Number of active market participants	8	7	12
<i>INTRADAY CONTINUOUS TRADING</i>			
Trading volume (in GWh)	1,040	1,134	1,011
Number of active market participants	12	11	13
<i>BALANCING MARKET*</i>			
Trading volume (in GWh)	68	43	33
Number of active market participants	4	7	5
<i>OTC CLEARING</i>			
Trading volume (in GWh)	16	5	0
Number of active market participants	3	2	0
<i>NUMBER OF EXCHANGE MEMBERS</i>			
Number of members with participation on day-ahead market	32	33	30
Number of members with participation on intraday market	32	32	27
<i>FINANCIAL SETTLEMENT OF CONCLUDED TRANSACTIONS</i>			
Value of financial settlement of concluded transactions (EUR million)	392,2	1,353.8	3,576.9
<i>SLOVENIAN PRICE INDEX</i>			
Average annual SIPX base energy price (in EUR/MWh)	37,55	115,03	274,47

\* The market segment is operated by BSP on behalf of the market operator Borzen  
Source: BSP internal data.

## Key business events in 2022



## **2 ABOUT THE COMPANY**

### **2.1 Brief Description of the Company**

BSP Energy Exchange was established on 8 April 2008. By organizing day-ahead and intraday market segments, it provides exchange members with liquid, competitive and transparent organised electricity trading. By that Slovenian exchange members are able to trade on a liquid exchange market, with smooth financial settlement of concluded transactions and transparent publication of market results.

### **2.2 Summary of the Company's Activities**

BSP has been organising exchange market on the day-ahead trading segment since 11 November 2008 and on the intraday trading segment since 15 October 2012. Within the intraday trading segment, BSP also operates a trading regime on the Slovenian balancing market.

Since 24 February 2015, BSP, together with the project partners of the central-southern region, has been participating in the pan-European Single Day-Ahead Coupling (SDAC) implemented at the Slovenian-Italian border and other borders of the Italian electricity system. In accordance with SDAC procedures, BSP has implemented implicit day-ahead market coupling at the Slovenian-Austrian border on 21 July 2016 and at the Slovenian-Croatian border on 20 June 2018.

In the context of the implementation of implicit intraday market coupling, BSP operates implicit intraday market coupling on the Slovenian-Austrian and Slovenian-Croatian borders since 19 November 2019, following its successful accession to the pan-European Single IntraDay Coupling (SIDC).

Following the successful completion of the LIP 14 project, the two daily intraday auction sessions for the allocation of CZC at the Slovenian-Italian border (from 21 June 2016), were discontinued as of 21 September 2021 and were replaced by three intraday auction sessions for the allocation of CZC at this border. At the same time, implicit intraday market coupling in intraday continuous trading mode has been introduced on the Slovenian-Italian border and on other northern borders of the Italian electricity system, in accordance with SIDC procedures, as of this date.

In 2022, BSP and its CORE region project partners implemented implicit day-ahead and intraday market coupling at the Slovenian-Hungarian border. As of 8 June 2022, available CZCs calculated using the flow-based method are implicitly allocated at this interconnector. By creating a market coupling at this border, the Slovenian electricity market is fully integrated into the pan-European Single Day-Ahead Coupling (SDAC) and into the pan-European Single IntraDay Coupling (SIDC), i.e. at all borders.

In recent years, BSP has established itself as an auction center for the provision of custom auctions with long-term physical products. Since October 2015, BSP has been cooperating in this area with ELES to conduct annual auctions for the purchase of electricity to cover losses in the transmission system, with SODO to conduct annual auctions for the purchase of electricity



to cover losses in the distribution system since November 2017, and with Borzen to conduct annual auctions for the sale of electricity for the transmission of the Eko Group since October 2019.

For market participants wishing to trade annual, quarterly, monthly and weekly long-term electricity financial products, BSP, in cooperation with Europe's leading energy derivatives exchange (EEX), has been offering trading with these products on its trading platform since 3 June 2019.

### **3 MANAGEMENT OF THE COMPANY**

#### **MANAGEMENT DECLARATION**

In accordance with Article 70 of the Companies Act and Section 3.4.1 of the Code of Corporate Governance for State-Invested Enterprises, the Management Board and the Supervisory Board of the Company issue a Corporate Governance Statement, which sets out the contents as required by Article 70 of the Companies Act for public limited companies.

##### **1. Reference to the Code**

BSP follows the recommended standards of the Code of Corporate Governance for State-Invested Enterprises adopted by the Board of Directors of SDH d.d. in June 2022, which is publicly available on the website of the issuer of the Code.

BSP has complied with the provisions of the Code effectively in its operations in the 2022 financial year.

##### **2. Company management system**

BSP has a two-tier management system. The Company's management bodies are: the management board, the supervisory board (till 30 November 2022) and the General Meeting.

#### **THE COMPANY'S MANAGEMENT**

The Company's management board is a one-member body - the Director, appointed by the Supervisory Board for a four-year term. The Director, Anže Predovnik, M.Sc., manages the business and represents the Company from 1 July 2021 with a four-year term of office.

The Director is entitled to a fixed remuneration (salary) and variable remuneration for performance (performance bonus). The remuneration is set out in more details in the Company's financial report.

#### **THE COMPANY'S SUPERVISORY BOARD**

The Supervisory Board of BSP is composed of four members appointed by the shareholders for a period of five years, in accordance with BSP's Articles of Association. Each of the shareholders appoints two members. The Supervisory Board was recalled from 30 November 2022 with a new reorganization of the company.

The responsibilities of the Supervisory Board, in accordance with BSP's Articles of Association, are as follows:

- overseeing the management of the Company's affairs,
- appointment and dismissal of the Director,
- appointment and dismissal of the proxy,
- adoption of the annual business plan,
- issuing a reasoned opinion on the annual report,

- advising and contributing to the preparation of the development strategy and issuing a reasoned opinion on the development strategy and the strategic businessplan,
- concluding the employment contract with the Director and approving the content of other contracts concluded by the Company with the Director or the proxy,
- consent to the appointment of a Director as a member of the supervisory or administrative body of a legal entity, in which the Company has a controlling interest or a dominant influence,
- proposing the appointment of an auditor to the General Meeting,
- request the Director for any information necessary for the exercise of control over subsidiaries or subordinated undertakings.

In accordance with the Companies Act, BSP's Articles of Association and the Rules of Procedure for the Supervisory Board, the Supervisory Board meets at least once per quarter. In the financial year 2022, the Supervisory Board held four ordinary meetings, one strategic meeting and one correspondence meeting. The Supervisory Board has not set up any special committee for its work.

Members of the BSP Supervisory Board until 30 November 2022 and their positions in companies unrelated to BSP:

- Chairwoman of the Supervisory Board, M.Sc. Barbara Dekleva Jenčič: /
- Deputy Chairman of the Supervisory Board, Mr. Davorin Dimič: Member of the Supervisory Board of Borzen, d.o.o. and Member of the Supervisory Board of Elektro Ljubljana d.d.
- Supervisory Board Member, Mr. Peter Žmak: Chairman of the Supervisory Board of Borzen, d.o.o.
- Member of the Supervisory Board, Mr. Sebastijan Rupar: /

The members of the Supervisory Board were entitled to remuneration for their functions in 2022 on the basis of the applicable shareholder resolution and are detailed in the financial report.

In 2022, the members of the Supervisory Board carried out a self-assessment of their performance for 2021, and familiarised themselves with the independence criteria and signed a declaration of independence.

## **GENERAL MEETING OF THE COMPANY**

The General Meeting of BSP is composed of the sole partner Adex Skupina d.o.o.

In 2022, the ownership structure from January to November was: Borzen, d.o.o. and ELES d.o.o., each with 50%. From 1 to 22 December 2022, ELES d.o.o. was the sole owner of BSP, and from 23 December 2022 onwards, Adex Skupina d.o.o. became sole owner of BSP.

The General Meeting shall decide independently on all matters within its competence. Thus, in accordance with BSP's Articles of Association, the General Meeting decides on the following matters:

- adoption and amendments to the Articles of Association,

- changes to the Company's name and purpose,
- appointment and dismissal of the members of the Supervisory Board and the auditor,
- an increase in share capital,
- profit payout,
- granting a discharge to the members of the Supervisory Board and to the company's Director,
- adoption of the annual report and approval of the financial statements,
- adoption of a development strategy and a strategic business plan,
- a change in the legal form of the Company,
- remuneration of the members of the Supervisory Board,
- dissolution of the Company,
- other matters determined by law or a Articles of Association.

In general practice, the General Meeting of the company meets once a year. In the financial year 2022, five General Meetings were held, namely:

- In May 2022, at which the shareholders approved the Report on Relationships with Related Companies 2021, approved the Annual Report of BSP for the financial year 2021, cancelled the statutory reserves, adopted a clean copy of the Articles of Association with the cancelled statutory reserves, allocated other reserves from profits of EUR 1,970,947.22 to the retained profits of previous years, resolved the total retained profits of EUR 3,038,179.90 be paid to the owners up to one half each, and granted a discharge to the Director and the members of the Supervisory Board for their work in 2021.
- In July 2022, the shareholders approved an offer for issuing a bank guarantee in the amount of EUR 75,000 for a period of four years with the NLB bank for the purpose of securing the execution of the contract signed with MEMO.
- In September 2022, at which the shareholders approved the borrowing of a short-term revolving credit facility for 2023 to cover any short-term liquidity problems arising from the execution of the financial settlement with Intesa SanPaolo Bank and the offer for the issuance of a counter-guarantee of EUR 15 million with Intesa SanPaolo Bank, guaranteed by ELES, to secure any default in the execution of the financial settlement with the foreign counterparty (ECC Clearing House).
- In November 2022, at which shareholders approved transaction according to which ELES buys its share of ownership in BSP from Borzen, thus becoming the sole owner, and at which all members of the Supervisory Board of BSP are recalled.
- In December 2022, at which ELES, as the sole owner, discharged the Director and the members of the Supervisory Board for their work in 2022.
- In December 2022, at which ELES transfers ownership of BSP to the Adex Group and at the same time becomes a one-third owner of the Adex Group (alongside EMS and EPEX SPOT).

### **3. Declaration of compliance with the provisions of the Code on Corporate Governance of Publicly Invested Enterprises**

The Management Board and the Supervisory Board of BSP declare that the Company has complied reasonably with the provisions of the Code of Corporate Governance for State Invested Enterprises, except for the provision 6.8.1, in the conduct of its business and operations.

In accordance with Article 60a of the Companies Act, the Management Board ensure that BSP's annual report is prepared and published in accordance with the Companies Act and the Slovenian Accounting Standards.

Management accepts and approves the financial statements of BSP for the year ending 31 December 2022 and the notes to the financial statements, which are prepared on a basis of ongoing business operation of the company and in accordance with applicable law and Slovenian Accounting Standards.

Management confirms that in preparing the financial statements, appropriate accounting policies have been applied consistently, that the accounting estimations have been made on a prudent and reasonable basis and that the financial statements give a true and fair view of the state of the Company's assets and of the results of its operations for the year ending 31 December 2022.

## **4 VISION, MISSION AND GOALS**

### **4.1 Vision**

The vision of BSP is to become an energy exchange that will be connected to neighboring countries or regions, along with mutual integration of these markets through the market coupling/implicit auctions into single European market. BSP provides market participants with a liquid, competitive and transparent exchange market, which provides them with operational and financial security and reduces their risks and costs.

The highly professional, neutral and influential BSP Energy Exchange is a promoter of the development of the Slovenian energy market and of the transfer of its knowledge and experiences in the wider region.

### **4.2 Mission**

The mission of BSP is to ensure the competitive environment of the energy exchange, financial security of market participants and the efficient use of production and energy transmission infrastructure, through the expansion and development of exchange market activities and the development of energy markets.

