



Unaudited Business Report of the Telekom Slovenije Group and Telekom Slovenije, d. d.

for the period January to September 2021



TelekomSlovenije

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1. INTRODUCTORY NOTE

Pursuant to the law and the Rules of the Ljubljana Stock Exchange, Telekom Slovenije, d. d. (hereinafter: Telekom Slovenije), with its registered office at Cigaletova 15, Ljubljana, hereby publishes the Unaudited Business Report of the Telekom Slovenije Group and Telekom Slovenije for the period January to September 2021.

The condensed interim financial statements for the period ending 30 September 2021 were compiled in accordance with IAS 34 Interim Financial Reporting, and must be read in conjunction with the annual financial statements compiled for the financial year ending 31 December 2020. The financial statements for the period January to September 2021 have not been audited.

Telekom Slovenije's Supervisory Board discussed the Unaudited Business Report of the Telekom Slovenije Group and Telekom Slovenije for the period under consideration at its session on 3 November 2021.

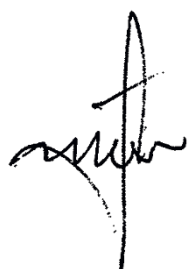
Any significant changes to the data contained in the prospectus for listing on the stock exchange are regularly published by the Company on the Ljubljana Stock Exchange's SEOnet website and on the Company's website at www.telekom.si.

The Unaudited Business Report for the period January to September 2021 is also available on the Company's website at www.telekom.si.

1.1. Statement of responsibility of the Management Board

The members of Telekom Slovenije, d. d.'s Management Board responsible for compiling the unaudited report of the Telekom Slovenije Group and Telekom Slovenije for the period January to September 2021, hereby find that:

- to the best of our knowledge, the unaudited report of the Telekom Slovenije Group and Telekom Slovenije was compiled and published in accordance with valid legislation and the International Financial Reporting Standards as adopted by the EU;
- the condensed interim financial statements for the period ending 30 September 2021 were compiled in accordance with IAS 34 Interim Financial Reporting, and must be read in conjunction with the annual financial statements compiled for the financial year ending 31 December 2020;
- the selected accounting policies were applied consistently in the compilation of the condensed financial statements and any changes to those policies were disclosed, and that accounting estimates were made fairly and with careful consideration, according to the principle of prudence and the diligence of a good manager, and under the assumption that the Telekom Slovenije Group and Telekom Slovenije are going concerns; and
- the interim business report presents a fair picture of information regarding major transactions with related parties, in accordance with regulations.



Cvetko Sršen
President of the
Management Board



Tomaž Jontes
Vice-President of the
Management Board



Dr Mitja Štular
Member of the
Management Board



Barbara Galičič
Drakslar
Member of the
Management Board



Špela Fortin
Member of the
Management Board
– Workers Director

2. VISION, MISSION AND VALUES OF THE TELEKOM SLOVENIJE GROUP

2.1. Vision, mission and values



2.2. Key strategic objectives

The strategy for the period 2021 to 2025 is a core corporate document in which the future development and strategic policies of the Telekom Slovenije Group are defined through its mission, vision, values and strategic objectives. The Telekom Slovenije Group is implementing its established strategy in 2021 in accordance with adopted strategic policies. The strategic business plan is updated every year taking into account the conditions in the sector and across the globe.

Strategic objectives of the Telekom Slovenije Group



Leader in user experience

The leading user experience is based on the best, most reliable and largest network, while we create that user experience in accordance with the latest trends and changing user habits. Through a superior user experience, we achieve short-term business objectives and strengthen our long-term strategic position to remain the first choice of users. Crucial in that regard are digital excellence, ensuring security, contactless operations and the dynamic adaptation to the needs and habits of the users of communication services.



Digitalisation of operations

Accelerated digitalisation via the optimisation and automation of processes improves the efficiency of operations, and will thus remain an integral part of future business activities to ensure the competitiveness of the Telekom Slovenije Group.



Growth in ICT services

Growth in ICT services and solutions will be based on the existing superior LTE/4G network, and the opportunities offered by fifth generation (5G) mobile networks. 5G technology will facilitate the development of the smart industry and smart cities, as well as the introduction of virtual campus networks, which in turn will enable the continued digitalisation of various verticals, such as energy, transportation, logistics, industry, smart cities, healthcare, and protection and rescue (public safety).



Maintaining the level of revenues from the core activity in Slovenia

The basic telecommunications market is stagnating in Slovenia, while Telekom Slovenije is under additional pressure from regulatory bodies. We will preserve revenues through accelerated digitalisation and the development of digital services, the further development of the network, the development of services based on 5G technology, successful cooperation with regulators, and above all the best user experience.



Consolidation on individual markets

The European telecommunications market is experiencing the intensive consolidation of the sector, the merging of operators and a changing portfolio of services on the one hand, and the entry of new competitors on the ICT market on the other hand, which will further impact the operations of operators. The consolidation activities of Telekom Slovenije will focus on acquiring new competences, and on entering new markets and new areas.



Optimal employee structure

The Telekom Slovenije Group will continue to ensure the optimal number of employees, taking into account the needs of work processes at individual companies. We are

optimising the employee structure through the strategic planning of needs for staff, and the appropriate organisational structure and job classification. We build the employer brand through an effective remuneration system, and the development of knowledge and competences.



Financial stability

We are implementing activities that facilitate the effective management of liquidity and ensure a high level of financial stability. We ensure the optimal level of debt over the long term, where the value of the Company is most important.



Responsibility to the environment and society

We actively identify opportunities where we can contribute to the development of the social and economic environment in which we operate through our expertise, and financial and other resources. The principles of sustainable development are built into our operations, products, services and content, while we also responsibly manage the economic, social and environmental impacts of our operations.

Key objectives of the Telekom Slovenije Group for 2021

| | |
|--------------------|-------------------|
| Operating revenues | EUR 653.0 million |
| EBITDA | EUR 210.6 million |
| Net profit | EUR 30.8 million |
| Investments | EUR 203.7 million |

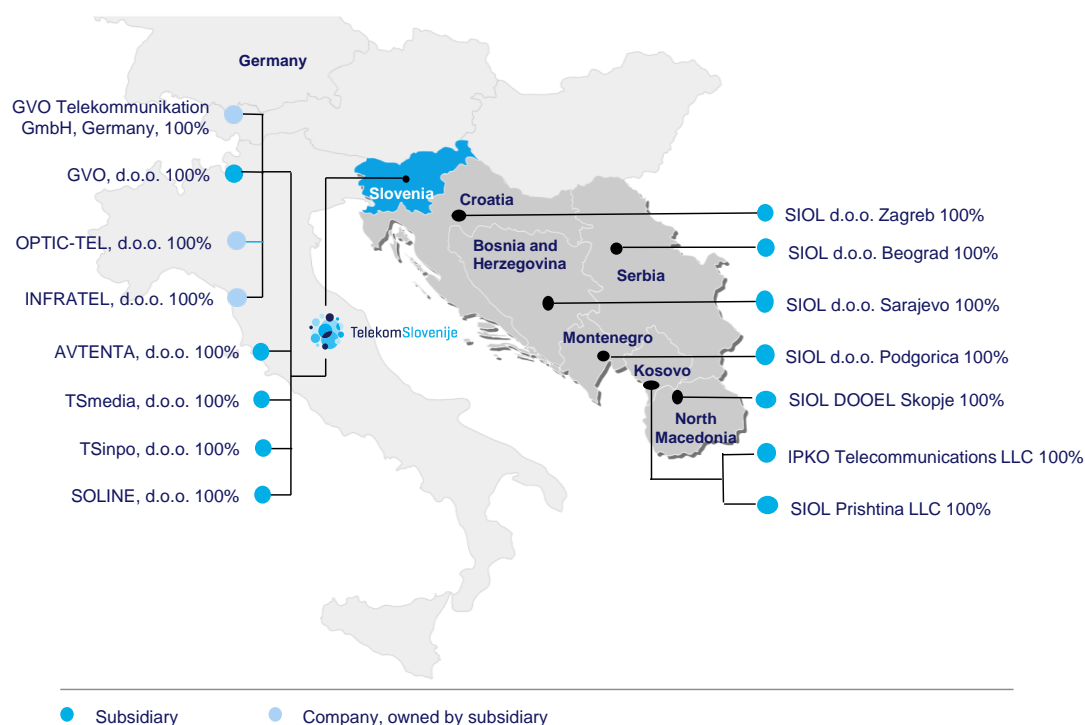
3. TELEKOM SLOVENIJE GROUP

3.1. Markets and companies of the Telekom Slovenije Group

The Telekom Slovenije Group comprises the parent company Telekom Slovenije and its subsidiaries. The composition of the Telekom Slovenije Group and participating interests as at 30 September 2021 are presented in the picture below.

The detailed composition of the Telekom Slovenije Group is presented on the website <https://www.telekom.si/en/about-us/company/telekom-slovenije-group>.

Situation as at 30 September 2021



Changes in the Telekom Slovenije Group in 2021:

There were no changes in the period January to September 2021.

Telekom Slovenije is the founder of the Heart Foundation, the aim of which is to help the children of employees of Slovenian Telekom Slovenije Group companies who have lost a parent or who are seriously ill. The majority of the foundation's funds are contributed by the employees of Slovenian Telekom Slovenije Group companies.

3.2. Operating highlights

The Telekom Slovenije Group achieved the following in the period January to September 2021:

- The Telekom Slovenije Group generated EUR 489.7 million in operating revenues in the period January to September, an increase of EUR 4.1 million or 1% relative to the revenues generated during the same period in 2020.
- Sales revenue totalled EUR 486.8 million, an increase of 1% relative to the first nine months of 2020. Revenues from international voice services and the sale of mobile merchandise have risen in 2021. Sales revenue was also up relative to the same period last year at the subsidiary IPKO.
- The Telekom Slovenije Group's operating expenses totalled EUR 442.3 million, a decrease of 1% relative to the same period in 2020.
- Earnings before interest and taxes (EBIT) amounted to EUR 47.5 million over the first nine months of this year, an increase of 18% relative to the same period last year. Taking into account one-off effects in 2020, EBIT was 39% higher in 2021 relative to the same period last year.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) totalled EUR 174.0 million at the Telekom Slovenije Group level, an increase of 5% relative to the same period in 2020. Taking into account one-off effects in 2020, EBITDA was 9% higher in 2021 relative to the same period last year. The EBITDA margin (i.e. EBITDA as a proportion of sales revenue) was 35.7% at the Group level.
- Following the calculation of income tax (including deferred taxes), the Telekom Slovenije Group generated a net profit of EUR 35.9 million during the first nine months of 2021, an increase of EUR 8.5 million or 31% relative to the same period in 2020. Taking into account one-off effects in 2020, net profit was 36% higher relative to the same period last year.
- Despite the challenges in connection with the COVID-19 pandemic, the Telekom Slovenije Group is financially stable. In that context and given conditions on the market, it is adapting its business activities to the changing circumstances and closely monitoring and assessing risks in connection with supply chains, credit risk, the functioning of systems and the profitability of individual services, while adopting the appropriate measures.

3.3. Key operating indicators of the Telekom Slovenije Group

Key operating indicators of the Telekom Slovenije Group, in accordance with the financial report

| in EUR thousand/% | Telekom Slovenije Group | | | Telekom Slovenije | | |
|--|---------------------------|---------------------------|-------------|---------------------------|---------------------------|-------------|
| | I – IX 2021 / 30 Sep 2021 | I – IX 2020 / 31 Dec 2020 | Index 21/20 | I – IX 2021 / 30 Sep 2021 | I – IX 2020 / 31 Dec 2020 | Index 21/20 |
| Revenue | 486,758 | 479,646 | 101 | 435,464 | 439,610 | 99 |
| Other operating income | 2,969 | 6,014 | 49 | 1,117 | 4,495 | 25 |
| Total operating revenue | 489,727 | 485,660 | 101 | 436,581 | 444,105 | 98 |
| EBITDA | 173,973 | 165,543 | 105 | 139,898 | 139,767 | 100 |
| EBITDA margin | 35.7% | 34.5% | 104 | 32.1% | 31.8% | 101 |
| EBIT | 47,456 | 40,172 | 118 | 33,964 | 37,090 | 92 |
| Return on sales: ROS (EBIT/ sales revenue) | 9.7% | 8.4% | 116 | 7.8% | 8.4% | 92 |
| Net profit from continuing operations | 35,944 | 36,661 | 98 | 35,811 | 28,190 | 127 |
| Loss from discontinued operations | 0 | -9,219 | - | 0 | - | - |
| Net profit | 35,944 | 27,442 | 131 | 35,811 | 28,190 | 127 |
| Assets | 1,252,862 | 1,227,839 | 102 | 1,247,131 | 1,226,566 | 102 |
| Equity | 597,583 | 590,484 | 101 | 612,730 | 605,784 | 101 |
| Equity ratio | 47.7% | 48.1% | 99 | 49.1% | 49.4% | 99 |
| Net financial debt | 422,929 | 378,377 | 112 | 424,898 | 390,050 | 109 |

The Telekom Slovenije Group also uses the Alternative Performance Measures (APMs) defined by the ESMA to present its operating results.

Net profit for the comparable period is broken down into profit or loss from continuing and discontinued operations. More information can be found in the accounting report.