### **4.3 Strategic goals**

BSP has clearly defined strategic orientation. The most important strategic goals can be summarised as follows:

- **Domestic growth strategy**
  - a) Day-ahead market coupling at all borders of the Slovenian electricity system with the right to use PCR assets.
  - b) Intraday market coupling at all borders of the Slovenian electricity system with the right to use XBID assets.
- **Strategic alliances**
  - Coupling with neighboring markets through regional market coupling initiatives.
- **Diversification strategy**
  - a) Launch of new products on the Slovenian exchange market.
  - b) Positioning of BSP as an auction center for long-term products (attracting new customers).
- **BSP as a Designated Electricity Market Operator (NEMO)**
  - Ensuring the conditions for the performance of NEMO tasks in accordance with Commission Regulation (EU) 2015/1222.

## **5 IMPORTANT ACTIVITIES AND ACHIEVEMENTS IN 2022**

### **5.1 Participation in the Single European Day-Ahead Market**

The single European day-ahead market is organised by European energy exchanges and system operators and is the basis for the implementation of the Single Day-Ahead Coupling (SDAC) in the European Union. Under its auspices, all development projects to establish the various market couplings at the borders of electricity systems between Member States are carried out. The Slovenian day-ahead market has been included in the operations of the SDAC on the Slovenian-Italian border as of 24 February 2015, on the Slovenian-Austrian border as of 21 July 2016, on the Slovenian-Croatian border as of 20 June 2018 and on the Slovenian-Hungarian border as of 8 June 2022.

European energy exchanges and system operators have been testing a common European algorithm for calculating day-ahead market results (Euphemia) in conjunction with the introduction of 15-minute trading during 2022. The successful completion of the tests and the correction of any deficiencies in the system are a prerequisite for the operational launch of the 15-minute products in SDAC in 2024.

### **5.2 Regional Day-Ahead Market Coupling Project in the CORE Region**

On the basis of Commission Regulation (EU) 2015/1222 setting out guidelines for capacity allocation and congestion management, ACER adopted a decision in November 2016 on how to set up day-ahead market coupling in the merged Central-Eastern European Region and Central-Western European Region (the 'CORE Region'), based on the calculation of cross-border transmission capacities using the flow-based method.

On 8 June 2022, the energy exchanges and system operators of the Central European Region implemented the day-ahead market coupling in CORE region by calculating the available CZCs using the flow-based method, based on the successful completion of tests and simulations. The region is comprising market coupling operations at the Slovenian-Austrian, Slovenian-Hungarian and Slovenian-Croatian borders.

### **5.3 Regional Day-Ahead Market Coupling Project in the CSE Region**

As part of the Central-Southern European (CSE) regional project, BSP joined the Single Day-Ahead Coupling (SDAC) on 24 February 2015 with the start of operational market coupling at the Slovenian-Italian border. In addition to the Slovenian-Italian border, the Slovenian-Austrian border and the Slovenian-Croatian border were also included in the Central-Southern European Region, as agreed with the Slovenian national regulatory agency. Market coupling at these two borders was carried out in accordance with the procedures of the CSE region until the implementation of market coupling in the CORE region.

The energy exchanges and system operators of the CSE region have successfully integrated the Bulgarian-Greek border into the SDAC in May 2022.

#### **5.4 Participating in the Single European Intraday Market**

The single European intraday market is organised by European energy exchanges and system operators and is the basis for the operational implementation of the Single IntraDay Coupling (SIDC) in the European Union. The project aims to develop and manage a common European order book, a cross-border transmission capacity management module and a shipping module. The Slovenian intraday exchange market has been included in the operations of the SIDC on the Slovenian-Austrian and Slovenian-Croatian borders as of 19 November 2019.

The central development project of the SIDC, which started in 2021, is the development of pan-European implicit intraday auctions (IDAs), which will include the upgrade of the PCR assets and their implementation throughout SIDC in 2023.

#### **5.5 Project to Setup a Clearing Service in Montenegro**

EPEX, in cooperation with BSP, applied in May 2021 to the tender of the Montenegrin exchange BELEN for the establishment and operation of day-ahead trading, clearing and financial settlement services on the Montenegrin exchange market. In June 2021, the offer was selected as the most advantageous.

During 2022, BSP, in cooperation with BELEN, coordinated the design of the project implementation steps, the technical specifications for the upgrade of the clearing platform and started testing the localised clearing solution. The defined clearing solution is expected to be implemented on the Montenegrin exchange market at the beginning of second quarter of 2023.

#### **5.6 Project to Setup a Clearing Service in North Macedonia**

In March 2022, BSP, in cooperation with EPEX, applied for a tender from the Macedonian exchange MEMO for the establishment and operation of day-ahead trading, clearing and financial settlement services on the Macedonian exchange market. In May 2022, the offer was selected as the most advantageous.

During 2022, BSP, in cooperation with MEMO, coordinated the design of the project implementation steps and the technical specifications for the upgrade of the clearing platform. The defined clearing solution is expected to be implemented on the Macedonian exchange market by the end of the second quarter of 2023.

#### **5.7 Intraday Market Setup in Serbia**

In cooperation with the Serbian energy exchange SEEPEX, BSP has launched a project to create an intraday Serbian exchange market in September 2022. The business model for the establishment of the Serbian intraday market is designed in such a way that the European M7 trading system, which is also used for the operation of SIDC, will be used to organise it, while the clearing of derivative transactions will be carried out by the ECC.



According to the project plan, the launch of the Serbian intraday market is scheduled for the end of the second quarter of 2023, following the successful completion of the testing of the IT equipment and operational procedures.

## 6 COMPANY OPERATIONS

BSP provides market participants with comprehensive electricity trading services covering both the auction and spot trading process, as well as clearing and financial settlement of transactions concluded on the exchange or off-exchange (OTC).

In 2022, the Slovenian exchange market was characterised by daily trading in three market segments: the day-ahead auction trading segment, the intraday continuous trading segment and the intraday auctions trading segment.

Trading on the Slovenian exchange market is carried out on two trading platforms: EuroMarket (for the auction trading mode) and M7 (for the continuous trading mode). The M7 trading platform allows market participants to register over-the-counter (OTC) trades in the clearing and financial settlement system (OTC clearing).

EuroMarket and M7 are independent online software solutions, accessed via a web browser with a valid username and password. Both platforms also allow implicit market coupling with neighboring exchanges.

In the auction mode of trading, market participants enter orders, i.e. buy and sell bids, into a common order book in the trading platform, the structure of which is not visible to the rest of the market participants. Once the order book is closed, the trading platform's algorithm calculates the marginal price at which all trades for each product are settled.

In contrast, in continuous trading, trades are executed in the trading platform between market participants throughout the trading session, so that they are executed at the moment when supply and demand meet. Multiple trades can be made at different prices for a single product.

OTC clearing can be defined as the registration of bilateral contracts, i.e. trades concluded over-the-counter, in BSP's financial settlement system. The clearing and financial settlement process takes place after the transaction between the electricity seller and the electricity buyer has been entered and confirmed in the online trading platform.

### **Products and trading schedule in day-ahead auctions**

In the day-ahead auction trading mode, both standardised and non-standardised products can be traded, whereby bids can be entered up to eight days before the trading day until the start of the trading phase.

Standardised products:

- Hourly products.

Non-standardised products:

- At least two consecutive, identical, standardised products within the same day.

## Products and scheduling in intraday continuous trading and OTC clearing

Intraday and OTC clearing can be used for trading standardised and non-standardised products from 3:00 p.m. for products with a delivery date of the next day and up to one hour before the start of physical delivery.

In the balancing market, trading is extended until the start of physical delivery (which means that the system operator ELES must always be present as buyer or seller on the buy or sell side).

Standardised products:

- Hourly products.
- 15-minute products.

Non-standardised products:

- At least two consecutive, identical, standardised products within the same trading day.

## Products and trading schedule in intraday auctions

Intraday auction mode allows trading in standardised hourly products, where bids can be entered after the previous auction is closed until the start of the trading phase.

### 6.1 Exchange Trading Data in 2022

The data in Table 3 shows that the trading volume in the day-ahead auction segment in 2022 increased by 16% compared to the previous year, reaching 9,437 GWh. In the intraday continuous market segment, trading volumes decreased by 11% to 1,011 GWh. In the intraday auctions trading segment, trading volumes decreased by 10% to 444 GWh.

**Table 3: Trading volumes in all market segments of the Slovenian exchange market**

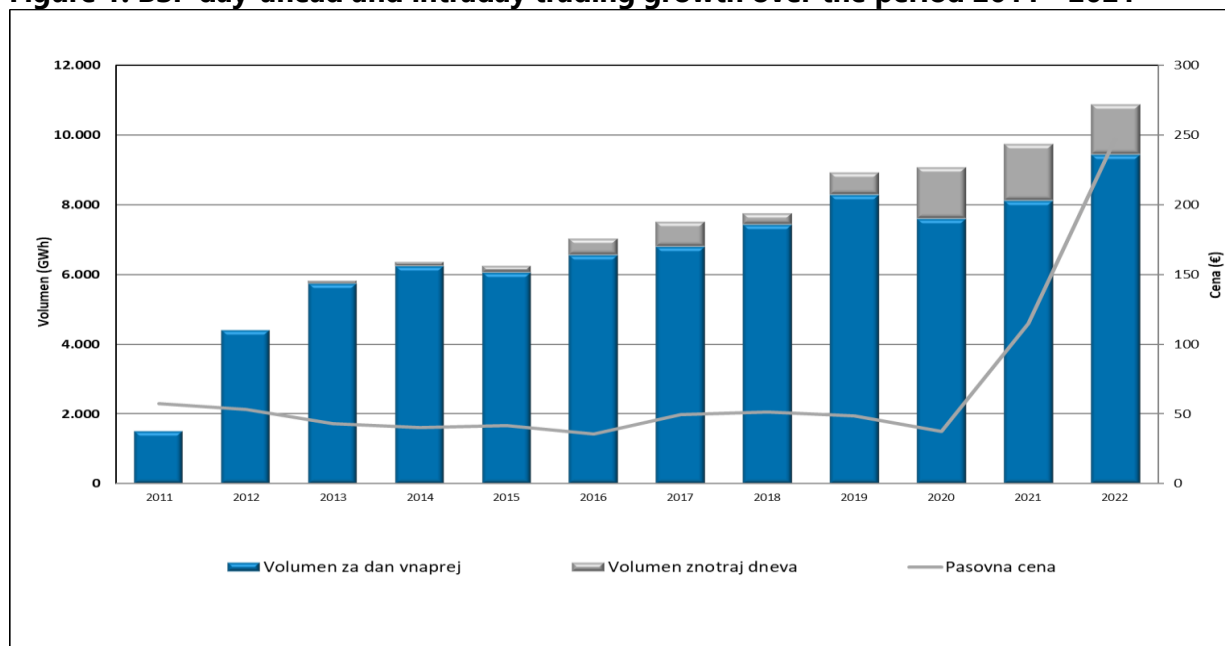
in GWh

Year	Day-ahead trading	Continuous intraday trading	Intraday auctions on the SI-IT border	Total trading volume
2020	7,614	1,040	440	9,094
2021	8,125	1,135	494	9,754
2022	9,437	1,011	444	10,892

Source: BSP internal data.

Figure 1 shows that the trend of growth in trading volumes on the Slovenian exchange market continues in 2022. Total trading volumes reached 10,89 TWh in that year.

**Figure 1: BSP day-ahead and intraday trading growth over the period 2011 - 2021**



Source: BSP internal data

### 6.1.1 Day-ahead auction trading data

In the day-ahead auction trading segment, the trading volume on the Slovenian exchange market reached 9,437 GWh in 2022. 7,373 GWh of bids were registered, of which 5,753 GWh were purchase bids and 1,620 GWh were sale bids. The volume of bids entered in this segment has increased over the last year, mainly due to an increase in the volume of buy bids.

**Table 4: Data on the volume of bids entered in the day-ahead market segment**

Year	Volume of bids entered	Purchase bids	Sale bids
2020	7,034	4,369	2,665
2021	6,612	4,573	2,039
2022	7,373	5,753	1,620

in GWh

Source: BSP internal data.