3.4. Overview of operations by company and key market

Operating revenues

| EUR thousand | I – IX 2021 | I – IX 2020 | Index 21/20 |
|--------------------------------|----------------|----------------|-------------|
| Telekom Slovenije | 436,581 | 444,105 | 98 |
| Other companies in Slovenia | 57,833 | 61,803 | 94 |
| IPKO – Kosovo | 53,825 | 41,255 | 130 |
| Other companies abroad | 2,933 | 2,940 | 100 |
| Total – unconsolidated | 551,172 | 550,102 | 100 |
| Eliminations and adjustments | -61,445 | -64,442 | - |
| Telekom Slovenije Group | 489,727 | 485,660 | 101 |

EBITDA – earnings before interest, taxes, depreciation and amortisation

| EUR thousand | I – IX 2021 | I – IX 2020 | Index 21/20 |
|--------------------------------|----------------|----------------|-------------|
| Telekom Slovenije | 139,898 | 139,767 | 100 |
| Other companies in Slovenia | 6,287 | 5,995 | 105 |
| IPKO – Kosovo | 30,305 | 20,931 | 145 |
| Other companies abroad | 2,083 | 1,960 | 106 |
| Total – unconsolidated | 178,573 | 168,652 | 106 |
| Eliminations and adjustments | -4,600 | -3,109 | - |
| Telekom Slovenije Group | 173,973 | 165,543 | 105 |

EBIT – earnings before interest and taxes

| EUR thousand | I – IX 2021 | I – IX 2020 | Index 21/20 |
|--------------------------------|---------------|---------------|-------------|
| Telekom Slovenije | 33,964 | 37,090 | 92 |
| Other companies in Slovenia | 2,457 | 2,079 | 118 |
| IPKO – Kosovo | 12,001 | 10 | - |
| Other companies abroad | 435 | 391 | 111 |
| Total – unconsolidated | 48,856 | 39,570 | 123 |
| Eliminations and adjustments | -1,400 | 602 | - |
| Telekom Slovenije Group | 47,456 | 40,172 | 118 |

Net profit or loss

| EUR thousand | I – IX 2021 | I – IX 2020 | Index 21/20 |
|--|---------------|---------------|-------------|
| Telekom Slovenije | 35,811 | 28,190 | 127 |
| Other companies in Slovenia | 1,914 | 1,412 | 136 |
| IPKO – Kosovo | 10,038 | -2,012 | - |
| Other companies abroad | 149 | 46 | 321 |
| Eliminations and adjustments | -11,969 | 9,024 | - |
| Net profit from continuing operations | 35,944 | 36,661 | 98 |
| Loss from discontinued operations | 0 | -9,219 | - |
| Telekom Slovenije Group | 35,944 | 27,442 | 131 |

Investments

| EUR thousand | I – IX 2021 | I – IX 2020 | Index 21/20 |
|--------------------------------|----------------|----------------|-------------|
| Telekom Slovenije* | 147,457 | 127,404 | 116 |
| Other companies in Slovenia | 3,219 | 2,129 | 151 |
| IPKO – Kosovo | 6,005 | 4,375 | 137 |
| Other companies abroad | 1,522 | 275 | 553 |
| Eliminations and adjustments | -1,083 | -5,033 | - |
| Telekom Slovenije Group | 157,120 | 129,150 | 122 |

* Includes the acquisition of the radio frequency spectrum in the amount of EUR 52.1 million in the 700 MHz FDD band, 700 MHz SDL band, 1500 MHz band, 2100 MHz band, 3600 MHz band and 26 GHz band.

Employees

| Number of employees as at | 30 Sep 2021 | 31 Dec 2020 | Index 21/20 |
|--------------------------------|--------------|--------------|-------------|
| Telekom Slovenije | 2,153 | 2,165 | 99 |
| Other companies in Slovenia | 700 | 699 | 100 |
| IPKO – Kosovo | 528 | 528 | 100 |
| Telekom Slovenije Group | 3,381 | 3,392 | 100 |

TELEKOM SLOVENIJE GROUP CONNECTIONS AND SERVICES BY TYPE AND MARKET

Broadband connections

| Number as at | 30 Sep 2021 | 31 Dec 2020 | Index 21/20 |
|--------------------------------|----------------|----------------|-------------|
| <i>Slovenia – retail</i> | 199,040 | 201,420 | 99 |
| <i>Slovenia – wholesale</i> | 167,972 | 160,323 | 105 |
| Slovenia – total | 367,012 | 361,743 | 101 |
| Kosovo – retail | 122,546 | 102,515 | 120 |
| Telekom Slovenije Group | 489,558 | 464,258 | 105 |

Mobile telephony

| Number as at | 30 Sep 2021 | 31 Dec 2020 | Index 21/20 |
|--------------------------------|------------------|------------------|-------------|
| <i>Slovenia – retail</i> | 953,285 | 965,867 | 99 |
| <i>Slovenia – wholesale*</i> | 146,376 | 132,861 | 110 |
| Slovenia total | 1,099,661 | 1,098,728 | 100 |
| Kosovo – retail | 938,463 | 775,148 | 121 |
| Telekom Slovenije Group | 2,038,124 | 1,873,876 | 109 |

Fixed telephony and VoIP services

| Number as at | 30 Sep 2021 | 31 Dec 2020 | Index 21/20 |
|---|----------------|----------------|-------------|
| <i>Slovenia – traditional fixed telephony</i> | 291,835 | 302,867 | 96 |
| <i>Slovenia – VoIP</i> | 181,347 | 183,174 | 99 |
| Slovenia total | 473,182 | 486,041 | 97 |
| Kosovo – VoIP** | 35,162 | 35,027 | 100 |
| Telekom Slovenije Group | 508,344 | 521,068 | 98 |

3.5. Ownership structure and share trading

General information regarding Telekom Slovenije shares as at 30 September 2021

| General information regarding shares | |
|---|--|
| Ticker symbol | TLSG |
| Listing | Ljubljana Stock Exchange, Prime market |
| Share capital (EUR) | 272,720,664.33 |
| Number of ordinary registered no-par value shares | 6,535,478 |
| Number of shares held in treasury | 30,000 |
| Number of shareholders as at 30 September 2021 | 8,673 |

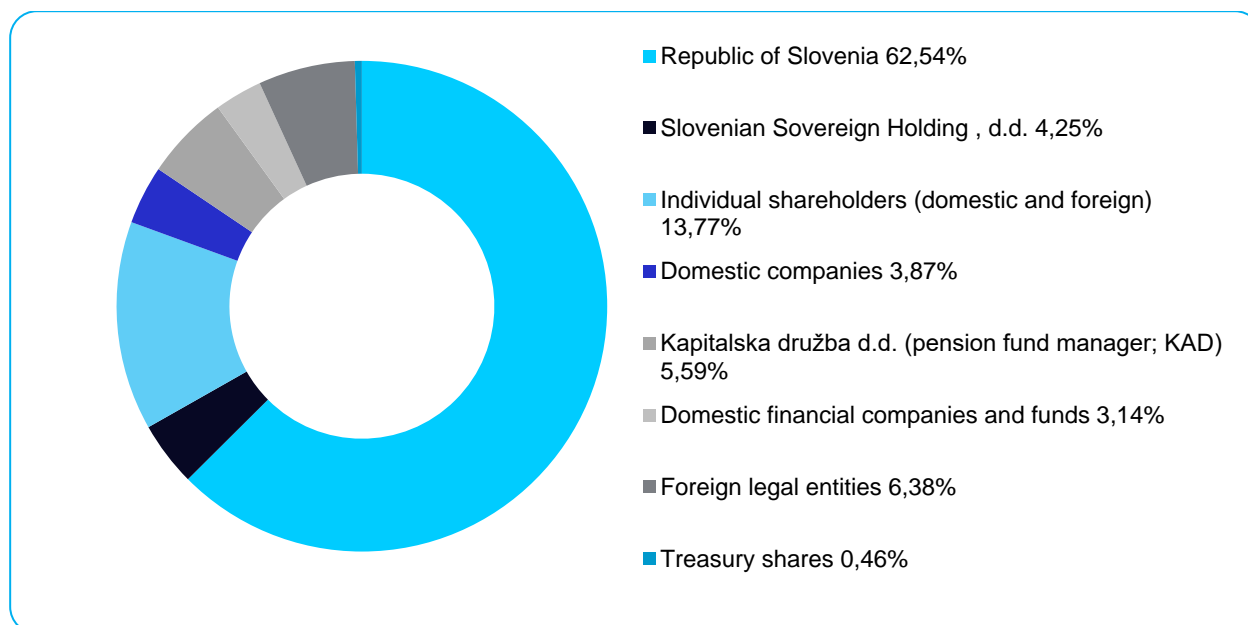
Ownership structure and largest shareholders as at 30 September 2021

Telekom Slovenije had 8,673 shareholders as at 30 September 2021, a decrease of 192 relative to the end of 2020.

With a total stake of 93.5%, domestic investors are predominant in the Company's ownership structure. The Company's largest shareholder is the Republic of Slovenia, together with Kapitalska družba, Slovenski državni holding, the First Pension Fund of Modra zavarovalnica and the latter's guarantee fund. Collectively, 73.36% of the Company's shares were directly or indirectly held by the government.

There were no major changes in the ownership structure during the first nine months of this year. Individual shareholders increased their stake by 0.03 percentage points, while the stake held by domestic companies was down by the same percentage.

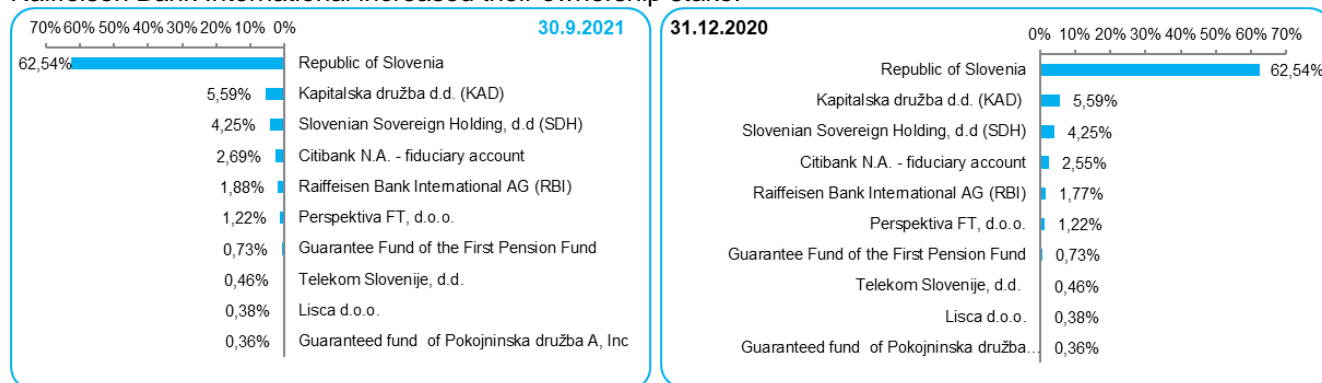
Ownership structure as at 30 September 2021



Ten largest shareholders as at 30 September 2021

The concentration of ownership, as measured by the ownership stake held by the ten largest shareholders, stood at 80.10% as at 30 September 2021, an increase of 0.25 percentage points relative to the end of 2020. The order of the top ten owners was unchanged. The foreign corporate investors Citibank N.A. (fiduciary account) and

Raiffeisen Bank International increased their ownership stake.



Shares held by members of the Management Board and Supervisory Board of Telekom Slovenije

Members of the Management Board and Supervisory Board held 974 TLSG shares as at 30 September 2021.

| First name and surname | Office | Number of shares | % in equity |
|---|---|------------------|----------------|
| Management Board | | | |
| Cvetko Sršen | President of the Management Board | 150 | 0.00230 |
| Dr Mitja Štular | Member of the Management Board | 470 | 0.00719 |
| Barbara Galičič Drakslar | Member of the Management Board | 100 | 0.00153 |
| Supervisory Board | | | |
| Marko Kerin | Member of the Supervisory Board | 2 | 0.00003 |
| Drago Kijevčanin | Deputy of the Supervisory Board President | 212 | 0.00324 |
| Dušan Pišek | Member of the Supervisory Board | 36 | 0.00055 |
| Jana Žižek Kuhar | Member of the Supervisory Board | 4 | 0.00006 |
| Total Management Board and Supervisory Board | | 974 | 0.01490 |

Trading in TLSG shares by representatives of the Company and reporting on such transactions are governed at Telekom Slovenije by the applicable legislation and the Rules Restricting Trading in the Shares of Telekom Slovenije.

Movement in the TLSG share price

The shares of Telekom Slovenije are listed on the Prime market of the Ljubljana Stock Exchange under the ticker symbol TLSG. The shares are included in the SBITOP and SBITR share indices, and accounted for 4.21% of those indices according to the half-yearly review of the composition and parameters of the SBITOP and SBITR indices conducted on 20 September 2021. The shares are also included in the SBITR, Slovenian 'blue chip' total return index, which was launched on 3 May 2021. The calculation of that index takes into account both market prices and confirmed dividends. Since 19 June 2019, TLSG shares are also included in the ADRIAprime share index, which is a composite index of selected companies listed on the prime markets of the Ljubljana Stock Exchange and Zagreb Stock Exchange. This is also a total return index that takes into account both changes in share prices and dividend yield.