### 6.1.2 Intraday trading data

In 2022, the trading volume of the intraday continuous trading segment was 1,011 GWh. 4,400 GWh of bids were registered, of which 2,331 GWh were purchase bids and 2,069 GWh were sale bids. The volume of bids entered on this market segment decreased in 2022, while the volume of cross-border electricity exchanges increased.

**Table 5: Data on the volume of bids entered on the intraday continuous market segment**

Year	Volume of bids entered	Purchase bids	Sale bids
2020	7,275	4,332	2,943
2021	3,351	2,230	1,121
2022	4,400	2,331	2,069

in GWh

Source: BSP internal data.

### 6.1.3 Intraday auctions trading data

In 2022, the trading volume in the intraday auctions trading segment (implicit auctions MI1, MI2, and MI3 on the SI-IT border) was 444 GWh. 8,959 GWh of bids were registered, of which 5,029 GWh were purchase bids and 3,930 GWh were sale bids. The volume of bids entered in this market segment in 2022 was the highest in the comparative period.

**Table 6: Data on the volume of bids entered in intraday auctions market segment**

in GWh

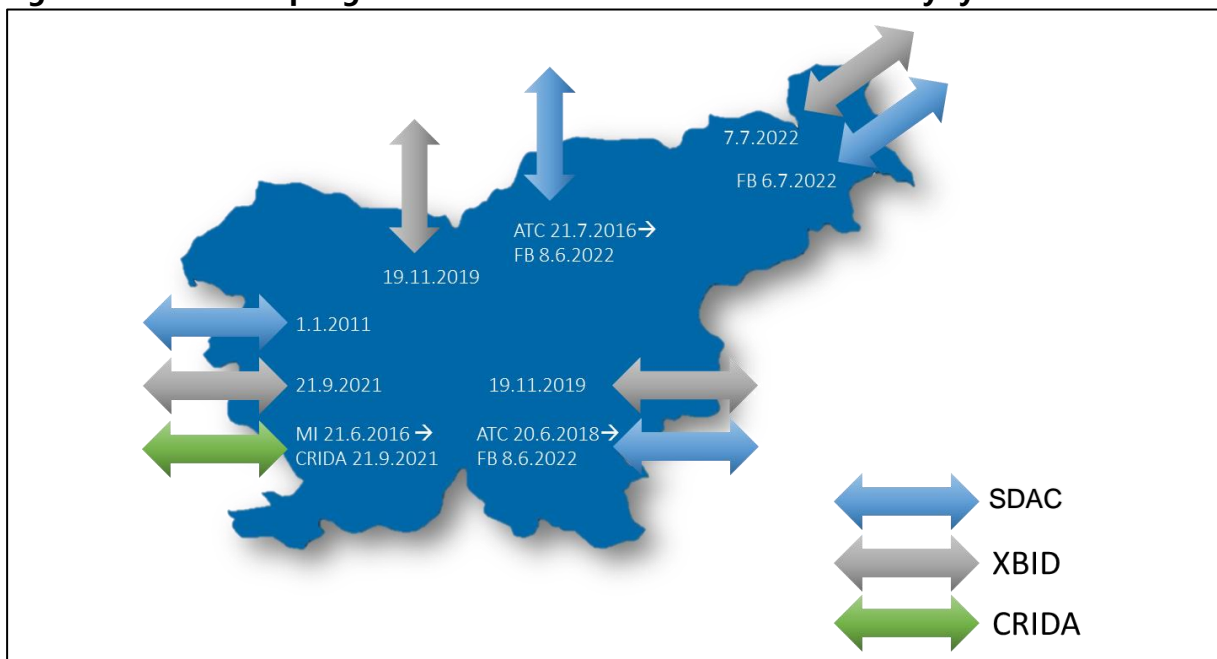
Period	Volume of bids entered	Purchase bids	Sale bids
2020	4,662	2,586	2,076
2021	5,990	3,382	2,608
2022	8,959	5,029	3,930

Source: BSP internal data.

### 6.1.4 Market Coupling Data in 2022

With the implementation of the intraday coupling project at the Slovenian-Hungarian border on 7 July 2022, the Slovenian trading area is fully integrated into the single European market.

**Figure 2: Market coupling at the borders of the Slovenian electricity system**



Source: BSP internal data.

On the Slovenian-Italian border, 3,700 GWh were allocated in 2022 in the day-ahead auction trading segment in the SI-IT direction, and 542 GWh were allocated in the IT-SI direction in the same period.

**Table 7: Data on the allocation of CZC in day-ahead market coupling at the SI-IT border**  
in GWh

Year	Allocated quantity	
	SI-IT direction	IT-SI direction
2020	1,493	1,546
2021	3,646	279
2022	3,700	542

Source: BSP internal data.

On the Slovenian-Austrian border, 322 GWh were allocated in 2022 in the day-ahead auction trading segment in the SI-AT direction, and 4,451 GWh were allocated in the AT-SI direction in the same period.

**Table 8: Data on the allocation of CZC in day-ahead market coupling at the SI-AT border**  
in GWh

Year	Allocated quantity	
	SI-AT direction	AT-SI direction
2020	432	3,421
2021	661	5,435
2022	322	4,451

Source: BSP internal data

On the Slovenian-Croatian border, 540 GWh were allocated in 2022 in the day-ahead auction trading segment in the SI-HR direction, and 2,217 GWh were allocated in the HR-SI direction in the same period.

**Table 9: Data on the allocation of CZC in day-ahead market coupling at the SI-HR border**  
in GWh

Year	Allocated quantity	
	SI-HR direction	HR-SI direction
2020	2,569	892
2021	640	3,646
2022	540	2,217

Source: BSP internal data

On the Slovenian-Hungarian border, 309 GWh were allocated in 2022 in the day-ahead auction trading segment in the SI-HU direction, and 1,061 GWh were allocated in the HU-SI direction in the same period.

**Table 10: Data on the allocation of CZC in day-ahead market coupling at the SI-HU border**  
in GWh

Year	Allocated quantity	
	SI-HU direction	HU-SI direction
2022	309	1,061

Source: BSP internal data

On the Slovenian-Italian border, 154 GWh were allocated in 2022 in the intraday auctions trading segment in the SI-IT direction, and 224 GWh were allocated in the IT-SI direction in the same period.

**Table 11: Data on the allocation of CZC in intraday auctions market coupling on the SI-IT border**

Year	Allocated quantity	
	SI-IT direction	IT-SI direction
2020	195	183
2021	179	234
2022	154	224

in GWh

Source: BSP internal data.

On the Slovenian-Austrian border, 509 GWh were allocated in 2022 on the SI-AT and 441 GWh on the AT-SI intraday continuous market trading segment. On the Slovenian-Croatian border, 627 GWh were allocated to the SI-HR and 679 GWh to the HR-SI intraday continuous market trading segment in 2022. On the Slovenian-Italian border, 734 GWh were allocated to the SI-IT and 711 GWh to the IT-SI intraday continuous market trading segment in 2022. On the Slovenian-Hungarian border, 395 GWh were allocated in 2022 in the SI-HU direction and 323 GWh in the HU-SI direction on the intraday continuous market trading segment.

**Table 12: Data on the allocation of CZC in intraday continuous market coupling at the SI-AT, SI-HR, SI-IT and SI-HU borders**

Year	SI-AT border		SI-HR border	
	Allocated quantity (SI-AT direction)	Allocated quantity (AT-SI direction)	Allocated quantity (SI-HR direction)	Allocated quantity (HR-SI direction)
2020	252	236	379	342
2021	435	371	476	595
2022	509	441	627	679

in GWh

Source: BSP internal data.

Year	SI-IT border		SI-HU border	
	Allocated quantity (SI-IT direction)	Allocated quantity (IT-SI direction)	Allocated quantity (SI-HU direction)	Allocated quantity (HU-SI direction)
2020	n/a	n/a	n/a	n/a
2021	166	116	n/a	n/a
2022	734	711	395	323

In GWh

Source: BSP internal data.

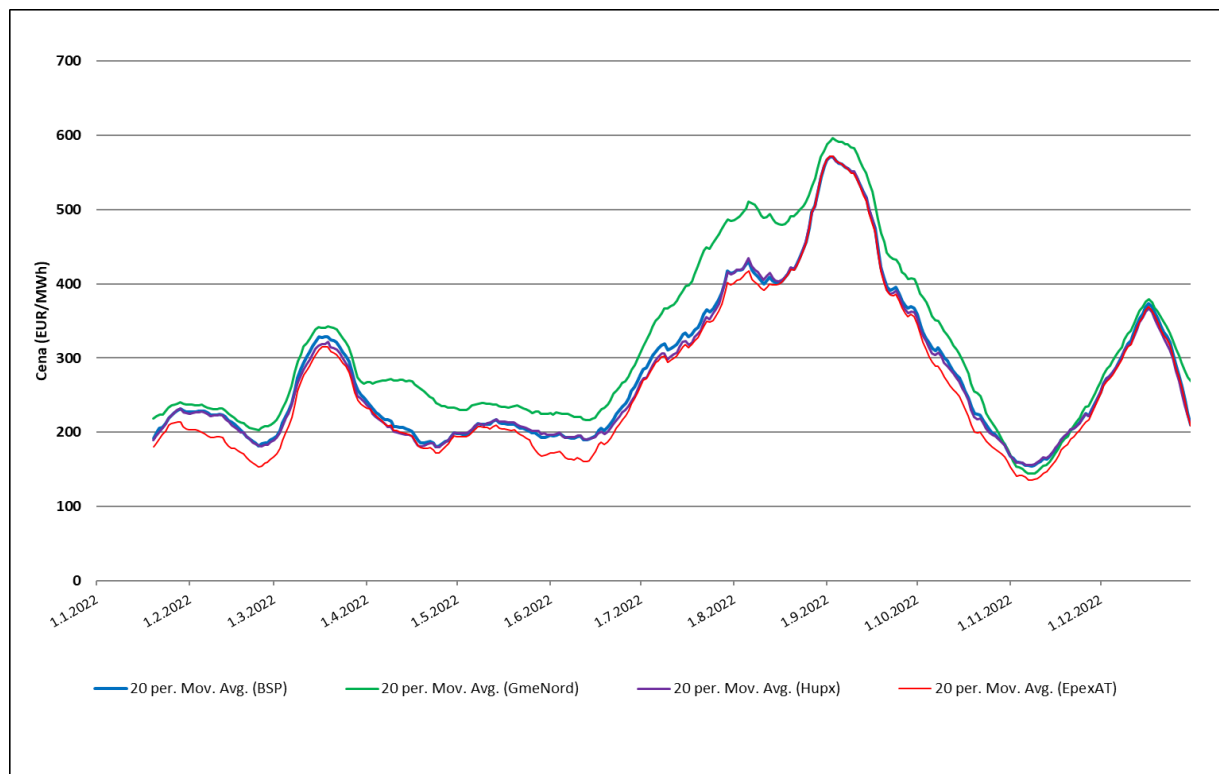
## 6.2 Price Formation on the BSP Exchange Market

The Slovenian exchange market borders the liquid Italian exchange market, the Austrian-German exchange market, the Croatian exchange market and the Hungarian exchange market. Comparing prices with other exchange markets, we can see that the price on BSP in 2022 is largely a reflection of price movements on neighboring exchange markets. In the context of the market coupling at the Slovenian-Italian border, the Italian exchange market is mainly reflected on the Slovenian exchange market in 2022 as additional demand in the amount of the allocated CZCs in the SI-IT direction.

On average, electricity prices on the Austrian-German exchange market are the lowest in Europe. Therefore, in the context of the market coupling at the Slovenian-Austrian border, the Austrian exchange market in 2022 is mainly reflected on the Slovenian exchange market as an additional offer in the amount of the allocated CZCs in the AT-SI direction. Due to the small size of the Croatian exchange market, the latter does not directly influence the Slovenian price signal, while the price influence of the fairly liquid Hungarian exchange market on the price formation on the Slovenian exchange market is on average reflected as additional supply in the amount of the allocated CZCs in the HU-SI direction.

Figure 3 shows a comparison of calculation using a 20-day average between BSP and neighboring exchanges for the day-ahead trading segment. The average annual price of base product in this segment increased from 115.03 EUR/MWh in 2021 to 274.47 EUR/MWh in 2022, resulting in a 58.09% increase compared to 2021. The average price of peak product in 2022 was 291.79 EUR/MWh, 56.56% higher than in 2021.

**Figure 3: Comparison of prices for base product between BSP and neighboring exchanges for the period from 1 January 2022 to 31 December 2022**



Source: BSP internal data, GME website, HUPX website, EPEX website.



The minimum and maximum prices for base product were higher in 2022 compared to 2021. The minimum price and maximum prices of peak product were also higher in 2022 compared to 2021.

**Table 13: Data for the daily maximum and minimum calculated base and peak product price on the day-ahead trading segment**

in EUR/MWh

<b>Month</b>	<b>Minimum base price</b>	<b>Maximum base price</b>	<b>Minimum peak price</b>	<b>Maximum peak price</b>
<b>2020</b>	7,02	103,23	2,63	141,06
<b>2021</b>	7,34	427,09	-5,44	492,45
<b>2022</b>	10,44	747,99	18,84	831,24

Source: BSP internal data.

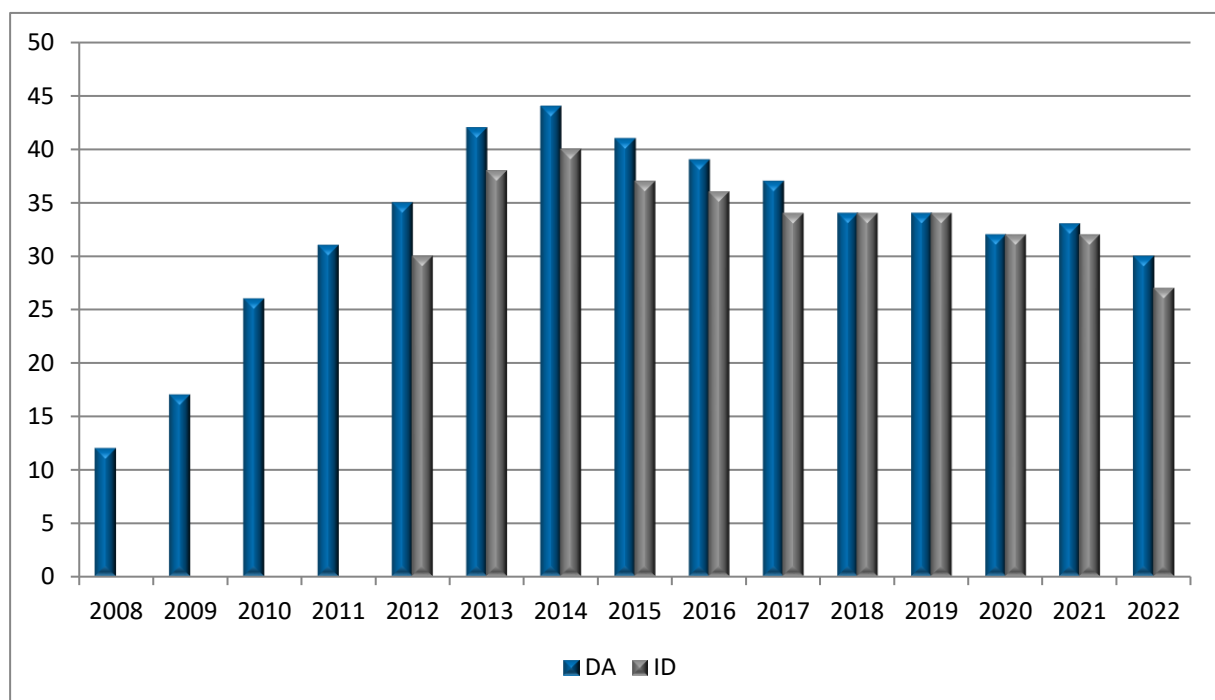
## 7 EXCHANGE MEMBERSHIP

### 7.1 Admission to Membership

The Slovenian exchange market is admitted by market participants who, having fulfilled the conditions for admission, have been admitted to membership of BSP, either on their own or through another participant or broker who will act on their behalf. At the end of 2021, BSP had 35 companies as members.

In 2022, one new member joined BSP and five resigned from BSP. At the end of 2022, 31 companies from 10 European countries were members of BSP. These include major European energy companies and important regional players.

**Figure 4: Number of participants on the Slovenian day-ahead (DA) and intraday (ID) markets by year 2008-2022**



BSP internal data.

**Table 14: BSP membership as of 31.12.2022**

	SLOVENIAN EXCHANGE MARKET (31)	
	Day-ahead (30)	Intraday (27)
ALPIQ ENERGY SE, Prague	X	X
CENTRICA ENERGY TRADING A/S, Aalborg	X	X
ČEZ A. S., Prague	X	X
DANSKE COMMODITIES A/S, Aarhus	X	X
DUFERCO Energia SpA, Genova	X	X
EDF Trading Limited, London	X	
ELECTRADE S.p.A., Milano	X	X
ENERGIJA PLUS d.o.o., Maribor	X	X
Elektro Slovenija d.o.o. (ELES), Ljubljana	LP	X
ENEL Global Trading S.p.A., Roma	X	X
Energy Financing Team AG, St. Gallen	X	X
ENOS d.d., Jesenice	X	X
EPS Trgovanje d.o.o., Ljubljana	X	
Ezpada AG, Zug	X	X
GEN Energija d.o.o., Krško	X	X
GEN-I d.o.o., Ljubljana	X	X
HEP d.d., Zagreb	X	X
HERA Trading SRL, Imola	X	X
Holding Slovenske Elektrarne d.o.o., Ljubljana	MM	X
Interenergo d.o.o., Ljubljana	X	X
JP Energetika Ljubljana d.o.o., Ljubljana	X	X
MVM PARTNER ENERGY TRADING Ltd., Budapest	X	X
NGEN, energetske rešitve d.o.o., Žirovnica	X	X
OPTIMAX Energy GmbH, Leipzig		X
PETROL d.d., Ljubljana	LP	LP
SECOND FOUNDATION a.s., Prague	X	X
SEFE Marketing & Trading Limited, London	X	X
SODO d.o.o., Maribor	X	
SunContract d.o.o., Ljubljana	X	X
VATTENFALL ENERGY TRADING GmbH, Hamburg	X	
VITOL GAS & POWER BV, Rotterdam	X	X

Source: BSP internal data.

MM – Market Maker (the designated market maker)

LP – Liquidity Provider

## 7.2 Working Bodies

The Exchange's working bodies are:

### Exchange Arbitration

- Permanent, specialised and independent. In accordance with BSP Rules, BSP provides a fast and confidential solution to any misunderstanding related to trading, clearing or other exchange procedures. At the moment, exchange arbitration is not yet operational.

### Members Chamber

- Represents the interests of all members of the Exchange vis-à-vis the BSP Management Board.

**Table 15: Exchange Council and Market Committee of the Members Chamber as of 31.12.2022**

<b>Working bodies of the Members Chamber</b>	<b>Market Committee</b>
<b>Exchange Council</b>	<b>SI</b>
<b>President of the Members Chamber</b>	
Mrs. Andreja Zupan	*
GEN-I d.o.o. (SI)	
<b>Deputy President of the Members Chamber</b>	
Mr. Thomas Boulos	*
ALPIQ ENERGY SE (CZ)	
<b>President of the Slovenian Market Committee</b>	
Mr. Rok Tement	*
PETROL d.d. (SI)	
<b>Elected Members of the Members Chamber</b>	
Mrs. Tanja Čuk Jeran	*
HOLDING SLOVENSKE ELEKTRARNE d.o.o. (SI)	
Mr. Ignacij Kastelic	*
JAVNO PODJETJE ENERGETIKA LJUBLJANA d.o.o. (SI)	
Mr. Damjan Stanonik	*
BSP ENERGETSKA BORZA d.o.o. (SI)	

Source: BSP internal data.

### Exchange Council

- Manages the Members Chamber and coordinates the work of the Members Chamber and the Market Committees.

### Market Committee

- Represents the interests of exchange participants vis-à-vis the Members Chamber.

## 8 CLEARING AND FINANCIAL SETTLEMENT

BSP exchange members are also members of BSP's settlement system. In the clearing process, BSP enters into each concluded transaction as a counterparty, namely with the seller as the buyer and with the buyer as the seller. Members transfer all their financial receivables and liabilities from concluded transactions on the exchange to BSP as a new creditor or debtor.

BSP provides members with the clearing and financial settlement of concluded transactions on the Exchange, which includes:

- calculation of financial liabilities and receivables of an individual member,
- determining the net balance of financial receivables and liabilities of an individual member after offset of mutual receivables and liabilities,
- ensuring the execution of the payment of financial obligations, and
- ensuring the fulfilment of the financial settlement of concluded transactions.

After assuming all financial liabilities and receivables, BSP offsets all financial receivables from an individual member, that it has assumed in accordance with the Exchange Rules. The member – the net debtor – is obliged to transfer liabilities, which have not been offset, to BSP's settlement account. On the other hand, part of a member's claim against the BSP, which have not been offset, the BSP fulfils towards the member – the net creditor.

BSP has been involved in the implementation of the single European market since 2011. Due to the nature of the market coupling mechanism, electricity is traded on the exchange markets and the allocation of CZCs is made at the same time at each electricity interconnector. This means that BSP, in addition to financial settlement of concluded transactions between individual exchange members, also performs financial settlement of concluded transactions with neighboring/foreign clearing counterparties (CCPs).

In 2022, the value of financial settlement of concluded transactions on the Slovenian exchange market amounted to EUR 3,576 billion.

## **9 RISK MANAGEMENT**

BSP has adopted a corporate risk management system and, on this basis, developed appropriate risk management policies, a risk assessment methodology, a risk register and risk reporting guidelines for BSP. Below are the types of risks we pay most attention to.

### **9.1 Financial Risks**

The growth in the volume of exchange trading and the implicit integration with neighboring markets increases the risk of insolvency and late payment by exchange partners. BSP manages such situations through the Exchange Rules, which ensure short-term and long-term solvency of market participants in the implementation of financial settlement, and by borrowing short- and long-term funds, to ensure the smooth cross-border settlement of concluded transactions with foreign counterparties. In doing so, BSP faces different forms of financial risks.

#### **9.1.1 Risk of non-fulfilment of financial obligations**

BSP encounters the risk of debtors in investments and the risk of debtors in revenues. Debtors' investment risk in the case of BSP relates to the bankruptcy of the bank with which BSP has submitted funds. The mentioned risk is managed by the fact that BSP has funds deposited in different accounts with different banks, and by monitoring the credit rating of commercial banks. In the case of BSP, the risk of debtors in terms of revenue is the risk that a member of the exchange will not settle financial obligations in accordance with the contractual provisions or the exchange price list. The management of these risks is important for ensuring the annual revenues of BSP, as their loss would have a direct impact on the poorer profit of BSP. The process of managing this risk includes a system of analysing receivables and regular reminders in the event of late payments.

#### **9.1.2 Liquidity Risk**

BSP is exposed to liquidity risk due to possible non-fulfillment of financial obligations by members of the exchange with performing financial settlement of transactions concluded on the exchange. Therefore, BSP has included a system for managing such risks in the Rules for the performing of clearing and financial settlement. The verification of the members of the exchange takes place upon the submission of an application for membership with a careful verification of the credit rating and in subsequent monitoring of their operations. Members are required to provide adequate financial guarantees in the form of a cash deposit or bank guarantee on first call before admission. The process of managing the risk of non-fulfilment of financial obligations includes the calculation of appropriate financial guarantees in the phase of a member's admission to the exchange and later on a daily basis while monitoring operations. In the event that the participants do not settle their financial obligations, BSP settles the obligations from the financial guarantees of such participants.

In the frame of liquidity risk, BSP is exposed to the risk of non-fulfilment of financial obligations by foreign counterparties/clearing houses. In the case of payments by foreign counterparties, there is a risk that funds from the foreign debtor counterparty are not deposited into BSP's settlement account within the required time frame, e.g., due to a stop in the interbank system. BSP manages the risk of non-fulfillment of financial obligations by foreign counterparties by

engaging all free funds from previous years (operating profits and part of the initial capital) as well as the long-term loan taken out for the purpose of potentially covering such risks.