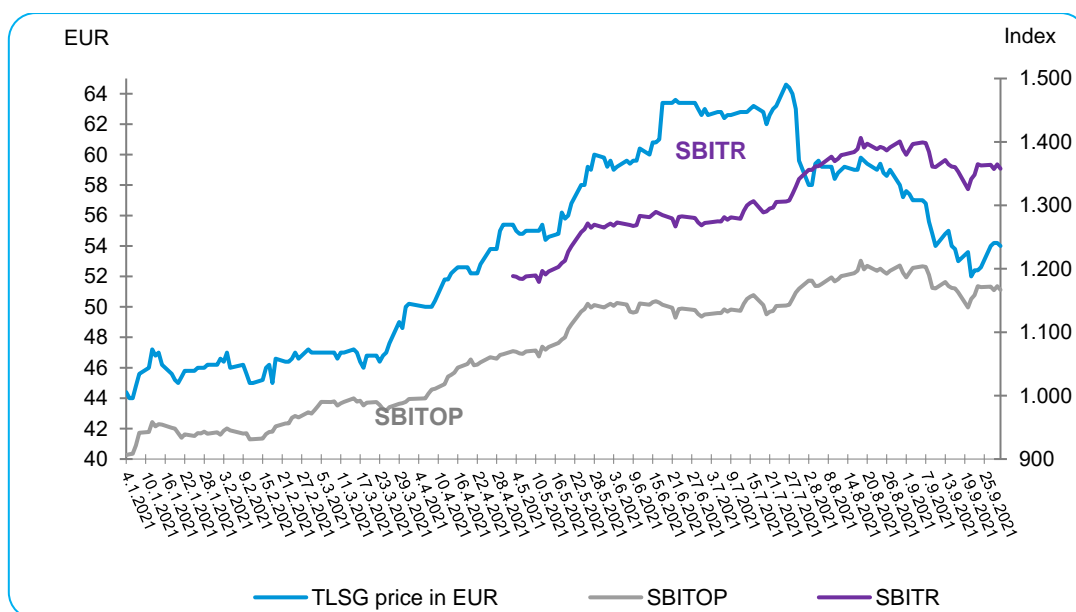
The price of TLSG shares closed at EUR 54 on the last trading day of September 2021. The share price rose by 23.9% in the period January–September 2021, while the SBITOP index, which provides information regarding the movement of the most liquid and largest shares on the stock exchange, was up by 29.6% during the same period. The market capitalisation of Telekom Slovenije stood at EUR 352.9 million on the last trading day of September. Turnover in Telekom Slovenije shares totalled EUR 10.51 million in the period January to September 2021, representing 3.65% of total stock turnover on the stock exchange.

Trading statistics for TLSG shares on the Ljubljana Stock Exchange

| Standard price in EUR | I – IX 2021 | I – IX 2020 |
|----------------------------|-------------|-------------|
| Highest daily price | 64.60 | 59.60 |
| Lowest daily price | 44.00 | 41.00 |
| Average daily price | 54.03 | 49.48 |
| Volume in EUR thousand | I – IX 2021 | I – IX 2020 |
| Total volume in the period | 10,507.39 | 12,481.11 |
| Highest daily volume | 558.10 | 572.82 |
| Lowest daily volume | 0.27 | 0.10 |
| Average daily volume | 55.59 | 66.39 |

* Also includes block trades.

Movement in the TLSG share price compared to the SBITOP



Source: Ljubljana Stock Exchange, archive of data.

Key financial data relating to shares

| | 30 Sep 2021 / I – IX 2021 | 30 Sep 2020 / I – IX 2020 |
|---|------------------------------|------------------------------|
| Close price of one share on the last trading day of the period in EUR | 54.00 | 44.80 |
| Book value of one share in EUR ¹ | 91.44 | 90.35 |
| P/BV | 0.59 | - |
| Net profit per share in EUR ² | 5.53 | 4.22 |
| Capital Yield per share during the period in % ³ | 23.85 | -17.65 |

Notes:

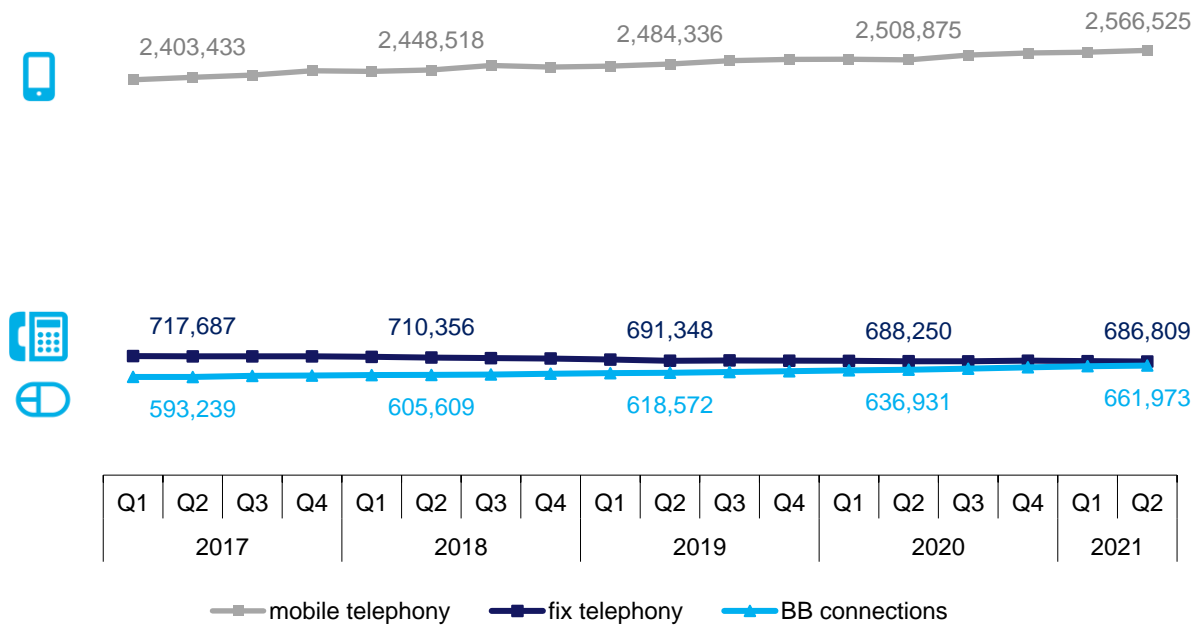
¹ The book value of one share is calculated as the ratio of the book value of the Telekom Slovenije Group's equity on the last day of the period to the number of issued ordinary shares. Comparable data from the statement of financial position are from 31 December 2020.

² Net profit per share is calculated as the ratio of the Telekom Slovenije Group's net profit for the accounting period to the average number of issued ordinary shares, excluding treasury shares.

³ The Capital Yield per share is calculated as the ratio of the share price on the final trading day of the period minus the share price on the last trading day in the previous year to the share price on the last trading day in the previous year.

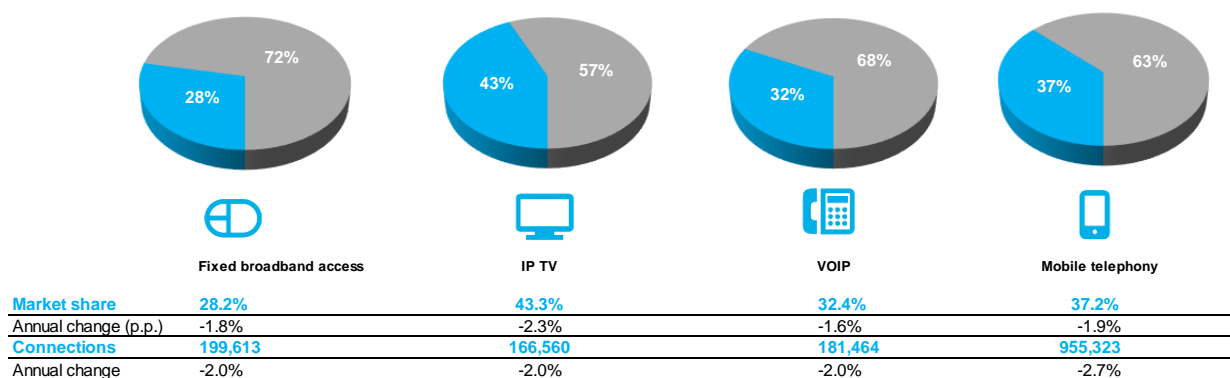
3.6. Market and market shares in key service segments

Changes in the number of connections on the electronic communications market in Slovenia



Source: Statistical Office of the Republic of Slovenia, Electronic Communications, second quarter of 2021, September 2021.

Telekom Slovenije's market shares in the second quarter of 2021 in key market segments



Source: AKOS: eAnalitik portal, September 2021; internal Telekom Slovenije figures.

3.7. Risk management

Key risks are presented below by Telekom Slovenije Group company.

TELEKOM SLOVENIJE

Strategic risks

- Telekom Slovenije faces competition, regulatory effects and price-sensitive users, and the migration of voice traffic to OTT platforms. Users demand an increasing number of high-quality services at a low price. The Slovenian market is saturated, which means manoeuvring room for attracting new users is limited. The management of such risks requires the regular performance of activities to ensure competitiveness, control over regulatory measures, a targeted and active market approach, the provision of high-quality and readily available services, the continuous adaptation of business solutions and the portfolio, and the constant introduction of the latest developments for specific groups and segments of users. Emphasis is placed on digitalisation and a quick response to the needs of users.

Financial risks

- Telekom Slovenije actively monitors the dynamics of the financial environment and other business factors, with the aim of appropriately managing credit, liquidity, interest-rate and currency risks.
- In managing liquidity, the Company maintains a conservative approach and ensures the best possible composition of sources of financing. Liquidity risk is managed through the management and planning of cash flows, through the optimisation of working capital, by ensuring the appropriate maturities of financial debt, through short-term credit lines and through financing within the Group. For the purpose of financing the expansion and upgrading of the fibre optic access network, the Company signed a long-term loan agreement with the EIB. That loan has not yet been drawn down in full. The dedicated funds under that agreement can be drawn down until the end of 2023. The remaining funds from a long-term syndicated loan for investment purposes are expected to be drawn down by the end of 2021.
- Credit risk is managed by the Company through the active monitoring of the operations of customers and their credit ratings, and by limiting maximum allowable exposures. The Company further hedges against the risk of the deteriorating financial position of customers through credit insurance and by regularly monitoring the appropriateness thereof. Monitoring the settlement of contractual

obligations and the active recovery of past-due debt are elements of the system tool used for credit risk management. Telekom Slovenije regularly monitors credit exposure to customers.

- The Company also hedges against interest-rate risk by concluding interest-rate swaps. Fixed or hedged interest rates account for 35.6% of interest-bearing financial liabilities at the Company level.
- Telekom Slovenije manages credit risk in connection with receivables from loans to subsidiaries by including various collateral instruments in loan agreements, while it regularly monitors the operations and liquidity of subsidiaries.

Regulatory and compliance-related risks

- In its operations, Telekom Slovenije complies with valid legislation, as well as decisions and aspects of sectoral regulations and other competent bodies. Regulatory risks are managed through organisational and procedural measures in the Company's operations, through constructive dialogue, by putting forth opinions, comments and suggestions in public consultations regarding drafts of general and specific laws issued by the regulator, and by taking legal action against issued regulatory decisions, whenever that is justified.
- Currently being drafted is the new Electronic Communications Act (ZEKom-2), which will transpose the European Electronic Communications Code (EECC). Telekom Slovenije is participating in the process with constructive and expert proposals, and also submitted comments and suggestions for the draft act. At the European level, the Digital Services Act (DSA) package is currently the subject of public consultations. That package includes proposed new and amended rules for the strengthening of the Single Market for digital services.
- On 10 June 2021, with the issue of decisions on the allocation of radio frequencies the Agency for Communication Networks and Services (AKOS) concluded the public tender with a public auction for the allocation of radio frequencies for the provision of public communication services to end-users in the 700 MHz, 1500 MHz, 2100 MHz, 2300 MHz, 3600 MHz and 26 GHz radio frequency bands. Operators were therefore able to use the frequencies that they bid on.
- The risk associated with personal data protection derives from the large scope and

categories of personal data that Telekom Slovenije processes as the leading operator in Slovenia. Of significance with regard to that risk is the application of Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation or GDPR) and sectoral legislation, in particular the Electronic Communications Act (ZEKom-1). The GDPR brought stricter regulation and increased the awareness of both users and the general public regarding the protection of the data, while sectoral legislation sets out the obligations of Telekom Slovenije in individual areas of operations. Telekom Slovenije ensures compliance through the continuous monitoring, updating and improvement of personal data processing and internal control processes for personal data protection. A draft of the new Personal Data Protection Act (ZVOP-2) is being prepared. To that end, Telekom Slovenije was involved in drafting comments and suggestions in the scope of the Chamber of Commerce and Industry of Slovenia and other sectoral associations. The Company also monitors the drafting of other regulations in the area of personal data protection at the national level (e.g. the ZEISZ) and EU level (where the e-privacy regulation is being coordinated by EU bodies, with the Data Act also being prepared) that will impact the processing of data during the provision of the Company's services.