As part of liquidity risk, the Company faces the risk arising from covering differences in VAT payments. Due to the mechanism of reverse charge mechanism between EU member states and the variable positions of exchange members in trading on the Slovenian exchange market, there are large fluctuations in VAT payments/refunds arising from accrued liabilities or receivables up from Tax Administration of Republic of Slovenia. BSP successfully manages the liquidity risk arising from the VAT payment differences by taking out a short-term revolving credit facility for the purpose of covering VAT payment differences.

### **9.1.3 Currency and interest rate risk**

In addition to the financial risks mentioned above, BSP also monitors currency and interest rate risks, which are not significant and therefore do not require specific management. As part of foreign operations, clearing and financial settlement of exchange transactions takes place in euros, due to which BSP is not exposed to currency risk. Interest rate risk is associated with unexpected growth in financing costs due to changes in the interbank interest rate on the market (EURIBOR) and is managed by monitoring the movements of various interbank interest rates on an ongoing basis.

## **9.2 Business Risks**

With regard to business risk, BSP identified two groups of risks, namely BSP strategy risks and operational risks. The risks are defined in more detail below.

### **9.2.1 BSP strategy risk**

This is a risk that is reflected in damage/loss due to untapped market opportunities, excessive risks taken or lack of vision and strategy. We manage the identified risk by continuously developing the Company's strategy, which is constantly adapting to changing market circumstances. The strategy includes all key areas of business, measurable goals, development and introduction of new services, renewal and introduction of new information technology and determination of strategic connections, and annual planning and monitoring of the implementation of annual plans is a constant feature of our work.

### **9.2.2 Operational risks**

Operational risks in BSP are related to damage due to errors in information technology, incorrect conduct of employees, legal errors, non-compliance with changes in legislation and wrong decisions in project implementation.

Among the risks in the information system are the significant risks of possible disruptions in the operation of application and system software, hardware, communication and network connections in the system, as well as information security risks. BSP outsources most IT services, which enables it to meet higher standards in managing these risks. As the contract price of the

provision of services may change, BSP strives to conclude contracts with service providers on a long-term basis.

Risks in the field of human resources are especially important for BSP due to the smaller number of employees and the implementation of a larger number of development projects. Therefore, the organisational structure of the Company is tailored to ensure the availability and the ability to perform key tasks by a large number of employees by overlapping work tasks. The greatest risk in the field of human resources is the potential loss of key employees, so we pay special attention to additional professional training of staff and providing stimulating working conditions.

BSP is aware of the risk of market abuse and therefore excludes any family or friendship ties with exchange members who trade on the BSP when concluding employment contracts with prospective employees. There is a strict procedure and a designated person responsible for monitoring the implementation of the REMIT Regulation and ensuring adequate internal control.

Legal risk is associated with violation of or non-compliance with legislation and regulations. BSP manages it with precise and unambiguous regulations concerning the operation of the exchange market and defined contractual provisions with partners.

Legislative risk arises from changes in market rules. For performing the operational tasks of exchange trading, Commission Regulation (EU) 2015/1222 on setting guidelines for capacity allocation and congestion management is important. From the point of view of clearing and financial settlement, Directive 2004/39/EC on markets in financial instruments (MiFID) and Regulation (EU) 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR) are important for BSP.

Identifying and managing operational risks is extremely important for the successful operation of BSP. BSP limits them through clearly defined processes, unambiguously defined responsibilities, authorisations of employees, adopted internal rules and active monitoring of applicable regulation and its changes.

### **9.3 Risk of Loss of Reputation**

With regard to the risk of loss of reputation, BSP faces the risk of losing its reputation due to the revocation of NEMO which it manages by ensuring that performance of the functions of an organised exchange complies with the requirements of Commission Regulation (EU) 2015/1222 in all areas of its operations. The risk of inadequate communication with the public is managed by BSP with a clearly defined method of communication with external publics and members of the exchange.



## **10 OTHER SALES ACTIVITIES**

### **10.1 Newsletter**

For communication with members and the interested public, BSP publishes the BSP SouthPool Newsletter, which provides an overview of trading results and news. The newspaper is published on the Company's website and sent to subscribers by email. Subscription to the newsletter is via an online form published on the website. One issue of the newsletter has been published for 2022.

### **10.2 Fair**

The E-world fair in Essen, Germany is the most important public event in the field of energy, which is also attended every year by representatives of BSP. BSP has been present at the fair since the founding of the Company in 2008, as it is considered one of the most important tools for social networking and marketing. According to the organiser, over 800 companies from more than 67 countries attended the fair, which attracted more than 25,000 visitors over the three days.

### **10.3 Active Participation in Conferences and Other Professional Meetings**

Representatives of BSP actively participate in professional conferences throughout Europe. With their professional contributions and lectures, they additionally contribute to the recognition of BSP and to strengthening of the exchange brand.

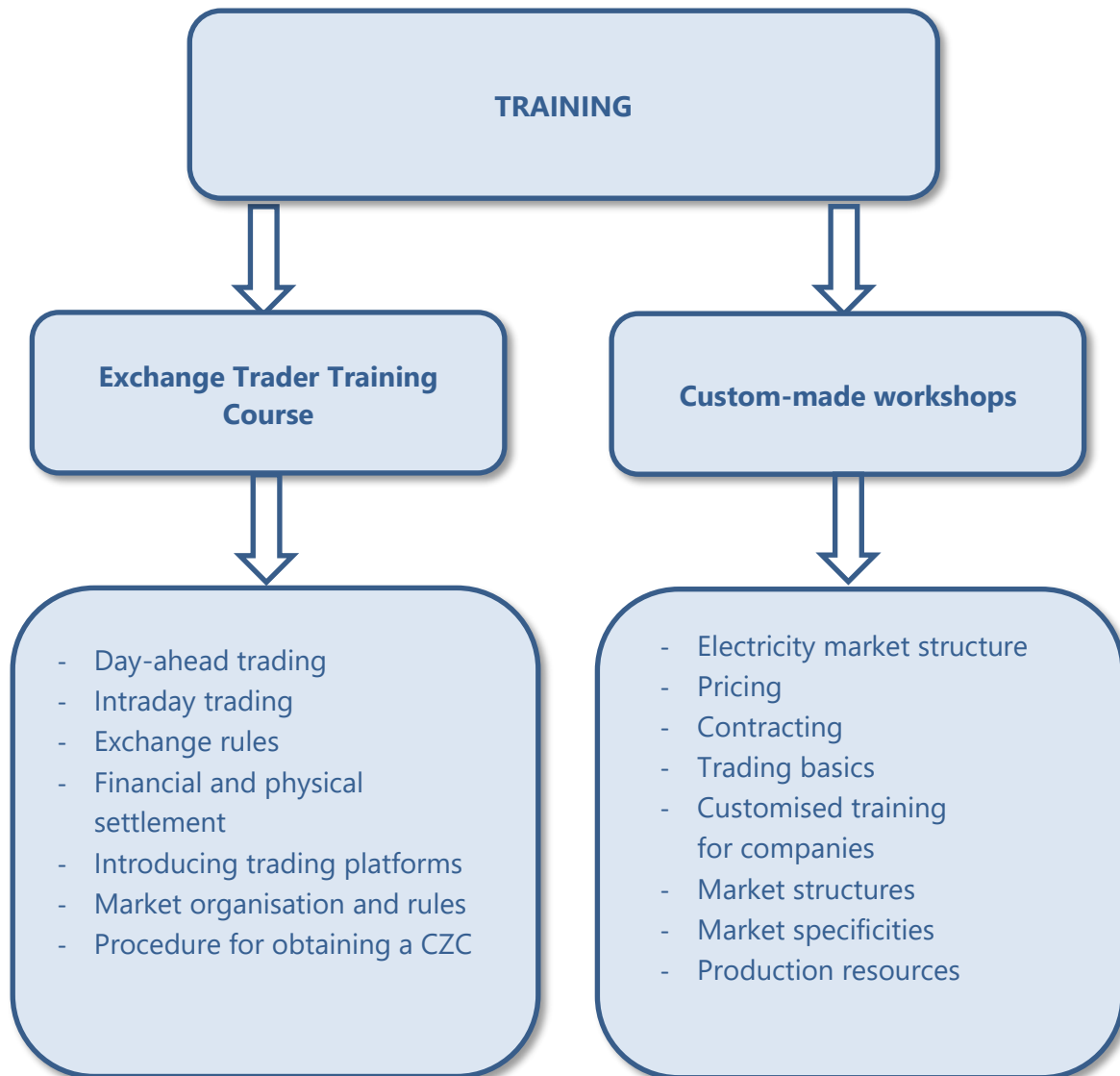
In 2022, representatives of BSP participated in the largest regional conference Energy Trading and Central & South Eastern Europe in Budapest, the Athens Forum organised by the Energy Community Secretariat and the annual social event of the European Exchange Exchange EEX in Leipzig.

### **10.4 MEMO Trading and Clearing Services Contract Signing Event**

On 28 June 2022, representatives of BSP attended the contract signing event for the provision of a day-ahead trading platform and clearing service, on the North Macedonian organised electricity market between BSP, EPEX SPOT and MEMO. The cooperation includes the establishment of the processes and procedures necessary for the operation of the national day-ahead market in North Macedonia, the implementation of market coupling, and the clearing and financial settlement processes for concluded transactions on the exchange. The North Macedonian organised day-ahead electricity market is expected to be operational in the second quarter of 2023.

## 11 TRAININGS

BSP offers its members (and others) training courses, covering the operation of the electricity market in Slovenia and abroad. At the request of the individual company, BSP can tailor the training to suit its needs and wishes. In 2022, BSP organised three Exchange Trader training courses and three custom-made workshops for business partners from Slovenia, North Macedonia and Montenegro.



## 12 ORGANISATION OF THE COMPANY'S BUSINESS

### 12.1 Staff

The personnel structure of the Company consists mainly of a highly professionally trained team and a minimum number of work places. As of 31 December 2022, BSP had 13 employees.

**Table 16: Educational structure of employees as of 31.12.2022**

<b>Educational level</b>	<b>Title of professional education</b>	<b>Status as of 31.12.2022</b>	<b>Structure in %</b>
<b>VII</b>	University degree program	8	62
<b>VI/2</b>	Higher professional education program	2	15
<b>V</b>	Secondary education	3	23
	BSP total	13	100

Source: BSP internal data

### 12.2 Organisation of the Company

According to the set vision and strategic goals, the operations of BSP can be divided into four content sets:

- operating business,
- commercial activities,
- research and development,
- common services.

Operating business covers daily implementation of basic exchange activity and consists of the functions of trading supervision, clearing and financial settlement.

Commercial activity refers to customer relations and public relations. It consists of sales, marketing, education services, customer care and public relations functions.

R&D is concerned with the technical development of commercial products, and research technologies and products potentially transferable to the market. At the same time, it monitors the process of integration of existing trading segments into the single European market and ensures the proper involvement of BSP in these processes.

Common services are concerned with the operation of BSP's central functions. They consist of the functions of finance, accounting, risk management and legal and personnel matters.

### **13 ACCOUNTING REPORT**

BSP Energy Exchange LL C was added to the Business Register on 8 May 2008. The co-owners of BSP d.o.o. until 30.11.2022 were Borzen d.o.o. and ELES d.o.o., each with an equal share of 50%. At the end of November 2022, Borzen d.o.o. sold its ownership share in BSP d.o.o. to Eles d.o.o. Eles d.o.o. thus became the sole owner of BSP d.o.o.

At the end of December 2022, ELES d.o.o. transfers the ownership of BSP d.o.o. to Adex Skupina d.o.o. and at the same time becomes a one-third owner of Adex Skupina d.o.o. (in addition to EMS and EPEX SPOT).