Operational risks

- Telekom Slovenije gives a great deal of attention to managing ICT-related operational risks. These risks are controlled through the management and development of sub-systems, and by improving operational efficiency, processes and staff, while supporting new business opportunities. Risks in the area of security are managed through the continuous development and implementation of the security policy, by identifying security threats and vulnerabilities, and by spreading the security culture to employees and users.
- Telekom Slovenije also faces risks associated with retaining employees, as it is increasingly difficult to recruit qualified candidates with specific knowledge and retain employees with crucial expertise due to market conditions and increased demand for professionally qualified personnel. The Company focuses on the systematic development of employees and career planning, the internal transfer of knowledge with a succession programme, the introduction and implementation of advanced development-training programmes and ensuring

employee motivation and remuneration systems. By providing scholarships to young people, the Company offers them the opportunity to make contact with the latest technologies and top experts, and facilitates their career and personal development.

- Telekom Slovenije manages risks in connection with procurement processes through a centralised procurement function, a standard process for the implementation of procurement procedures and a methodology for assessing the risk of cooperation with suppliers. The Company monitors compliance with contractual provisions. The Supplier Code falls into this category of activities.

Impact of the COVID-19 pandemic

- Activities and the retail market portfolio were adapted due to the COVID-19 pandemic, while the Company gives special attention to specific segments of users. Sales of services and products through digital channels are being promoted, with a focus on the simplification of processes and digitalisation. Sales of telemedicine and eCare services have risen during the pandemic. The Company is adapting activities to the reduced scope of operations in certain sectors, which is affecting the implementation of some planned projects for business users. The limited movement of the population and air travel restrictions have reduced the number of foreign users who roam in Telekom Slovenije's mobile network. In this respect, the Company is recording growth in the number of users from European countries (Italy, Austria, Germany, etc.). The number of Telekom Slovenije users in the networks of foreign operators is also down, except in Croatia where the Company recorded growth in traffic during the tourist season. Measures also include the search for new sources of revenue.
- A comprehensive approach to managing liquidity and credit risk, and measures implemented in other areas of operations mean that the COVID-19 pandemic did not have a material impact on the Company's liquidity or lead to a deterioration in the structure of receivables.
- The Company adopted a plan of measures and activities during the pandemic that also takes into account national measures. In accordance with these measures, the Company adapts its activities in order to ensure business continuity and protect the health of its users and employees. The Company complies with all security and preventive measures, and also ensures that employees are able to work from home where the nature of their work so allows.
- The Company ensures the timely supply of equipment and services through increased

communication with suppliers. Delivery delays due to disruptions in the production of certain components of goods and equipment, and the termination of agreements on account of rising prices of materials are possible due to higher prices of material, as certain suppliers are no longer able to ensure deliveries at the agreed prices. The Company therefore ensures the necessary safety stocks of strategic materials. Where possible, at least two sources of delivery are ensured.

AVTENTA

- Risks in connection with achieving planned revenues are managed through a competitive portfolio and the development of digital solutions.
- Risks in connection with the COVID-19 pandemic continue to cause delays in the implementation of projects and the reduced scope of new projects.

GVO

- Risks associated with rising prices of construction services and materials are managed by adapting the organisation of work and processes.
- Risks in connection with the COVID-19 pandemic are affecting operations in terms of the implementation of investment and maintenance works.

SOLINE

- Weather-related risks are linked to the risk of a loss of salt production due to adverse weather conditions, as that production is a seasonal activity. The operations of Soline are being adapted through the expansion of sales programmes, while the infrastructure is also being adapted with the help of the Climate Plan of the Republic of Slovenia.
- Changes to the concession agreement on salt production can have a significant effect on the company's business model. The Slovenian government has extended the aforementioned concession for 18 months. The Ministry of the Environment and Spatial Planning submitted a proposal to amend the Mining Act, according to which the company would not pay easement. Amendments to that act are expected by the end of 2023.
- The COVID-19 pandemic is having a negative effect on the company's operations, as the number of visitors to the nature park and the company's retail outlets has fallen due to the reduced number of foreign tourists.

TSinpo

- Risks in connection with achieving planned sales of other market services relate to falling

demand and pressure from the competition. Currently in progress at the company are active sales via online communication, and the adaptation of scanning and packing services to market requirements.

- The COVID-19 pandemic is having a negative effect on the company's operations due to declining demand, the postponed market launch of products, rising raw material prices and the extension of delivery deadlines for raw materials. Active communication with customers is ongoing, as are activities seeking alternative transactions and activities to compensate for the rise in raw material prices.

TSmedia

- Risks in connection with achieving planned revenues are managed by entering into annual contracts and by monitoring revenues. Promotional prices are being developed to address existing advertisers and new potential advertisers with an increased scope of work and services, while new advanced forms of advertising are being introduced. A selection was made of sales lines adapted to specific advertisers.
- The COVID-19 pandemic has resulted in fewer advertising campaigns. The company is attracting new customers through direct marketing, new forms of advertising and campaigns to promote advertising, and by creating joint projects with end-advertisers.

IPKO

- Risks in connection with programme broadcasting rights and the broadcasting of TV content are managed by carefully monitoring market developments and searching for partners to broadcast content.
- The company responds to the risk of the loss of users and revenues in the segment of fixed services due to unfair competition through the active adaptation of its portfolio and the appropriate market approaches.
- There is a risk that the company will fail to maintain the growth trend in the use of data services, which it strives to achieve through various market approaches.
- Risks in connection with the introduction of RLAH for the countries of the Western Balkans result in the loss of revenues and higher costs from roaming.
- The risk of additional investments relating to the shift from an aerial to an underground infrastructure is managed by coordinating with the Kosovo Energy Distribution Services (KEDS), municipalities and other operators.
- The company filed a lawsuit before the Constitutional Court at the end of 2020 in

- connection with the management of risks associated with the payment of additional fees for the use of the infrastructure in municipalities.
- There is a risk that the company will fail to secure frequencies that it requires to provide broadband mobile services in a timely manner.
- With respect to risks in connection with legislative changes and the interpretation thereof, the company expects that the new public procurement act will be in line with EU directives.
- With regard to the risk of compliance with tax legislation governing VAT and corporate income tax, the company has hired a tax consultant and is cooperating with the tax authorities in connection with a tax inspection.
- Risks in connection with the COVID-19 pandemic are having an additional effect on the company's operations. The company is adapting its operations with the aim of ensuring business continuity and the availability of services.

4. CORPORATE GOVERNANCE

Management Board

Telekom Slovenije is managed by its Management Board, comprising the following members as at 30 September 2021:

- Cvetko Sršen, President,
- Tomaž Jontes, Vice-President,
- Dr Mitja Štular, member,
- Barbara Galičič Drakslar, member, and
- Špela Fortin, member and Workers' Director.

On 10 March 2021, Telekom Slovenije's Supervisory Board concluded an agreement with the President and three members of the Company's Management Board on the termination of their employment contracts and their recall. Accordingly, the terms of office of the President of the Management Board Tomaž Seljak, MSc and members Dr Vida Žurga, Matjaž Beričič, MSc and Tomaž Jontes were terminated, effective 10 March 2021. The Supervisory Board appointed Cvetko Sršen to serve as new President and Dr Mitja Štular and Tomaž Jontes to serve as members of the Company's Management Board. Their terms of office began on 10 March 2021. On 22 March 2021, Telekom Slovenije's Supervisory Board appointed Barbara Galičič Drakslar to serve as member of the Management Board. Her four-year term of office began on 31 March 2021.

Supervisory Board

Telekom Slovenije's Supervisory Board comprises nine members, six of whom are shareholder representatives and three of whom are employee representatives. The members of the Supervisory Board submitted a statement of compliance with the criteria of independence in accordance with the Corporate Governance Code.

Telekom Slovenije's Supervisory Board comprised the following members as at 30 September 2021:

Shareholder representatives:

- Iztok Černoša, President,
- Karla Pinter, MSc, Vice-President,
- Radovan Cerjak, member,
- Aleksander Igličar, MSc, member,
- Marko Kerin, member, and
- Dr Jurij Toplak, member.

Employee representatives:

- Drago Kijevčanin, Vice-President,
- Dušan Pišek, member, and
- Jana Žižek Kuhar, member.

Members of the Supervisory Board are elected for a four-year term of office that begins on the day an individual member is appointed.

On 21 January 2021, the General Meeting of Shareholders recalled member of the Supervisory Board Igor Rozman. On 22 January 2021, Iztok Černoša, Aleksander Igličar, MSc, Marko Kerin and Radovan Cerjak were appointed to four-year terms of office as new members of the Supervisory Board. With the election of the new members of the Supervisory Board, the terms of office of the persons who were appointed under the decision of Ljubljana District Court of 3 November 2020 were terminated: Boštjan Koler, Dimitrij Marjanović and Štefan Belingar, MSc.

On 11 February 2021, the newly constituted Supervisory Board elected Iztok Černoša to serve as President of the Supervisory Board, and Barbara Kürner Čad and Drago Kijevčanin to serve as Vice-Presidents. The Supervisory Board's committees were also reconstituted.

The terms of office of Supervisory Board members and shareholder representatives Barbara Kürner Čad and Barbara Gorjup, MSc expired on 27 April 2021. The Company's General Meeting of Shareholders elected Karla Pinter, MSc and Dr Jurij Toplak on 18 June 2021 to a four-year term of office to serve as members of the Supervisory Board and shareholder representatives, effective the day of being elected at the General Meeting of Shareholders. On 22 June 2021, the Supervisory Board elected Karla Pinter, MSc to serve as Vice-President of the Supervisory Board.

The composition of the Supervisory Board is diverse, as its members complement each other in terms of their expertise, competences, experience, age, gender, work method and other aspects. This facilitates the effective exchange of opinions and views at sessions.

For more information, visit <https://www.telekom.si/o-podjetju/predstavitev/organiziranost-in-upravljanje>.

Composition of management and governance bodies at subsidiaries of the Telekom Slovenije Group

SLOVENIA

GVO, d. o. o.

Managing Director: Dr Zef Vučaj

Supervisory Board: Dr Mitja Štular, Sabina Merhar (both since 28 May 2021), Helena Jakič (since 17 June 2021)

Borut Radi served as the company's Managing Director until 31 July 2021. Dr Mitja Štular managed the company temporarily from 1 August to 31 August 2021. During that time, his function as member of the Supervisory Board was suspended.

INFRATEL, d. o. o.

Managing Director: Dr Zef Vučaj

Borut Radi served as the company's Managing Director until 20 September 2021.

Optic-Tel, d. o. o.

Managing Director: Dr Zef Vučaj

Borut Radi served as the company's Managing Director until 20 September 2021.

Avtenta, d. o. o.

Managing Director: Primož Kučič

TSmedia, d. o. o.

Managing Director: Rajko Gerič

Simon Furlan, MSc served as the company's Managing Director until 31 July 2021.

Soline, d. o. o.

Managing Director: Klavdij Godnič

TSinpo, d. o. o.

Managing Director: Sandra Peršak

Danilo Tomšič, MSc served as the company's Managing Director until 31 July 2021. Vesna Lednik served as the company's procurator until 30 April 2021.

OTHER COUNTRIES

IPKO Telecommunications LLC, Kosovo

CEO: Robert Erzin, MSc

SIOL, d. o. o. Zagreb, Croatia

Managing Director: Simon Furlan, MSc

Matjaž Pogačnik, MBA served as the company's Managing Director until 31 July 2021.

SIOL, d. o. o. Podgorica, Montenegro

Managing Director: Simon Furlan, MSc

Matjaž Pogačnik, MBA served as the company's Managing Director until 14 September 2021.

SIOL, d. o. o. Sarajevo, Bosnia and Herzegovina

Managing Director: Simon Furlan, MSc

Matjaž Pogačnik, MBA served as the company's Managing Director until 3 October 2021.

SIOL DOOEL Skopje, North Macedonia

Managing Director: Simon Furlan, MSc

Matjaž Pogačnik, MBA served as the company's Managing Director until 21 September 2021.

SIOL DOO BELGRADE, Serbia

Managing Director: Simon Furlan, MSc

Matjaž Pogačnik, MBA served as the company's Managing Director until 17 September 2021.

SIOL Prishtina L.L.C., Kosovo

Managing Director: Simon Furlan, MSc

Matjaž Pogačnik, MBA served as the company's Managing Director until 27 July 2021.

GVO Telekommunikation GmbH

Managing Directors: Borut Radi, Darko Gradišnik and Roman Mazi

5. SIGNIFICANT EVENTS IN THE PERIOD JANUARY – SEPTEMBER 2021

FIRST QUARTER OF 2021

JANUARY

- At the 32nd General Meeting of Shareholders of Telekom Slovenije, d. d., which was held on 21 January, shareholders adopted proposed changes to the Articles of Association of Telekom Slovenije, d. d. and adopted the consolidated text thereof. The General Meeting of Shareholders recalled member of the Supervisory Board and shareholder representative Igor Rozman, and elected Iztok Černoša, Aleksander Igličar, MSc, Marko Kerin and Radovan Cerjak to serve four-year terms of office as members and shareholder representatives, effective 22 January. With the election of new members to the Supervisory Board, the terms of office of the following persons, who were appointed under the decision of Ljubljana District Court of 3 November 2020, were terminated: Boštjan Koler, Dimitrij Marjanović and Štefan Belingar, MSc.