BSP ended the financial year 2022 with a net profit for the period (after tax) of EUR 670,021. BSP's total revenues for the period was EUR 3,799,285 and total expenses EUR 2,971,341.

## 13.1 Balance Sheet

**Table 17: Balance sheet as of 31 December 2022 and 31 December 2021**

in EUR		
<b>CATEGORY</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>A. LONG-TERM ASSETS</b>	<b>892,850</b>	<b>739,744</b>
INTANGIBLE FIXED ASSETS AND LONG-TERM DEFERRED		
I. EXPENSES AND ACCRUED REVENUES	180,689	94,707
1. Intangible fixed assets	77,798	19,292
2. Intangible fixed assets (foreign ownership)	102,891	75,415
II. TANGIBLE FIXED ASSETS	712,161	645,037
1. Facilities	649,675	598,476
2. Equipment	62,486	46,561
<b>B. CURRENT ASSETS</b>	<b>74,488,650</b>	<b>45,901,462</b>
I. SHORT-TERM INVESTMENTS	2,950,091	350,000
II. SHORT-TERM OPERATING RECEIVABLES	5,118,915	8,916,089
1. Short-term trade debtors	5,081,819	8,875,393
2. Short-term operating receivables from others	37,096	40,696
III. CASH	66,419,644	36,635,373
<b>C. SHORT-TERM DEFERRED COSTS AND ACCURED REVENUES</b>	<b>18,663</b>	<b>6,291</b>
I. SHORT-TERM DEFERRED COSTS AND ACCURED REVENUES	18,663	6,291
<b>ASSETS</b>	<b>75,400,163</b>	<b>46,647,496</b>
Off-balance-sheet assets	182,917,820	76,525,834
<b>A. TOTAL EQUITY</b>	<b>6,947,057</b>	<b>9,315,214</b>
I. CALLED CAPITAL	6,001,274	6,001,274
1. Share capital	6,001,274	6,001,274
II. RESERVES FROM PROFIT	309,263	2,634,897
1. Legal reserves	309,263	275,761
2. Statutory reserves	0	388,189
3. Other profit reserves	0	1,970,947
III. RETAINED PROFIT FROM THE PRECEDING FINANCIAL YEAR	0	0
IV. NET PROFIT FOR THE FINANCIAL YEAR	636,520	679,043
<b>B. LONG-TERM ACCURED COSTS AND DEFERRED REVENUES</b>	<b>119,569</b>	<b>76,474</b>
I. LONG-TERM ACCURED COSTS AND DEFERRED REVENUES	119,569	76,474
<b>C. LONG-TERM LIABILITIES</b>	<b>3,000,000</b>	<b>3,000,000</b>
I. LONG-TERM FINANCIAL LIABILITIES	3,000,000	3,000,000
<b>D. SHORT-TERM LIABILITIES</b>	<b>65,333,537</b>	<b>34,233,134</b>
I. SHORT-TERM FINANCIAL LIABILITIES	54,000,000	19,000,000
II. SHORT-TERM OPERATING LIABILITIES	11,333,537	15,233,134
1. Short-term trade creditors	5,668,123	3,370,347
2. Other short-term operating liabilities to others	5,665,414	11,862,787
<b>E. SHORT-TERM ACCURED COSTS AND DEFERRED REVENUES</b>	<b>0</b>	<b>22,674</b>
I. SHORT-TERM ACCURED COSTS AND DEFERRED REVENUES	0	22,674
<b>LIABILITIES</b>	<b>75,400,163</b>	<b>46,647,496</b>
Off-balance-sheet liabilities	182,917,820	76,525,834

## 13.2 Income Statement

**Table 18: Income statement for the period from 1 January to 31 December 2022 and 2021**

<b>CATEGORY</b>		in EUR	
		<b>I.1. - 31.12.2022</b>	<b>1.1. – 31.12.2021</b>
<b>1.</b>	<b>NET SALES REVENUES</b>	<b>3,746,197</b>	<b>3,197,678</b>
a.	Revenue from transaction fees	1,424,919	1,177,113
b.	Revenue from annual membership fees	480,417	528,250
c.	Other revenues	1,840,861	1,492,315
<b>2.</b>	<b>TOTAL OPERATING REVENUES</b>	<b>3,746,197</b>	<b>3,197,678</b>
<b>3.</b>	<b>MATERIAL AND SERVICE COSTS</b>	<b>1,465,102</b>	<b>1,188,283</b>
a.	Material costs	29,056	16,319
b.	Service costs	1,436,046	1,171,964
<b>4.</b>	<b>LABOUR COSTS</b>	<b>951,887</b>	<b>869,163</b>
a.	Costs of wages and salaries	744,769	708,081
b.	Costs of social insurances	143,080	127,990
	- Costs of pension insurance	88,171	77,726
	- Costs of other social insurances	54,909	50,264
c.	Other labour costs	64,038	33,092
<b>5.</b>	<b>WRITE-DOWNS</b>	<b>101,191</b>	<b>67,604</b>
<b>6.</b>	<b>OTHER OPERATING EXPENSES</b>	<b>3,973</b>	<b>2,929</b>
<b>7.</b>	<b>TOTAL OPERATING EXPENSES</b>	<b>2,522,153</b>	<b>2,127,979</b>
<b>8.</b>	<b>OPERATING PROFIT</b>	<b>1,224,044</b>	<b>1,069,699</b>
<b>9.</b>	<b>FINANCIAL INTEREST REVENUES</b>	<b>53,088</b>	<b>155</b>
<b>10.</b>	<b>OTHER FINANCIAL REVENUES</b>	<b>0</b>	<b>10,762</b>
<b>11.</b>	<b>FINANCIAL INTEREST EXPENSES</b>	<b>436,407</b>	<b>191,796</b>
<b>12.</b>	<b>OTHER FINANCIAL EXPENSES</b>	<b>9,991</b>	<b>0</b>
<b>13.</b>	<b>NET PROFIT FROM ORDINARY ACTIVITIES</b>	<b>830,734</b>	<b>888,820</b>
<b>14.</b>	<b>OTHER EXPENSES</b>	<b>2,790</b>	<b>1,000</b>
<b>15.</b>	<b>TOTAL REVENUES</b>	<b>3,799,285</b>	<b>3,208,595</b>
<b>16.</b>	<b>TOTAL EXPENSES</b>	<b>2,971,341</b>	<b>2,320,775</b>
<b>17.</b>	<b>TOTAL PROFIT BEFORE TAX</b>	<b>827,944</b>	<b>887,820</b>
<b>18.</b>	<b>CORPORATE INCOME TAX</b>	<b>157,922</b>	<b>173,038</b>
<b>19.</b>	<b>NET PROFIT AFTER TAX</b>	<b>670,021</b>	<b>714,782</b>

### 13.3 Statement of Other Comprehensive Income

**Table 19: Statement of other comprehensive income for 2022**

	in EUR
DESCRIPTION	2022
NET PROFIT AFTER TAX	670,021
Changes in revaluation reserves on revaluation of tangible fixed assets	
Changes in fair value reserve	
Gains and losses, arising from the translation of financial statements of foreign operations (effects of changes in exchange rates)	
Other components of comprehensive income	
<b><i>Total comprehensive income/net profit for the financial year</i></b>	<b><i>670,021</i></b>

## 13.4 Cash Flow Statement

**Table 20: Cash flow statement for the period from 1 January to 31 December 2022 and 2021**

		in EUR	
DESCRIPTION	1.1. – 31.12.2022	1.1. – 31.12.2021	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
a. <b>Inflows from operating activities</b>	<b>1,110,145</b>	<b>974,027</b>	
Operating revenues (excluding revaluation) and financial revenues from operating receivables	3,701,810	3,208,440	
Operating expenses without depreciation (excluding revaluation) and financial expenses from operating liabilities	-2,433,743	-2,061,375	
Income taxes and other taxes not included in operating expenses	-157,922	-173,038	
b. <b>Outflows from operating activities</b>	<b>-49,988</b>	<b>8,211,406</b>	
Opening less closing operating receivables	3,797,174	-5,365,133	
Opening less closing deferred costs and accrued revenues	-12,372	-5,150	
Opening less closing operating liabilities	-3,899,597	13,552,951	
Closing less opening accrued expenses and deferred revenues and provisions	64,806	28,738	
c. <b>Positive or negative cash flow from operating activities</b>	<b>1,060,156</b>	<b>9,185,433</b>	
<b>B. CASH FLOWS FROM INVESTMENTS</b>			
a. <b>Inflows from investments</b>	<b>403,088</b>	<b>750,155</b>	
Inflows from interest arising from investment activities	53,088	155	
Revenues from disposal of short-term financial investments	350,000	750,000	
b. <b>Outflows from investments</b>	<b>-3,204,388</b>	<b>-1,036,326</b>	
Outflows from acquisitions of intangible fixed assets	-142,720	-55,219	
Outflows from acquisition of tangible fixed assets	-111,577	-631,107	
Outflows from acquisition of short-term financial investments	-2,950,091	-350,000	
c. <b>Positive or negative cash flow from investments</b>	<b>-2,801,300</b>	<b>-286,171</b>	



<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
a.	<b>Inflows from financing activities</b>	<b>339,000,000</b>	<b>108,800,000</b>
	Inflows from increase in short-term financial liabilities	249,000,000	105,800,000
	Inflows from increase in long-term financial liabilities	90,000,000	3,000,000
b.	<b>Outflows from financing activities</b>	<b>-307,474,587</b>	<b>-92991796</b>
	Outflows from interest pertaining to financing activities	-436,408	-191,796
	Outflows from repayment of short-term financial liabilities	-214,000,000	-92,800,000
	Outflows from repayment of long-term financial liabilities	-90,000,000	0
	Outflows from dividends paid and other profit sharing	-3,038,179	0
c.	<b>Positive or negative cash flow from financing activities</b>	<b>31,525,413</b>	<b>15,808,204</b>
<b>D. Final cash balance</b>			<b>36,635,373</b>
	Cash profit for the period	29,784,271	24,707,467
	Initial cash balance	36,635,373	11,927,906

### 13.5 Allocation of Net Profit for the Financial Year

**Table 21: Allocation of net profit for the financial year 2022**

	in EUR
<b>DESCRIPTION</b>	<b>31.12.2022</b>
Net profit of previous years	0
Net profit for the financial year	670,021
Portion of net profit for legal reserves	33,501
<b><i>Distributable profit for the financial year</i></b>	<b>636,520</b>

Distributable profit for the financial year 2022 amounts to EUR 636,520 and comprises the net profit for the financial year after deduction of reserves established in accordance with Article 64(4) of the Companies Act.