- After setting up the first national fifth-generation (5G) mobile network last year, Telekom Slovenije facilitated the first 5G mobile roaming this January. Subscribers to Telekom Slovenije's mobile services can thus roam in the 5G network of the Austrian operator Hutchison Drei Austria. The name of the network is written as '3 AT' or 'Drei'.

FEBRUARY

- Telekom Slovenije received a lawsuit on 1 February due to alleged breaches of contractual obligations. The value of the claim is less than 5% of capital, which represents a contingent liability with no impact on the financial statements of the Company and Group. Telekom Slovenije responded to the lawsuit in a timely manner and assesses that the plaintiff will be unsuccessful in the dispute in question.
- After being closed from 24 October 2020 to 9 February 2021, Telekom Slovenije's points of sale reopened on 10 February. We carefully implement all protective measures in connection with preventing the spread of COVID-19 at

points of sale.

- On 11 February, Telekom Slovenije's Supervisory Board elected Iztok Černoša to serve as its President. Barbara Kürner Čad, as shareholder representative, and Drago Kijevčanin, as employee representative, were elected as Vice-Presidents. Due to changes to the composition of the Supervisory Board, the latter's committees were also reconstituted.
- Telekom Slovenije facilitated cloud gaming via the NEO platform, which has brought an entirely new experience to Slovenian homes in terms of managing TV content through voice control functionality.
- For the Biathlon World Championships in Pokljuka, Telekom Slovenije provided rapid and reliable communications via the fixed and mobile networks, including the latest generation 5G mobile communications. Pokljuka was thus the first biathlon world championship site where organisers, competitors, teams and media outlets had internet access via the 5G network at their disposal.
- The Slovenian Consumers' Association named the *Naj 5G* mobile package, which provides subscribers mobile internet with speeds of up to 450/100 Mbit/s, the best package in the category of subscriber and prepaid packages with unlimited calls and messaging.

MARCH

- On 2 March, Telekom Slovenije was notified by the Ljubljana District Court of a lawsuit filed by T-2 for the payment of ordinary damages in the amount of EUR 12,195,656, payment for lost profit in the amount of EUR 35,760,909 and the non-existence of claims in the amount of EUR 1,778,033 with appertaining amounts. The aforementioned claim represents damages that the plaintiff allegedly incurred in the period 1 September 2018 to 31 July 2020. Telekom Slovenije believes that the plaintiff's lawsuit will be rejected in full.
- On 10 March, Telekom Slovenije's Supervisory Board concluded an agreement with the President and three members of the Company's Management Board on the termination of their employment contracts and their recall from those positions. Accordingly, the terms of office of the President of the Management Board Tomaž Seljak, MSc and members Dr Vida Žurga, Matjaž Beričič, MSc and Tomaž Jontes were terminated, effective 10 March 2021. The Supervisory Board appointed Cvetko Sršen to serve as new President and Dr Mitja Štular and Tomaž Jontes to serve as members of the Management Board. Their terms of office began on 10 March 2021.
- On 22 March, Telekom Slovenije's Supervisory Board appointed Barbara Galičič Drakslar to

serve as member of the Management Board. Her four-year term of office began on 31 March.

- The establishment of a secure and reliable ICT environment that facilitates remote work remains a challenge for many companies. For this reason, Telekom Slovenije has developed a solution that represents something entirely new on the Slovenian market. That solution entails comprehensive IT services, including the leasing of devices and equipment for specific workplaces, tools to improve efficiency, the IT management of implemented solutions and IT assistance and support.

SECOND QUARTER OF 2021

APRIL

- Telekom Slovenije received a decision from the Supreme Court of the Republic of Slovenia on 24 March in the administrative dispute with the Competition Protection Agency (CPA) due to the alleged abuse of the Company's dominant position on the inter-operator market. In its decision, the Supreme Court partially ruled in favour of Telekom Slovenije's request for review and overruled the contested judgement of the Administrative Court of 9 January 2018 in the part rejecting Telekom Slovenije's claim. In that part, the Supreme Court overturned the contested judgement and returned the matter to the court of first instance for retrial. That matter involves the reversal of the CPA's decision no. 306-23/2013-151 of 2 February 2015. In accordance with the Supreme Court's ruling, the aforementioned decision is no longer partially final.
- In the period 1 April to 11 April, when stricter measures were in place at the national level in order to prevent the spread of the coronavirus, our points of sale remained open due to the regular weekly testing of employees, with a flextime arrangement being adopted at certain points of sale. As of 12 April, points of sale once again operate according to the usual schedule.
- Two and a half years after Telekom Slovenije achieved a new milestone and became one of the first in the world to present a solution that allows TV viewers to manage content via voice commands in Slovene instead of using a traditional remote control, the NEO platform is now used by 100,000 users. Voice control of content is becoming increasingly popular among users. Users gave 8.6 million voice commands in March of this year (of which 185,000 were different commands), which translates to an average of 126 voice commands a month per user.
- At a public auction for the allocation of radio

frequencies for the provision of public communication services to end-users, Telekom Slovenije secured the radio frequency spectrum in the 700 MHz FDD band, 700 MHz SDL band, 1500 MHz band, 2100 MHz band, 3600 MHz band and 26 GHz band for EUR 52,078,177.00. During the auction, Telekom Slovenije secured the planned frequency spectrum required to provide private users, companies and operators that roam in its network the most advanced services and solutions in the future, with the best user experience.

- Telekom Slovenije has developed a comprehensive range of smart city solutions for sustainable living and the improved quality of life of the inhabitants of cities and communities. Using those solutions, cities and communities can monitor emissions and water loss, improve energy efficiency, ensure the smart management of parking lots and traffic flows, provide smart lighting, etc. To that end, Telekom Slovenije set up a free public WiFi network in an increasing number of Slovenian cities in the scope of the WiFi4EU project.

MAY

- On 3 May, Telekom Slovenije received a decision from the Competition Protection Office (CPA) via which the CPA halted the proceedings to determine the breach of Article 9 of the Prevention of Restriction of Competition Act (ZPOMk-1) and Article 102 of the Treaty on the Functioning of the European Union (TFEU; previously Article 82 of the Treaty Establishing the European Community). The CPA initiated proceedings on 19 March 2009 against Mobitel, then continued the proceedings against Telekom Slovenije as its legal successor, due to the alleged abuse of its dominant position on the retail mobile telephony market by applying a pricing policy of indirect or direct setting of unfair sales prices within the *Itak Džabest* package. On 13 February 2012, the CPA issued a decision ruling that Telekom Slovenije breached the ZPOMk-1 and TFEU by offering the *Itak Džabest* retail package at unfair sales prices from November 2008 to July 2010, as the incremental revenues from the aforementioned package were lower than the incremental costs. Telekom Slovenije filed a lawsuit against this decision before the Supreme Court, which found in favour of the plaintiff on 26 November 2013 and reversed the CPA's decision and returned the matter to the same body for retrial. The CPA issued a decision on 22 April 2021 to halt the proceedings explaining that it was unable to obtain evidence in the retrial that would support the existence of Telekom Slovenije's predatory and exclusionary strategy.
- On 12 May, Telekom Slovenije's Supervisory

Board discussed consolidation activities on the Slovenian market and gave its consent to halt the merger of Avtenta with Telekom Slovenije. Given the ICT market dynamic, Avtenta, the leading partner for managing and implementing SAP solutions and paperless operations on the Slovenian market, continued to strengthen its position on the market of advanced e-business solutions as an independent company within the Telekom Slovenije Group. The Supervisory Board also gave its consent to halt the process to sell TSmedia. The process was concluded without the selection of a buyer. TSmedia thus remains part of the Telekom Slovenije Group.

- In the Tržič Municipality, Telekom Slovenije put in place a smart parking system, which directs drivers automatically to vacant parking spaces for more efficient management of parking spaces. The smart parking system is one of those solutions that Telekom Slovenije provides in the scope of developing smart cities.
- Telekom Slovenije introduced the new advanced *Varen splet* (Safe Web) solution that provides both businesses and private users comprehensive protection of internet data traffic on the mobile and fixed network, as well as during roaming.
- On 13 May, Telekom Slovenije published the convening of the 33rd General Meeting of Shareholders.
- As the sole owner of GVO, Telekom Slovenije adopted provisions of the company's amended articles of association, in accordance with which the company also has a supervisory board. Telekom Slovenije appointed Dr Mitja Štular and Sabina Merhar to four-year terms of office as members of the Supervisory Board, effective 28 May, while the Company's Works Council appointed Helena Jakič to a four-year term of office as member of the Supervisory Board and employee representative, effective 17 June.

JUNE

- Telekom Slovenije further improved the user experience of NEO platform users by updating the neo.io website and with a new NEO mobile application, both of which bring the same range of TV programmes that is available to TV users via the NEO Smartbox.
- On 3 June, Telekom Slovenije signed a long-term syndicated loan agreement in the amount of EUR 130 million with a syndicate of banks organised by Nova Ljubljanska banka, and comprising Banka Intesa Sanpaolo, Nova Ljubljanska banka, SKB banka and UniCredit Banka Slovenija. By securing the aforementioned long-term loan, Telekom Slovenije ensured the necessary liquidity for the repayment of issued bonds in the amount of EUR 100 million that fell due for payment in June

2021. A portion of the loan will also be earmarked for investments in connection with the continued implementation of the Company's established strategy. The syndicated loan has a maturity of seven years and is divided into three tranches.

- In the Trusted Brand independent survey, which is conducted by the Mediana Institute for Market and Media Research, survey respondents recognised Telekom Slovenije as the most trustworthy brand, both for mobile and internet services.
- Telekom Slovenije, as the only Slovenian operator to establish a national fifth generation (5G) mobile network last year that already covers close to 34% of all Slovenian inhabitants, upgraded its network on 15 June at a number of locations in Ljubljana with an additional 3600 MHz frequency spectrum.
- At the 33rd General Meeting of Shareholders, shareholders supported the proposal that EUR 29,274,651.00 of the EUR 34,981,050.48 in distributable profit in 2020 be earmarked for the payment of dividends, representing a gross dividend of EUR 4.50 per share, while the remainder in the amount of EUR 5,706,399.48 is brought forward to the next year. Dividends were paid on 3 August to shareholders and other beneficiaries who were entered in the register of shareholders as such on the cut-off date of 2 August. The General Meeting of Shareholders was briefed on the annual report for the 2020 financial year and on the Supervisory Board's written report on the approval of the annual report for the 2020 financial year, and conferred official approval on the Management Board and Supervisory Board for the 2020 financial year. The General Meeting of Shareholders was also briefed on the remuneration of members of the Company's management and supervisory bodies, and on the remuneration of members of the management bodies of the Company's subsidiaries in 2020. The Company's General Meeting of Shareholders was informed that the term of office of two members of the Supervisory Board and shareholder representatives Barbara Kürner Čad and Barbara Gorjup, MSc expired on 27 April, and elected Karla Pinter and Dr Jurij Toplak to four-year terms of office as members of the Supervisory Board and shareholder representatives, effective on the day of their election by the General Meeting of Shareholders. Shareholders adopted a resolution on the remuneration of Supervisory Board members in accordance with the Corporate Governance Code for Companies with Capital Assets of the State. The General Meeting of Shareholders authorised Telekom Slovenije's Management Board to purchase and dispose of treasury shares, whereby total

treasury shares, together with the shares the Company already holds, may not exceed 5% of share capital or 326,773 shares. This authorisation is valid for 12 months from the day the relevant resolution is adopted.

THIRD QUARTER OF 2021

JULY

- As a long-term sponsor of the Olympic Committee and a major supporter of Slovenian athletes, Telekom Slovenije made it possible for its TV subscribers to watch sporting events on seven additional Eurosport programmes during the Tokyo Olympic Games.
- Telekom Slovenije is the only telecommunications operator participating in the European 5G-IANA (Intelligent Automotive Network Applications) project. Sixteen partners from eight European countries are developing an open platform that will facilitate the more rapid introduction of comprehensive technology services for the automotive industry, mobility and the road infrastructure in the future. Several examples of use will be presented in Telekom Slovenije's 5G test network and will include different scenarios, such as remote vehicle control, manoeuvre coordination for autonomous driving, a virtual bus tour, the provision of virtual reality content for vehicles, parking lot traffic flow, the identification of high-risk road points, network status monitoring, and accident monitoring in cross-border road tunnels.
- Telekom Slovenije's Supervisory Board approved the appointment of Rajko Gerič to a four-year term of office as the Managing Director of TSmedia, effective 1 August, and approved the appointment of Sandra Peršak to a four-year term of office as the Managing Director of TSinpo, effective 1 August. The Supervisory Board approved the temporary appointment of Dr Mitja Štular as the Managing Director of GVO, effective 1 August. Dr Štular managed the company until the appointment of a new managing director. Dr Zef Vučaj assumed the function of Managing Director of GVO for a four-year term of office beginning on 1 September, while the Supervisory Board approved the appointment of Simon Furlan, MSc to a four-year term of office as the Managing Director of SIOL Beograd, SIOL Podgorica, SIOL Sarajevo, SIOL Skopje, SIOL Zagreb and SIOL Prishtina.

AUGUST

- Telekom Slovenije received a lawsuit from the Ljubljana District Court that was filed by Telemach for the payment of damages in the amount of EUR 28,795,802.00 plus default

interest from 1 June 2021 until payment. Telemach's lawsuit is based on the alleged breach of regulatory decisions issued by the Agency for Communication Networks and Services of the Republic of Slovenia, and the alleged abuse of a dominant position.