## 13.6 Statement of Changes in Equity

**Table 22: Statement of changes in equity for year 2022 and 2021**

in EUR

	Called capital		Profit reserves		Retained net profit/loss	Net profit or loss for the financial year	Total
	Share capital	Legal reserves	Statutory reserves	Other profit reserves			
<i>Opening balance, 1 January 2021</i>	<b>6,001,274</b>	<b>240,022</b>	<b>380,430</b>	<b>1,202,725</b>	<b>0</b>	<b>775,981</b>	<b>8,600,432</b>
<b>Changes in equity</b>	<b>0</b>			<b>0</b>		<b>0</b>	
<b>Increase in SC from retained profit</b>							
Increase in share capital and recapitalisation of profits and contribution by Borzen							
Increase in share capital and recapitalisation of profits and contribution by Eles	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>714,782</b>	<b>714,782</b>
<b>Total comprehensive income</b>						714,782	714,782
Entry of net profit or loss	<b>0</b>	<b>35,739</b>	<b>7,760</b>	<b>768,221</b>	<b>0</b>	<b>-811,720</b>	
<b>Changes in equity</b>				768,221		-768,221	
Allocation of the remaining part of the net profit of the comparative period to other components of equity			7,760			-7,760	
Creation of statutory reserves		35,739				-35,739	
Allocation of part of net profit for the comparative period to other components of equity according to the decision of management and control							
Loss settlement as a deductible component of equity							
Transfer of net profit from previous years							
<i>Closing balance 31 December 2021</i>	<b>6,001,274</b>	<b>275,761</b>	<b>388,189</b>	<b>1,970,946</b>	<b>0</b>	<b>679,043</b>	<b>9,315,214</b>

	Called capital		Profit reserves		Retained net profit/loss	Net profit or loss for the financial year	Total
	Share capital	Legal reserves	Statutory reserves	Other profit reserves			
<b>Opening balance, 1 January 2022</b>	<b>6,001,274</b>	<b>275,761</b>	<b>388,189</b>	<b>1,970,946</b>	<b>0</b>	<b>679,043</b>	<b>9,315,214</b>
<b>Changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,038,179</b>	<b>0</b>	<b>-3,038,179</b>
Dividend payment					-3,038,179		-3,038,179
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>670,021</b>	<b>670,021</b>
Entry of net profit or loss						670,021	670,021
<b>Changes in equity</b>	<b>0</b>	<b>33,501</b>	<b>-388,189</b>	<b>-1,970,946</b>	<b>3,038,179</b>	<b>-712,544</b>	<b>0</b>
Allocation of the remaining part of the net profit of the comparative period to other components of equity							0
Allocations by decision of the General Assembly			-388,189	-1,970,946	3,038,179	-679,043	0
Allocation of part of net profit for the comparative period to other components of equity according to the decision of management and control		33,501				-33,501	
Loss settlement as a deductible component of equity							
Transfer of net profit from previous years					0	0	
<b>Final balance 31 December 2022</b>	<b>6,001,274</b>	<b>309,263</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>636,520</b>	<b>6,947,056</b>

### **13.7 Notes to the Financial Statements**

The financial statements are prepared in accordance with the Slovenian Accounting Standards and the Companies Act. The information in the financial statements is based on the accounting documents and books of account kept in accordance with the Slovenian Accounting Standards. The preparation is based on the following fundamental accounting assumptions: open-endedness, consistency and accrual. The accounting policies follow the basic accounting principles: prudence, substance over form and materiality.

## 13.8 Notes to Balance Sheet Items

### ***Intangible fixed assets and long-term deferred expenses and accrued revenues***

Intangible fixed assets are carried in the books separately at their acquisition value and at a value correction as a cumulative write-down resulting from depreciation; they are recorded in the balance sheet at their undepreciated value, which is the difference between the acquisition value and the value correction.

**Table 23: Table of intangible fixed assets**

in EUR	
DESCRIPTION	Property rights
<i>Acquisition value</i>	
01.01.2022	219,440
Direct increases - purchases	142,720
Disposals	0
31.12.2022	362,160
<i>Write-downs</i>	
01.01.2022	124,733
Depreciation in the year	56,738
Disposals	
31.12.2022	181,472
<i>Present value</i>	
01.01.2022	94,707
31.12.2022	180,689

In 2022, the company invested in upgrading intangible fixed assets related to the NEMO and MCO functions.

The depreciation rate at which intangible fixed assets are charged is 10%-25%, reflecting their expected useful lives.

### ***Tangible fixed assets***

Tangible fixed assets are carried in the accounts at acquisition value and at depreciated amounts, where depreciation represents the cumulative write-down of the asset as a result of depreciation. They are carried in the balance sheet at their undepreciated value, which is the difference between the acquisition value and the depreciated value.

The actual cost of a tangible fixed asset includes its purchase price and all costs directly attributable to its qualification for its intended use. Subsequent costs incurred in relation to a tangible fixed asset increase its cost if, and only to the extent that, they increase future benefits compared with those previously estimated.

**Table 24: Tangible fixed assets table**

	in EUR		
DESCRIPTION	Facilities	Equipment	Total
<i>Acquisition value</i>			
01.01.2022	607,908	98,101	706,008
Direct increases in purchases	72,702	38,874	111,577
Disposals			
31.12.2022	680,610	136,975	817,585
<i>Write-downs</i>			
01.01.2022	9,432	51,539	60,971
Depreciation	21,503	22,950	44,453
Disposals			
31.12.2022	30,935	74,489	105,424
<i>Present value</i>			
01.01.2022	598,475	46,562	645,037
31.12.2022	649,675	62,486	712,161

Investments in tangible fixed assets include the replacement, modernisation and extension of obsolete equipment (replacement of computer equipment, purchase of furniture) and investments in office premises.

Depreciation of tangible fixed assets was charged at rates ranging from 11% to 50%.

### **Short-term investments**

Short-term investments are those parts of current assets, which, as investments with a duration of less than one year, give rise to financial revenues; they consist of shares and other securities purchased for sale, short-term loans granted, etc.

**Table 25: Table of short-term investments**

	in EUR	
DESCRIPTION	31.12.2022	31.12.2021
Short-term investments	2,950,091	350,000
<b>Total</b>	<b>2,950,091</b>	<b>350,000</b>

Short-term investments refer to a deposit placed as collateral for an issued bank guarantee.

### **Short-term operating receivables**

Receivables are recognised at the time they arise at the amount shown in the relevant documents, assuming that they will be paid. Receivables due from legal and natural persons abroad are converted into the domestic currency at the ECB reference rate on the day of accrual. Exchange differences arising up to the date of settlement of such receivables, or the balance sheet date are treated as an item of financial revenue or financial expense, respectively.

The adequacy of the reported amounts of individual receivables was verified prior to the preparation of the financial statements.

**Table 26: Table of short-term operating receivables**

DESCRIPTION	in EUR	
	31.12.2022	31.12.2021
Short-term trade debtors	5,081,819	8,875,393
- receivables from domestic customers	889,811	1,722,766
- receivables from customers abroad	4,192,008	7,152,627
Short-term advances and securities	1,240	1,241
Other short-term receivables	35,856	39,455
<b>Total</b>	<b>5,118,915</b>	<b>8,916,089</b>

Short-term operating receivables from customers relate to receivables from domestic customers amounting to EUR 889,811 and receivables from foreign customers amounting to EUR 4,192,008. All receivables are outstanding. Security of EUR 1,240 was given to the owner of the premises. Other short-term receivables amounting to EUR 35,856 relate to receivables for input VAT.

### **Cash**

**Table 27: Table of cash**

DESCRIPTION	in EUR	
	31.12.2022	31.12.2021
Cash on the accounts	66,419,644	36,635,373
<b>Total</b>	<b>66,419,644</b>	<b>36,635,373</b>

The amount represents cash held at business account and deposit account with UniCredit Banka Slovenije, business account with NLB d.d., business account with Banka Intesa Sanpaolo and accounts with UniCredit Bank AG Germany and HPB d.d. Zagreb. All identified assets are BSP's cash funds.

### **Short-term deferred costs and accrued revenues**

**Table 28: Table of short-term deferred costs and accrued revenues**

DESCRIPTION	in EUR	
	31.12.2022	31.12.2021
Short-term deferred costs and accrued revenues	18,663	6,291
<b>Total</b>	<b>18,663</b>	<b>6,291</b>

The deferred costs include costs that have already been billed and paid in 2022, but relate to the financial year 2023 and will be charged to expenses in that year.



## **Total Equity**

The Company's total equity is broken down into share capital, reserves, retained profit of previous years and undistributed net profit of the current year.

**Table 29: Equity table**

	in EUR	
<b>DESCRIPTION</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b><i>Called capital</i></b>	<b>6,001,275</b>	<b>6,001,274</b>
Share capital - capital contribution Borzen	0	3,000,637
Share capital - capital contribution ELES	6,001,274	3,000,637
<b><i>Profit reserves</i></b>	<b>309,262</b>	<b>2,634,897</b>
Legal reserves	309,262	275,761
Statutory reserves	0	388,189
Other profit reserves	0	1,970,947
<b><i>Net profit for the financial year</i></b>	<b>636,520</b>	<b>679,043</b>
<b><i>Retained profit from the preceding financial years</i></b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>6,947,057</b>	<b>9,315,214</b>

In 2022, the Company generated EUR 670,021 in net profit for the financial year. After the creation of the statutory reserves pursuant to Article 64(4) of the Companies Act amounting to EUR 33,501, BSP reports a distributable profit for the financial year in the amount of EUR 636,520.

In accordance with the decision on the reduction of the share capital from December 2022, the company BSP will reduce the capital by 2,461,820 euros in the first quarter of 2024 (the amount of the reduction of the capital will be transferred to the company ELES).

## **Long-term accrued costs and deferred revenues**

**Table 30: Table of long-term accrued costs and deferred revenues**

	in EUR	
<b>DESCRIPTION</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Long-term accrued costs and deferred revenues	119,569	76,474
<b>Total</b>	<b>119,569</b>	<b>76,474</b>

Long-term accrued costs represent prepayments for costs of the MCO function to be incurred in a future period of more than one year, and investments in foreign intangible fixed assets from the NEMO function.

## **Long-term liabilities**

Long-term liabilities are liabilities relating to borrowings obtained under loan agreements. The amount due in the following year is shown under short-term financial liabilities.

**Table 31: Table of long-term liabilities**

	in EUR	
DESCRIPTION	31.12.2022	31.12.2021
<b>Long-term liabilities</b>	<b>3,000,000</b>	<b>3,000,000</b>
Long-term financial liabilities	3,000,000	3,000,000
<b>Total</b>	<b>3,000,000</b>	<b>3,000,000</b>

Table 31 shows long-term financial loan of EUR 3,000,000 borrowed by BSP in 2021 from Banka Intesa Sanpaolo to finance daily liquidity demands.

**Short-term liabilities**

Short-term liabilities are advances received from customers, payables to suppliers at home and abroad, payables to employees, payables to government institutions and other liabilities. All liabilities are carried at fair value.

**Table 32: Table of short-term liabilities**

	in EUR	
DESCRIPTION	31.12.2022	31.12.2021
<b>Short-term financial liabilities</b>	<b>54,000,000</b>	<b>19,000,000</b>
Short-term financial liabilities due to banks	0	0
Short-term liabilities to group companies	54,000,000	19,000,000
<b>Total</b>	<b>54,000,000</b>	<b>19,000,000</b>

Table 32 shows a short-term financial loan of EUR 54,000,000 taken by the Company from Borzen to finance working capital - for the purpose of the smooth execution of the financial settlement of transactions concluded on the electricity market.

**Table 33: Table of short-term operating liabilities**

	in EUR	
DESCRIPTION	31.12.2022	31.12.2021
<b>Short-term trade creditors</b>	<b>5,668,123</b>	<b>3,370,347</b>
Short-term liabilities to domestic suppliers	313,952	906,245
Short-term liabilities to suppliers abroad	5,354,171	2,464,102
<b>Short-term salary liabilities</b>	<b>130,402</b>	<b>110,453</b>
Liabilities for net wages and wage indemnities	72,028	61,668
Liabilities for gross wages and wage indemnities	22,507	18,538
Liabilities for taxes on gross wages and wage indemnities	14,902	14,310
Salary contribution liabilities	16,558	13,505
Liabilities for other employment benefits	4,407	2,432
<b>Liabilities to government and other institutions</b>	<b>5,532,399</b>	<b>11,749,306</b>

VAT liability	5,547,514	11,737,160
Income tax liability	-15,115	12,146
<b>Other short-term liabilities</b>	<b>2,613</b>	<b>3,028</b>
<b>Total</b>	<b>11,333,537</b>	<b>15,233,134</b>

The balance of liabilities to suppliers as of 31.12.2022 is made up of outstanding amounts due to regular suppliers. The Company settles its liabilities to suppliers on a regular basis and all receivables are outstanding as of 31.12.2022. Payables to employees represent the liability for the December 2022 salary and performance bonus paid in January 2023 and the liability for half of the accrued Director's performance bonus for the 2021 financial year. Liabilities to the State and other institutions represent VAT liabilities and the difference between the advance corporation tax paid during 2022 and the calculated corporation tax liability for 2022. Other short-term liabilities represent the payment of supplementary pension insurance and the costs of the Supervisory Board members' involvements for December 2022. The amount was paid in January 2023.

### **Short-term accrued costs and deferred revenues**

**Table 34: Table of short-term accrued costs and deferred revenues**

DESCRIPTION	in EUR	
	31.12.2022	31.12.2021
Short-term accrued costs and deferred revenues	0	22,674
<b>Total</b>	<b>0</b>	<b>22,674</b>

Accrued costs include short-term accrued costs that have already been invoiced in 2021, but relate to the 2022 financial year and will be charged to expenses in 2022. There were no accrued costs in 2022.

### **Off-balance sheet assets and liabilities**

The Company holds members' cash deposits in deposit sub-accounts amounting to EUR 104,122,910, which are opened in the name of the members of the Exchange and are intended exclusively to guarantee the financial obligations arising from their participation in the market. In addition to cash deposits, members can also submit financial guarantees in the form of bank guarantees and bills of exchange. The value of the members' bank guarantees amounts to EUR 34,210,000 and the value of the bills of exchange on 31.12.2022 amounts to EUR 1,250,000. In addition, the Company has a deposit as a financial guarantee from the ECC clearing house of EUR 38,760,000 in a German pledged account. The Company has also issued bank guarantees of EUR 4,500,000 and EUR 74,910. All these assets are shown off-balance sheet as they do not have a direct impact on the size and composition of the assets and liabilities - as they only represent a guarantee for the fulfilment of obligations.

### 13.9 Notes to Income Statement Items

#### **Total operating revenues**

Total operating revenues consist of the sales value of services provided during the accounting period. Revenue is recognised on the basis of invoices issued, based on the selling prices stated on the invoices or other documents.

**Table 35: Table of total operating revenues**

in EUR		
DESCRIPTION	Year 2022	Year 2021
Revenue from transaction fees	1,424,919	1,177,113
Revenue from annual membership fees	480,417	528,250
Other revenues	1,840,861	1,492,315
<b>Total</b>	<b>3,746,197</b>	<b>3,197,678</b>

Most of the revenues were generated from transaction fees and annual membership fees on the exchange markets, totaling EUR 1,905,336. Other revenues of EUR 1,840,861 represent the provision of consultancy services, the organization of customised auctions for long-term products, the cost recovery by System Operator for the market coupling projects, the remuneration for the operations of the balancing market and other revenues.

The income generated on the domestic market in 2022 amounted to EUR 2,936,172 and on the foreign market to EUR 810,024.

#### **Total operating expenses**

Total operating expenses are all costs incurred during the financial year, recorded according to their natural nature, such as material costs, service costs, labour costs, depreciation, revaluation expenses and other operating expenses.

**Table 36: Table of total operating expenses**

in EUR		
DESCRIPTION	Year 2022	Year 2021
Material costs	29,056	16,319
Service costs	1,436,046	1,171,964
Labour costs	951,887	869,163
Write-downs	101,191	67,604
Other operating expenses	3,973	2,929
<b>Total</b>	<b>2,522,153</b>	<b>2,127,979</b>

#### **Material and service costs**

Material costs, which in 2022 amounted to EUR 29,056 and are made up of other material costs, office supplies and literature, and electricity and fuel costs.

Service costs in 2022 amounted to EUR 1,436,046 and consisted of lease for trading platforms, office rentals, SLA contracts, professional studies, travel costs, marketing costs, etc.

### **Labour costs**

Total labour costs in 2022 amount to EUR 951,887. At the end of 2022, the Company had 13 employees and the average number of employees based on hours worked was 14.33. The Director of the Company has an individual employment contract, while the others are accounted for in accordance with the Labour Relations Act and the applicable Government Decree on the amount of reimbursement of work-related expenses and other remuneration to be recognised as an expense for tax purposes.

### **Write-downs**

Depreciation in 2022 amounted to EUR 101,191. The Company applies flat-rate depreciation charge.

### **Other operating expenses**

Other operating expenses are the expenses related to the building land allowance and amounted to EUR 3,973 in 2022.

### **Financial revenues**

**Table 37: Table of financial revenues**

	in EUR	
DESCRIPTION	Year 2022	Year 2021
Financial interest revenues	53,088	155
Other financial revenues	0	10,762
<b>Total</b>	<b>53,088</b>	<b>10,917</b>

Financial interest revenue in 2022 relates to interest on deposits with banks and interest on demand on cash in accounts. Other financial revenue represents income from liabilities, which did not occur in 2022.

### **Financial expenses**

**Table 38: Table of financial expenses**

	in EUR	
DESCRIPTION	Year 2022	Year 2021
Financial interest expenses	436,407	191,796
Other financial expenses	9,991	0
<b>Total</b>	<b>446,398</b>	<b>191,796</b>

Financial interest expenses in 2022 relate to expenses under short-term revolving credit facility, under the long-term financial credit facility, under long-term revolving credit facility, under short-term financial loan from owners, under negative interest payments and under exceeded threshold fees. Other financial expenses represent the expense of liabilities.

### **Other expenses**

**Table 39: Table of other expenses**

in EUR		
DESCRIPTION	Year 2022	Year 2021
Other expenses	2,790	1,000
<b>Total</b>	<b>2,790</b>	<b>1,000</b>

As a sustainable company, BSP is donating funds in 2022 to sports, cultural and humanitarian activities.

### **Other disclosures**

BSP's Management Board is a one-member body (the Director) appointed by the Supervisory Board for a period of four years. The Managing Director, from 1 July 2021, Anže Predovnik, M.Sc., manages the business and represents the Company.

The Director is entitled to a base remuneration (salary) and a variable performance component (performance award) and received in the financial year 2022:

**Table 40: Director's remuneration in 2022**

in EUR		
Director	Gross	Net
Salary paid in 2022	92,100	48,937
Half of the award paid for performance in 2021	8,100	3,470
Half of the award paid for performance in 2020	11,250	4,838

Members of the Supervisory Board were entitled to remuneration for meeting fees and for the performance of their duties in 2022 on the basis of valid resolution of the shareholders as follows:

**Table 41: Remuneration of Supervisory Board members in 2022**

in EUR		
Members of the Supervisory Board	Gross	Net
M. Sc. Barbara Dekleva Jenčič:	5,816	4,230
Mr. Sebastijan Rupar	3,935	2,862
Mr. Davorin Dimič	4,692	3,413
Mr. Peter Žmak	3,935	2,862

BSP does not have any claims against the Managing Director nor the members of the Supervisory Board, nor has it paid or granted any advances, loans or guarantees for liabilities to these persons.

### **Post-balance sheet events**

BSP has not had any significant events affecting its operations up to the date of completion of the Annual Report for the financial year 2022.

The basic starting point for presenting the performance of individual activities is to capture, as far as possible, income and expenses directly by activity.

### **Business and financial indicators**

**Table 42: Key business and financial indicators**

<b>Investment performance indicators</b>	<b>2022</b>	<b>2021</b>
Fixed assets (in euro)	243,175	739,744
Long-term trade receivables (in euro)	0	0
Deferred costs and accrued revenues(in euro)	18,663	6,291
Assets (in euro)	75,400,163	46,647,496
<b>FIXED INVESTMENT RATE</b>	<b>0,32</b>	<b>1,59</b>
<b>LONG-TERM INVESTMENT RATE</b>	<b>0,32</b>	<b>1,59</b>
<b>Economic efficiency indicator</b>		
Operating income (in euro)	3,746,197	3,197,678
Operating expenses (in euro)	2,522,153	2,127,979
<b>COEFF. OF ECONOMIC EFFICIENCY</b>	<b>148,53</b>	<b>150,27</b>
<b>Profitability indicators</b>		
Net loss/profit for the financial period (in euro)	670,021	714,782
Average equity (in euro)	8,131,136	8,957,823
Average assets (in euro)	60,523,830	31,499,261
<b>COEFF. RETURN ON EQUITY (ROE)</b>	<b>8,24</b>	<b>7,98</b>
<b>COEFF. RETURN ON ASSETS (ROA)</b>	<b>1,10</b>	<b>2,27</b>
<b>Labour cost indicators</b>		
Net turnover (in euro)	3,746,197	3,197,678
Materila and service costs (in euro)	1,465,102	1,188,283
Labour costs (in euro)	951,887	869,163
Other operating expenses (in euro)	3,973	2,929
Added value (in euros)	2,277,122	2,006,466
Average number of employees (in euro)	14,33	12,54
<b>ADDED VALUE PER EMPLOYEE (in euro)</b>	<b>158,906</b>	<b>160,005</b>
<b>LABOUR COST SHARE WITH VALUE ADDED in %</b>	<b>41,80</b>	<b>43,32</b>
<b>REVENUE PER EMPLOYEE (in euro)</b>	<b>261,423</b>	<b>254,998</b>

## Investment performance indicators

**The fixed investment rate** (fixed assets at depreciated value/assets) shows the share of the depreciated value of fixed assets in total assets.

**The long-term investment rate** (sum of fixed assets and long-term active accruals at depreciated value, long-term financial investments, investment property and long-term trade receivables/assets) shows the level of participation of long-term assets in total assets.

## Economy efficiency indicator

**The economic efficiency indicator**, as the ratio of operating income to operating expenses, shows the efficiency of the Company's operations, as it excludes financial revenue and expenses and other revenue and expenses.

## Profitability indicators

One of BSP's objectives is to ensure financial stability in the execution of financial settlements of trades concluded on exchanges. To ensure this stability, the Company needs to be able to borrow at any given time, while at the same time channeling balance-sheet profits into increasing equity. The borrowing and increase of the Company's equity in order to ensure financial stability in the performance of the financial settlement results in a decrease in the return on assets ratio and a decrease in the return on equity ratio.

The core **return on equity ratio** shows the ratio of net profit to average equity and is the most important and one of the most commonly used performance indicators from the point of view of a company's owners. It tells us how much net profit we made per unit of equity invested in the Company.

**The return on assets ratio** shows the ratio of net profit to average assets. It tells us how much net profit we made per unit of assets invested in the company.

## Labour cost indicators

The **added value per employee indicator** measures the value created during the period. This means subtracting the material and service costs from net sales revenues and dividing by the average number of employees. Added Value per employee therefore includes depreciation, profit and labour costs.

**The labour costs in added value indicator** shows the level of labour costs in added value.

**The revenue per employee indicator** shows the level of net sales revenues per employee.



**14 AUDIT REPORT**



## **15 SIGNING THE 2022 ANNUAL REPORT AND ITS COMPONENTS**

I, Anže Predovnik, Director of BSP, hereby certify the financial statements for the year ending 31 December 2022 and the accounting policies applied and the notes to the financial statements for 2022.

As Director, I am responsible for the preparation of the Annual Report so that it gives a true and fair view of the state of the Company's affairs for the year ending 31 December 2022.

I, the Director, certify that the appropriate accounting policies have been consistently applied and that the accounting estimates have been made on the basis of prudence and good management. I also certify that the financial statements, together with the notes thereto, have been prepared on the basis of the Company's ongoing concerns and in accordance with applicable law and Slovenian Accounting Standards.

As Director, I am also responsible for keeping proper accounting records, for taking appropriate measures to safeguard assets and for preventing and detecting fraud and other irregularities or illegalities.

The annual report was adopted on May 15, 2023.

Anže Predovnik, MSc.  
Director

## 16 GLOSSARY OF FREQUENTLY USED ABBREVIATIONS

- 4M MC – Four(4) Markets Market Coupling
- CMM – Capacity Management Module
- CORE – CORE European Region
- CRIDA – Cross-Regional Intraday Auctions
- CZC – cross-zonal transmission capacity
- IBWT – a project to establish implicit market coupling at all borders of the Italian electricity system (Italian Borders Working Table)
- LIP 14 – Italian Northern Borders Local Implementation Project
- NEMO – Nominated Electricity Market Operator is a company appointed by the regulatory agency to perform tasks related to the common European market.
- PCR – Price Coupling of Regions
- MCO – Market Coupling Operator
- SM – Shipping Module
- SOB – Shared Order Book
- CACM -- Commission Regulation (EU) 2015/1222 on establishing a guideline on Capacity Allocation and Congestion Management (CACM)
- XBID – Cross Border IntraDay
- SDAC – Single Day-Ahead Coupling
- SIDC – Single IntraDay Coupling

## 17 CONTACT INFORMATION



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