- During the Olympic Games, Telekom Slovenije recorded a record volume of data traffic in the mobile network and a record number of online NEO viewers. During the Tokyo Olympic Games, Telekom Slovenije's network transmitted 80% more mobile data than in the same period prior to the games. Also up sharply during that period were the mobile transfer of data in roaming and the number of views of broadcast sporting content via the online and mobile NEO applications both in Slovenia and abroad.
- On 27 August, member of Telekom Slovenije's Management Board, Barbara Galičič Drakslar, purchased 100 lots of TLSG shares at a price of EUR 59.00 per share in the total amount of EUR 5,900.00. The purchase of ordinary TLSG shares was carried out on the Ljubljana Stock Exchange. Following the execution of that transaction, Ms Galičič Drakslar is the holder of 100 TLSG shares.

SEPTEMBER

- On 1 September, Telekom Slovenije began offering young users the new *SUPR* mobile package, which through its innovativeness, attractiveness and low price is a response to the needs of young users for quick and secure communications, any time, anywhere. The uniqueness of the *SUPR* mobile package lies in the fact that the quantity of gigabytes increases

every month. In addition to the 100 gigabytes already included, the package also offers unlimited internet on the weekend or during the week, as well as unlimited calls and messages. *SUPR* encourages users to discover the beauties of Slovenia, as additional free gigabytes are awarded for each visit to locations marked as gigaspots – for an unlimited time.

- On 16 September, the President of Telekom Slovenije's Management Board, Cvetko Sršen, purchased 150 lots of TLSG shares at a price of EUR 53.80 per share in the total amount of EUR 8,070.00. The purchase of ordinary TLSG shares was carried out on the Ljubljana Stock Exchange. Following the execution of that transaction, Mr Sršen is the holder of 150 TLSG shares.
- This year marks exactly 30 years of mobile telephony in Slovenia, something that changed our lives in many ways. Telekom Slovenije invites all mobile telephony users to bring their old mobile phones to any one of the Company's points of sale throughout Slovenia. Telekom Slovenije will ensure the recycling of those devices, and plant 1,000 honey-bearing trees next year in cooperation with the Slovenian Beekeepers' Association and the company Treecelet.
- With the start of sales on 24 September, new iPhone 13 mobile phones are available to Slovenian users via Telekom Slovenije. Telekom Slovenije is also the exclusive provider of Apple Music services for listening to music and iCloud+ services for the safe storage of data. Also available are the Apple iPad 10.2 (9th) Cellular and Apple iPad mini (6th) Cellular.

6. SIGNIFICANT EVENTS AFTER THE BALANCE-SHEET DATE

FOURTH QUARTER OF 2021

OCTOBER

- There were no significant events in October that could affect the Group's financial statements after the balance-sheet date of 30 September 2021.
- OpenSignal, which represents an independent global standard for measuring the quality of mobile networks and which measures network quality based on a transparent methodology and real user experiences, published results for Slovenia for the second time this year. Measurements were carried out between 1 June and 29 August this year. The results once again showed that Telekom Slovenije has the best mobile network in Slovenia, as it was the best in all seven categories: video experience, gaming, use of voice applications, upload speed, download speed, 4G availability and 4G coverage.
- To mark the first anniversary of the largest 5G network in Slovenia, Telekom Slovenije enriched the *Naj* mobile packages with free additional quantities of gigabytes. Experience indicates that users enjoy exploiting the advantages brought by 5G, in particular faster data transfer speeds, and that the use of mobile data transfer is rising further with 5G, while the number of mobile phones on the market that facilitate 5G is growing, which in turn results in the continuous increase in the number of 5G users. More than 50 thousand Telekom Slovenije users have selected 5G services during the first year.
- For the 14th consecutive year, Telekom Slovenije and Samsung joined forces in October to support international breast cancer awareness month by offering users two 'pink' Samsung mobile phones, and donated EUR 10,000 to the Europa Donna Slovenia Association at the end of the sales campaign.
- Telekom Slovenije has developed and made available a technical solution, through which Zavarovalnica Sava has offered the subscribers of Telekom Slovenije's mobile services a new innovative product since 14 October. That product is something entirely new on the Slovenian insurance market: the first 'pay-by-use' travel insurance, meaning payment according to the actual number of days an individual is abroad. Guaranteed insurance with

'pay-as-you-roam' premium billing makes it easy for users to activate the service remotely, while the associated insurance premium is charged automatically for as long as the user's mobile number is registered on the networks of foreign operators. The *Brezskrbni* travel insurance is charged to users at the end of their travel on their invoice for telecommunication services. In this way, users can travel across borders, carefree, without having to enter into a new foreign travel insurance policy every time they travel.

- The Works Council of Telekom Slovenije appointed Drago Kijevčanin, Dušan Pišek and Jana Žižek Kuhar to a four-year term of office as representatives of the employees in the Supervisory Board of Telekom Slovenije to begin on 14 November 2021. The abovementioned employee representatives are also members of the Supervisory Board in the current term of office, which is to expire on 14 November 2021.

7. CONDENSED INTERIM ACCOUNTING REPORT OF THE TELEKOM SLOVENIJE GROUP AND TELEKOM SLOVENIJE, D. D. FOR THE PERIOD JANUARY TO SEPTEMBER 2021

The condensed financial statements of the Telekom Slovenije Group and the condensed financial statements of the parent company Telekom Slovenije, d. d. for the reported period and the comparable period last year were compiled in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the requirements of the Companies Act (ZGD).

The condensed financial statements for the period ending 30 September 2021 were compiled in accordance with IAS 34 Interim Financial Reporting, and must be read together with the financial statements and disclosures compiled for the 2020 financial year. The financial statements for the period January to September 2021 and for the comparative period January to September 2020 have not been audited, while the financial statements for the comparative period ending 31 December 2020 have been audited.

The financial statements of the Group and Company were compiled under the assumption that both are going concerns. Operations are not seasonal.

Changes in accounting policies

The accounting policies used in the compilation of the interim condensed financial statements are the same as those applied in the compilation of the financial statements for the financial year ending 31 December 2020.

Use of significant estimates and judgements

The compilation of the financial statements requires of management certain estimates, assessments and assumptions that affect the carrying amount of assets and liabilities, the disclosure of contingent liabilities as at the statement of financial position date and the amount of revenues and expenses in the period ending on the statement of financial position date.

Future events and their impact cannot be determined with certainty. Accounting assessments therefore apply a judgement subject to change taking into account new events, experiences and additional information, and as the result of changes in the business environment. Actual values may vary from estimates.

Estimates and assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which estimates are revised, and in all future years affected by such revisions.

Changes in the Telekom Slovenije Group

There were no changes in the composition of the Telekom Slovenije Group in the period January to September 2021.

COVID-19 pandemic

The COVID-19 pandemic hit Europe and the rest of the world in 2020, affecting the population and companies alike.

The Telekom Slovenije Group and Telekom Slovenije did not create additional impairments in connection with the COVID-19 pandemic in the period January to September 2021. There was also no reduction in or waiving of lease payments in connection with IFRS 16 Leases.

In accordance with the Act Determining Intervention Measures to Contain the COVID-19 Epidemic and Mitigate its Consequences for Citizens and the Economy, the Telekom Slovenije Group took advantage of individual state aid measures in the period January to September 2021, as follows:

- the following companies took advantage of the reimbursement of compensation during temporary absence from work due to sickness covered by the employer for up to three days: Telekom Slovenije, GVO, TSmedia, TSinpo and Soline, in the total amount of EUR 14 thousand;
- the following companies took advantage of the reimbursement of wage compensation for the period a worker did not perform their work due to *force majeure*: Telekom Slovenije, GVO, Avtenta, TSmedia, TSinpo and Soline, in the total amount of EUR 92 thousand;

- Soline took advantage of the reimbursement of wage compensation for furloughed workers, in the amount of EUR 48 thousand;
- Soline took advantage of the reimbursement of wage compensation for part-time work, in the amount of EUR 18 thousand;
- Telekom Slovenije and GVO took advantage of the reimbursement of compensation for the period of quarantine, in the total amount of EUR 16 thousand;
- Soline took advantage of the reimbursement of fixed costs, in the amount of EUR 178 thousand;
- the following companies took advantage of the reimbursement of an additional crisis bonus: Telekom Slovenije, GVO, Avtenta, TSmedia and TSinpo, in the total amount of EUR 111 thousand.

Functional and reporting currency

The reporting currency of the Telekom Slovenije Group is the euro, which is also the functional and reporting currency of the parent company Telekom Slovenije. All financial information is presented in thousands of euros, unless otherwise stated.

7.1. Condensed interim financial statements of the Telekom Slovenije Group and Telekom Slovenije, d. d.

Unaudited consolidated and separate income statement for the period ending 30 September 2021

| EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|--|-------------------------|-----------------|-------------------|-----------------|
| | I – IX 2021 | I – IX 2020 | I – IX 2021 | I – IX 2020 |
| Revenue | 486,758 | 479,646 | 435,464 | 439,610 |
| Other operating income | 2,969 | 6,014 | 1,117 | 4,495 |
| Cost of goods sold | -64,448 | -63,112 | -70,232 | -68,285 |
| Cost of materials and energy | -11,608 | -10,434 | -7,759 | -7,972 |
| Cost of services | -158,127 | -168,145 | -149,993 | -162,178 |
| Labour costs | -77,737 | -77,389 | -64,397 | -64,990 |
| Depreciation/amortisation | -126,517 | -125,371 | -105,934 | -102,677 |
| Other operating expenses | -3,834 | -1,037 | -4,302 | -913 |
| Total operating expenses | -442,271 | -445,488 | -402,617 | -407,015 |
| Operating profit | 47,456 | 40,172 | 33,964 | 37,090 |
| Finance income* | 1,447 | 1,420 | 14,169 | 4,346 |
| Finance expenses* | -6,594 | -7,072 | -6,430 | -15,918 |
| Profit before tax | 42,309 | 34,520 | 41,703 | 25,518 |
| Current tax | -3,778 | -603 | -3,277 | 0 |
| Deferred tax expense | -2,587 | 2,744 | -2,615 | 2,672 |
| Net profit from continuing operations | 35,944 | 36,661 | 35,811 | 28,190 |
| Loss from discontinued operations** | 0 | -9,219 | 0 | 0 |
| Net profit for the period | 35,944 | 27,442 | 35,811 | 28,190 |
| Total earnings per share – from continuing operations in EUR | 5.53 | 5.64 | 5.50 | 4.33 |
| Total earnings per share in EUR | 5.53 | 4.22 | 5.50 | 4.33 |

* The finance income and expenses of Telekom Slovenije include dividends received and interest on loans to and from subsidiaries.

** The loss from discontinued operations in the comparable period comprises the operating results and effect of the sale of Planet TV, which was excluded from the Telekom Slovenije Group on 30 September 2020.

Unaudited consolidated and separate statement of other comprehensive income for the period ending 30 September 2021

| EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|--|-------------------------|---------------|-------------------|---------------|
| | I – IX 2021 | I – IX 2020 | I – IX 2021 | I – IX 2020 |
| Net profit for the period | 35,944 | 27,442 | 35,811 | 28,190 |
| <i>Other comprehensive income that may be reclassified subsequently to the statement of profit or loss</i> | | | | |
| Translation reserves | 30 | -15 | 0 | 0 |
| Change in the fair value of hedging financial instruments | 189 | 104 | 189 | 105 |
| Deferred tax | -36 | -20 | -36 | -20 |
| Change in fair value of hedging financial instruments (net) | 153 | 84 | 153 | 85 |
| <i>Other comprehensive income that may not be reclassified subsequently to statement of profit or loss</i> | | | | |
| Change in fair value of defined benefit obligation | 0 | 0 | 0 | 0 |
| Change in fair value of investments in equity instruments measured at fair value through other comprehensive income | 243 | -364 | 243 | -365 |
| Deferred tax | -46 | 69 | -46 | 69 |
| Change in fair value of investments in equity instruments measured at fair value through other comprehensive income | 197 | -295 | 197 | -296 |
| Other comprehensive income for the period after tax | 380 | -226 | 350 | -211 |
| Total comprehensive income for the period | 36,324 | 27,216 | 36,161 | 27,979 |
| Comprehensive income attributable to owners of the controlling company | 36,324 | 27,216 | | |
| Continuing operations | 36,324 | 36,435 | 0 | 0 |
| Discontinued operations | 0 | -9,219 | 0 | 0 |

Unaudited consolidated and separate statement of financial position as at 30 September 2021

| EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|---|-------------------------|------------------|-------------------|------------------|
| | 30 Sep 2021 | 31 Dec 2020 | 30 Sep 2021 | 31 Dec 2020 |
| ASSETS | | | | |
| Intangible assets | 226,351 | 190,033 | 184,243 | 141,451 |
| Property, plant and equipment | 656,011 | 664,644 | 595,871 | 600,532 |
| Right-of-use assets | 74,209 | 77,420 | 81,221 | 86,506 |
| Investments in subsidiaries | 0 | 0 | 38,501 | 37,001 |
| Other investments | 3,283 | 3,068 | 57,531 | 63,951 |
| Contract assets | 2,571 | 2,668 | 2,157 | 2,337 |
| Other receivables | 16,884 | 17,081 | 16,880 | 17,639 |
| Deferred costs | 1,142 | 1,438 | 1,599 | 1,078 |
| Investment property | 4,698 | 1,258 | 7,670 | 4,230 |
| Deferred tax assets | 41,825 | 44,448 | 41,278 | 43,929 |
| Total non-current assets | 1,026,974 | 1,002,058 | 1,026,951 | 998,654 |
| Assets held for sale | 4,286 | 214 | 4,286 | 214 |
| Inventories | 27,041 | 26,175 | 22,686 | 21,811 |
| Trade and other receivables | 152,630 | 162,936 | 146,505 | 159,360 |
| Contract assets | 25,462 | 23,527 | 25,142 | 23,263 |
| Deferred costs | 5,952 | 4,250 | 4,151 | 3,764 |
| Investments | 751 | 512 | 16,229 | 17,414 |
| Cash and cash equivalents | 9,766 | 8,167 | 1,181 | 2,086 |
| Total current assets | 225,888 | 225,781 | 220,180 | 227,912 |
| Total assets | 1,252,862 | 1,227,839 | 1,247,131 | 1,226,566 |
| EQUITY AND LIABILITIES | | | | |
| Share capital | 272,721 | 272,721 | 272,721 | 272,721 |
| Share premium | 181,489 | 181,489 | 180,956 | 180,956 |
| Profit reserves | 106,479 | 106,479 | 104,978 | 104,978 |
| <i>Legal reserves</i> | <i>51,612</i> | <i>51,612</i> | <i>50,434</i> | <i>50,434</i> |
| <i>Reserves for treasury shares and interests</i> | <i>3,671</i> | <i>3,671</i> | <i>3,671</i> | <i>3,671</i> |
| <i>Treasury shares and interests</i> | <i>-3,671</i> | <i>-3,671</i> | <i>-3,671</i> | <i>-3,671</i> |
| <i>Statutory reserves</i> | <i>54,854</i> | <i>54,854</i> | <i>54,544</i> | <i>54,544</i> |
| <i>Other profit reserves</i> | <i>13</i> | <i>13</i> | <i>0</i> | <i>0</i> |
| Retained earnings | 39,995 | 33,305 | 56,955 | 50,359 |
| <i>Retained earnings from previous periods</i> | <i>4,051</i> | <i>8,440</i> | <i>21,144</i> | <i>26,185</i> |
| <i>Profit or loss for the period</i> | <i>35,944</i> | <i>24,865</i> | <i>35,811</i> | <i>24,174</i> |
| Fair value reserve | -148 | -497 | -147 | -497 |
| Reserves for actuarial gains/losses | -2,958 | -2,988 | -2,733 | -2,733 |
| Translation reserve | 6 | -25 | 0 | 0 |
| Total equity | 597,584 | 590,484 | 612,730 | 605,784 |
| Contract liabilities | 14,221 | 14,955 | 13,512 | 14,301 |
| Provisions | 20,332 | 20,407 | 16,320 | 16,184 |
| Other payables | 23,687 | 38,896 | 15,909 | 20,856 |
| Deferred liabilities | 3,984 | 817 | 3,837 | 673 |
| Loans and borrowings | 301,381 | 184,221 | 301,381 | 184,221 |
| Lease liabilities | 56,330 | 59,092 | 62,309 | 67,093 |
| Other financial liabilities | 153 | 244 | 153 | 244 |
| Deferred tax liabilities | 1,609 | 1,563 | 281 | 235 |
| Total non-current liabilities | 421,697 | 320,195 | 413,702 | 303,807 |
| Trade payables | 102,827 | 119,058 | 93,313 | 109,755 |
| Income tax payable | 3,357 | 90 | 3,277 | 0 |
| Loans and borrowings | 64,882 | 32,080 | 66,384 | 45,095 |
| Lease liabilities | 10,698 | 10,180 | 12,081 | 11,660 |
| Other financial liabilities | 2 | 101,239 | 0 | 101,237 |
| Contract liabilities | 12,478 | 12,656 | 8,815 | 8,707 |
| Deferred liabilities | 39,337 | 41,857 | 36,829 | 40,521 |
| Total current liabilities | 233,581 | 317,160 | 220,699 | 316,975 |
| Total liabilities | 655,278 | 637,355 | 634,401 | 620,782 |
| Total equity and liabilities | 1,252,862 | 1,227,839 | 1,247,131 | 1,226,566 |

Unaudited consolidated statement of changes in equity of the Telekom Slovenije Group for the period ending 30 September 2021

| EUR thousand | Share capital | Share premium | Profit reserves | | | | | Retained earnings | | Fair value reserve for financial instruments | Fair value reserve for hedging instruments in net amount | Fair value reserve for actuarial deficit and surplus | Translation reserve | Total |
|--|---------------|---------------|-----------------|------------------------|-----------------|--------------------|-----------------------|---------------------------------------|-------------------------------|--|--|--|---------------------|---------|
| | | | Legal reserves | Treasury share reserve | Treasury shares | Statutory reserves | Other profit reserves | Retained earnings from previous years | Profit or loss for the period | | | | | |
| Balance as at 1 Jan 2021 | 272,721 | 181,489 | 51,612 | 3,671 | -3,671 | 54,854 | 13 | 8,440 | 24,865 | -219 | -278 | -2,988 | -25 | 590,484 |
| Net profit for the period | | | | | | | | | 35,944 | | | | | 35,944 |
| Other comprehensive income for the period | | | | | | | | | | 197 | 153 | 0 | 30 | 380 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35,944 | 197 | 153 | 0 | 30 | 36,324 |
| Dividends paid | | | | | | | | -29,275 | | | | | | -29,275 |
| Transactions with owners | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -29,275 | 0 | 0 | 0 | 0 | 0 | -29,275 |
| Transfer of profit from previous period to retained earnings | | | | | | | | 24,865 | -24,865 | | | | | 0 |
| Other | | | | | | | | 21 | | -1 | | 30 | 1 | 51 |
| Balance as at 30 Sep 2021 | 272,721 | 181,489 | 51,612 | 3,671 | -3,671 | 54,854 | 13 | 4,051 | 35,944 | -23 | -125 | -2,958 | 6 | 597,584 |

Unaudited consolidated statement of changes in equity of the Telekom Slovenije Group for the period ending 30 September 2020

| EUR thousand | Share capital | Share premium | Profit reserves | | | | | Retained earnings | | Fair value reserve for financial instruments | Fair value reserve for hedging instruments in net amount | Fair value reserve for actuarial deficit and surplus | Translation reserve | Total |
|--|---------------|---------------|-----------------|------------------------|-----------------|--------------------|-----------------------|---------------------------------------|-------------------------------|--|--|--|---------------------|---------|
| | | | Legal reserves | Treasury share reserve | Treasury shares | Statutory reserves | Other profit reserves | Retained earnings from previous years | Profit or loss for the period | | | | | |
| Balance as at 1 Jan 2020 | 272,721 | 181,488 | 51,612 | 3,671 | -3,671 | 54,854 | 13 | 30,648 | 941 | 1,171 | -507 | -2,347 | -6 | 590,588 |
| Net profit for the period | | | | | | | | | 27,442 | | | | | 27,442 |
| Other comprehensive income for the period | | | | | | | | | | -295 | 84 | 0 | -15 | -226 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 27,442 | -295 | 84 | 0 | -15 | 27,216 |
| Dividends paid | | | | | | | | -22,769 | | | | | | -22,769 |
| Transactions with owners | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -22,769 | 0 | 0 | 0 | 0 | 0 | -22,769 |
| Transfer of profit from previous period to retained earnings | | | | | | | | 941 | -941 | | | | | 0 |
| Other | | 1 | | | | | | -44 | | | | -2 | -1 | -46 |
| Balance as at 30 Sep 2020 | 272,721 | 181,489 | 51,612 | 3,671 | -3,671 | 54,854 | 13 | 8,776 | 27,442 | 876 | -423 | -2,349 | -22 | 594,989 |

Unaudited separate statement of changes in equity of Telekom Slovenije, d. d. for the period ending 30 September 2021

| EUR thousand | Share capital | Share premium | Profit reserves | | | | | Retained earnings | | Fair value reserve for financial instruments | Fair value reserve for hedging instruments in net amount | Fair value reserve for actuarial deficit and surplus | Total |
|--|---------------|---------------|-----------------|------------------------|-----------------|--------------------|-----------------------|---------------------------------------|-------------------------------|--|--|--|---------|
| | | | Legal reserves | Treasury share reserve | Treasury shares | Statutory reserves | Other profit reserves | Retained earnings from previous years | Profit or loss for the period | | | | |
| Balance as at 1 Jan 2021 | 272,721 | 180,956 | 50,434 | 3,671 | -3,671 | 54,544 | 0 | 26,185 | 24,174 | -219 | -278 | -2,733 | 605,784 |
| Net profit for the period | | | | | | | | | 35,811 | | | | 35,811 |
| Other comprehensive income for the period | | | | | | | | | | 197 | 153 | 0 | 350 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35,811 | 197 | 153 | 0 | 36,161 |
| Dividends paid | | | | | | | | -29,275 | | | | | -29,275 |
| Transactions with owners | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -29,275 | 0 | 0 | 0 | 0 | -29,275 |
| Transfer of profit from previous period to retained earnings | | | | | | | | 24,174 | -24,174 | | | | 0 |
| Other | | | | | | | | 60 | | | | | 60 |
| Balance as at 30 Sep 2021 | 272,721 | 180,956 | 50,434 | 3,671 | -3,671 | 54,544 | 0 | 21,144 | 35,811 | -22 | -125 | -2,733 | 612,730 |

Unaudited separate statement of changes in equity of Telekom Slovenije, d. d. for the period ending 30 September 2020

| EUR thousand | Share capital | Share premium | Profit reserves | | | | | Retained earnings | | Fair value reserve for financial instruments | Fair value reserve for hedging instruments in net amount | Fair value reserve for actuarial deficit and surplus | Total |
|--|---------------|---------------|-----------------|------------------------|-----------------|--------------------|-----------------------|---------------------------------------|-------------------------------|--|--|--|---------|
| | | | Legal reserves | Treasury share reserve | Treasury shares | Statutory reserves | Other profit reserves | Retained earnings from previous years | Profit or loss for the period | | | | |
| Balance as at 1 Jan 2020 | 272,721 | 180,956 | 50,434 | 3,671 | -3,671 | 54,544 | 0 | 48,301 | 585 | 1,171 | -507 | -2,069 | 606,136 |
| Net profit for the period | | | | | | | | | 28,190 | | | | 28,190 |
| Other comprehensive income for the period | | | | | | | | | | -296 | 85 | 0 | -211 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28,190 | -296 | 85 | 0 | 27,979 |
| Dividends paid | | | | | | | | -22,769 | | | | | -22,769 |
| Transactions with owners | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -22,769 | 0 | 0 | 0 | 0 | -22,769 |
| Transfer of profit from previous period to retained earnings | | | | | | | | 585 | -585 | | | | 0 |
| Other | | | | | | | | | | 1 | | -1 | 0 |
| Balance as at 30 Sep 2020 | 272,721 | 180,956 | 50,434 | 3,671 | -3,671 | 54,544 | 0 | 26,118 | 28,190 | 876 | -422 | -2,070 | 611,346 |

Unaudited consolidated cash flow statement for the period ending 30 September 2021

| EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|--|-------------------------|-----------------|-------------------|-----------------|
| | I – IX 2021 | I – IX 2020 | I – IX 2021 | I – IX 2020 |
| Cash flows from operating activities | | | | |
| Net profit for the period | 35,944 | 27,442 | 35,811 | 28,190 |
| Adjustments for: | | | | |
| Depreciation/amortisation | 126,517 | 125,657 | 105,934 | 102,677 |
| Impairment and write-offs of property, plant and equipment and intangible assets | 5 | 163 | 0 | 0 |
| Gain or loss on disposal of property, plant and equipment | 212 | 188 | 208 | 276 |
| Adjustment for discontinued operations | 0 | 6,645 | 0 | 0 |
| Impairments and write-off of inventories | 967 | 703 | 967 | 703 |
| Net impairment of receivables | 1,634 | 1,963 | 1,293 | 1,527 |
| Change in provisions and other changes | -2 | -4,384 | 0 | -4,500 |
| Finance income | -1,447 | -2,494 | -14,169 | -5,199 |
| Finance expenses | 6,594 | 7,083 | 6,430 | 16,772 |
| Current tax and deferred tax expense | 6,365 | -2,141 | 5,892 | -2,672 |
| Cash flows from operating activities prior to changes in working capital and provisions | 176,789 | 160,825 | 142,366 | 137,774 |
| Change in inventories | -344 | -2,814 | -353 | -3,030 |
| Change in trade and other receivables | 8,869 | 5,857 | 11,476 | 21,178 |
| Change in provisions | -73 | 215 | 136 | 467 |
| Change in trade and other payables | -33,705 | -14,773 | -21,001 | 2,932 |
| Change in accrued and deferred liability items and contract liabilities | -264 | 2,743 | -1,209 | 9,122 |
| Income tax paid | -540 | -678 | 0 | 0 |
| Net cash from operating activities | 147,488 | 174,271 | 129,653 | 159,662 |
| Cash flows from investing activities | | | | |
| Receipts from investing activities | 524 | 410 | 22,627 | 6,008 |
| Proceeds from sale of property, plant and equipment | 379 | 192 | 379 | 191 |
| Dividends received | 100 | 6 | 11,100 | 840 |
| Interest received | 3 | 1 | 1,652 | 1,825 |
| Receipts from repayment of loans and deposits | 42 | 211 | 9,496 | 3,152 |
| Disbursements from investing activities | -151,266 | -130,024 | -147,161 | -119,978 |
| Purchases of property, plant and equipment | -62,393 | -68,439 | -55,712 | -64,750 |
| Purchases of intangible non-current assets | -88,623 | -61,579 | -88,299 | -54,338 |
| Investments in subsidiaries and associates | 0 | 0 | -1,500 | 0 |
| Loans granted and acquisition of deposits | -250 | -6 | -1,650 | -890 |
| Net cash from investing activities | -150,742 | -129,614 | -124,534 | -113,970 |
| Cash flows from financing activities | | | | |
| Proceeds from financing activities | 164,500 | 6,500 | 166,000 | 7,060 |
| Non-current borrowings | 140,000 | 0 | 140,000 | 0 |
| Current borrowings | 24,500 | 6,500 | 26,000 | 7,060 |
| Disbursements from financing activities | -159,684 | -51,540 | -172,061 | -51,054 |
| Loan originating costs and bonds issued | -607 | 0 | -607 | 0 |
| Repayment of lease liabilities – principal | -8,894 | -7,278 | -8,233 | -6,834 |
| Repayment of current borrowings | 0 | 0 | -13,000 | 0 |
| Repayment of non-current borrowings | -115,385 | -15,416 | -115,385 | -15,385 |
| Interest paid | -5,523 | -6,077 | -5,561 | -6,066 |
| Dividends paid | -29,275 | -22,769 | -29,275 | -22,769 |
| Net cash from financing activities | 4,816 | -45,040 | -6,061 | -43,994 |
| Net increase/decrease in cash and cash equivalents | 1,562 | -383 | -942 | 1,698 |
| Opening balance of cash and cash equivalents | 8,167 | 13,219 | 2,086 | 1,153 |
| Effects of exchange rate changes on cash and cash equivalents | 37 | 52 | 37 | 52 |
| Closing balance of cash and cash equivalents | 9,766 | 12,888 | 1,181 | 2,903 |

7.2. Notes to the interim financial statements of the Telekom Slovenije Group and Telekom Slovenije, d. d.

Telekom Slovenije Group

The Telekom Slovenije Group comprised the parent company Telekom Slovenije and the following subsidiaries as at the reporting date (30 September 2021):

| Company | Country | % Of ownership (participating interest) |
|-----------------------------|------------------------|---|
| GVO, d. o. o. | Slovenia | 100% |
| OPTIC-TEL, d. o. o. | Slovenia | 100% |
| INFRATEL, d. o. o. | Slovenia | 100% |
| GVO Telekommunikation GmbH | Germany | 100% |
| TSmedia, d. o. o. | Slovenia | 100% |
| AVTENTA, d. o. o. | Slovenia | 100% |
| SOLINE, d. o. o. | Slovenia | 100% |
| TSinpo, d. o. o. | Slovenia | 100% |
| IPKO Telecommunications LLC | Kosovo | 100% |
| SIOL, d. o. o., Zagreb | Croatia | 100% |
| SIOL, d. o. o., Sarajevo | Bosnia and Herzegovina | 100% |
| SIOL, d. o. o., Podgorica | Montenegro | 100% |
| SIOL, DOOEL Skopje | North Macedonia | 100% |
| SIOL DOO Beograd | Serbia | 100% |
| SIOL, d. o. o., Prishtina | Kosovo | 100% |
| USTANOVA SRČNI SKLAD | Slovenia | 100% |

Telekom Slovenije increased the capital of its subsidiary TSmedia in September 2021 via non-cash contributions in the amount of EUR 1,500 thousand.

Segment reporting

Segment reporting is based on the internal reporting system used by management in the management of operations. The criterion for segment reporting is the registered office where an activity is performed. The Telekom Slovenije Group thus presents its operations in the following two segments:

Slovenia: this segment includes all Group companies registered in Slovenia, and primarily activities in the areas of fixed and mobile telephony services, the construction and maintenance of the telecommunications network, multimedia and internet services, and content and digital TV. The segment comprises the following companies: Telekom Slovenije, GVO, Avtenta, TSmedia, Soline, TSinpo, OPTIC-TEL and INFRATEL, as well as the Heart Foundation, which organises and collects donations, grants and other monetary and non-monetary contributions to achieve the foundation's charitable mission.

Other countries: this segment comprises other Group companies, including IPKO, SIOL Zagreb, SIOL Sarajevo, SIOL Podgorica, SIOL Skopje, SIOL Belgrade, SIOL Prishtina and GVO Telekommunikation GmbH. This segment's main activity is the provision of telecommunication services.

Inter-segment sales were executed according to market terms. Intra-group transactions are eliminated in the consolidation process, and included in eliminations and adjustments.

The Group does not disclose finance income and costs by segment, as the Group's financing is centralised at the level of the parent company. Disclosures regarding revenues generated with external customers are described by type in the note 'Revenue'.

The accounting policies that apply to segments are the same as those that apply to the Group.

Operating segments I – IX 2021

| EUR thousand | Slovenia | Other countries | Eliminations and adjustments* | Total |
|-------------------------------------|-----------------|-----------------|-------------------------------|-----------------|
| Revenue | 436,243 | 50,515 | | 486,758 |
| Inter-segment sales | 56,246 | 5,185 | -61,431 | 0 |
| Total segment revenue | 492,489 | 55,700 | -61,431 | 486,758 |
| Other operating income | 1,926 | 1,043 | | 2,969 |
| Total operating expenses | -401,152 | -41,119 | | -442,271 |
| Operating profit per segment | 93,263 | 15,624 | -61,431 | 47,456 |
| Finance income | | | | 1,447 |
| Finance expenses | | | | -6,594 |
| Profit before tax | | | | 42,309 |
| Current tax | | | | -3,778 |
| Deferred tax expense | | | | -2,587 |
| Net profit for the period | | | | 35,944 |

| Other data by segment Sep 2021 | 30 | Slovenia | Other countries | Eliminations and adjustments* | Total |
|-----------------------------------|----|-----------|-----------------|-------------------------------|-----------|
| Segment assets | | 1,315,715 | 122,704 | -185,557 | 1,252,862 |
| Segment liabilities | | 666,419 | 102,212 | -113,353 | 655,278 |

* Inter-company amounts are excluded from the consolidated financial statements.

Revenue by segment: I – IX 2021

| EUR thousand | Slovenia | Other countries | Total |
|--|----------------|-----------------|----------------|
| Mobile services on end-user market | 156,673 | 30,982 | 187,655 |
| Fixed-line telephone services on end-user market | 140,664 | 16,998 | 157,662 |
| Additional services | 5,223 | 0 | 5,223 |
| Wholesale market | 113,395 | 2,535 | 115,930 |
| Other revenue and merchandise | 20,288 | 0 | 20,288 |
| Total revenue | 436,243 | 50,515 | 486,758 |

| EUR thousand | Slovenia | Other countries | Total |
|--------------------------------|----------------|-----------------|----------------|
| Revenue from services rendered | 369,381 | 49,513 | 418,894 |
| Revenue from the sale of goods | 66,862 | 1,002 | 67,864 |
| Total revenue | 436,243 | 50,515 | 486,758 |

Operating segments I – IX 2020

| EUR thousand | Slovenia | Other countries | Eliminations and adjustments* | Total |
|-------------------------------------|-----------------|-----------------|-------------------------------|-----------------|
| Revenue | 439,949 | 39,696 | 0 | 479,646 |
| Inter-segment sales | 60,091 | 4,315 | -64,407 | 0 |
| Total segment revenue | 500,040 | 44,011 | -64,407 | 479,646 |
| Other operating income | 5,851 | 163 | | 6,014 |
| Total operating expenses | -403,484 | -42,004 | | -445,488 |
| Operating profit per segment | 102,407 | 2,170 | -64,407 | 40,172 |
| Finance income | | | | 1,420 |
| Finance expenses | | | | -7,072 |
| Profit before tax | | | | 34,520 |
| Current tax | | | | -603 |
| Deferred tax expense | | | | 2,744 |
| Net profit for the period | | | | 36,661 |

| Other data by segment Sep 2020 | 31 | Slovenia | Other countries | Eliminations and adjustments* | Total |
|-----------------------------------|----|-----------|-----------------|-------------------------------|-----------|
| Segment assets | | 1,315,843 | 132,105 | -220,109 | 1,227,839 |
| Segment liabilities | | 655,272 | 121,819 | -139,736 | 637,355 |

* Inter-company amounts are excluded from the consolidated financial statements.

Revenue by segment: I – IX 2020

| EUR thousand | Slovenia | Other countries | Total |
|--|----------------|-----------------|----------------|
| Mobile services on end-user market | 153,733 | 23,027 | 176,760 |
| Fixed-line telephone services on end-user market | 154,435 | 15,988 | 170,423 |
| Additional services | 5,406 | 0 | 5,406 |
| Wholesale market | 107,372 | 680 | 108,052 |
| Other revenue and merchandise | 19,003 | 1 | 19,005 |
| Total revenue | 439,949 | 39,696 | 479,646 |

| EUR thousand | Slovenia | Other countries | Total |
|--------------------------------|----------------|-----------------|----------------|
| Revenue from services rendered | 375,635 | 38,948 | 414,583 |
| Revenue from the sale of goods | 64,314 | 748 | 65,063 |
| Total revenue | 439,949 | 39,696 | 479,646 |

Revenue

| Telekom Slovenije Group | | | Telekom Slovenije | |
|--|----------------|----------------|-------------------|----------------|
| EUR thousand | I – IX 2021 | I – IX 2020 | I – IX 2021 | I – IX 2020 |
| Mobile services on end-user market | 187,655 | 176,761 | 156,802 | 153,898 |
| Fixed-line telephone services on end-user market | 157,662 | 170,423 | 142,038 | 155,757 |
| Additional services | 5,223 | 5,406 | 5,224 | 5,407 |
| Wholesale market | 115,929 | 108,052 | 114,728 | 108,073 |
| Other revenue and merchandise | 20,289 | 19,004 | 16,672 | 16,475 |
| Total revenue | 486,758 | 479,646 | 435,464 | 439,610 |

| Telekom Slovenije Group | | | Telekom Slovenije | |
|--------------------------------|----------------|----------------|-------------------|----------------|
| EUR thousand | I – IX 2021 | I – IX 2020 | I – IX 2021 | I – IX 2020 |
| Revenue from services rendered | 418,894 | 414,583 | 364,394 | 370,118 |
| Revenue from the sale of goods | 67,864 | 65,063 | 71,070 | 69,492 |
| Total revenue | 486,758 | 479,646 | 435,464 | 439,610 |

The sales revenue of the Telekom Slovenije Group amounted to EUR 486.8 million in the period January–September 2021, an increase of 1% relative to the same period in 2020.

Revenues were higher **in the mobile segment of the end-user market**, primarily on account of higher revenues from mobile merchandise at Telekom Slovenije. Revenues from services are also declining at Telekom Slovenije due to the optimisation of subscribers who have an increasing number of services included in their monthly subscription fee. Revenues were also up relative to the same period last year at the subsidiary IPKO.

Revenues were lower **in the fixed segment of the end-user market**, primarily due to lower sales of IT licences, which simultaneously reduces costs, and due to a decline in revenues from traditional voice telephony, as the result of the falling number of traditional connections and their replacement with mobile and IP telephony.

Revenues from financial services, energy, eHealth services and insurance are recorded in **additional services**. Revenues from eHealth services were up in 2021, while revenues from other services were down.

Revenues **on the wholesale market** were up relative to the same period in 2020, primarily due to higher revenues from international voice services.

Other operating income and merchandise were up relative to the same period in 2020 due to higher revenues generated by subsidiaries on the market, as the result of less stringent measures in connection with the COVID-19 pandemic.

Rental income

The Telekom Slovenije Group generated rental income in the amount of EUR 7,301 thousand in the period January–September 2021, compared with EUR 7,434 thousand during the same period last year.

Telekom Slovenije generated rental income in the amount of EUR 7,895 thousand in that period, compared with EUR 7,427 thousand during the same period last year.

Costs of services

| EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|---|-------------------------|----------------|-------------------|----------------|
| | I – IX 2021 | I – IX 2020 | I – IX 2021 | I – IX 2020 |
| Telecommunication services | 86,161 | 82,599 | 85,073 | 81,907 |
| Costs of leased lines, networks and platforms | 4,040 | 4,416 | 6,018 | 6,309 |
| Multimedia content | 6,776 | 12,455 | 6,767 | 13,695 |
| Costs of subcontractors | 17,637 | 26,593 | 14,351 | 22,299 |
| Maintenance of property, plant and equipment | 15,961 | 15,571 | 15,764 | 15,938 |
| Costs of other services | 27,552 | 26,511 | 22,020 | 22,030 |
| Total costs of services | 158,127 | 168,145 | 149,993 | 162,178 |

The costs of services incurred by the Group in the period January–September 2021 were down by EUR 10,018 thousand relative to the same period in 2020. The costs of telecommunication services were up as the result of higher revenue from international voice services. The costs of leased lines, networks and platforms were slightly lower.

The costs of services of sub-contractors were lower, primarily due to lower sales of IT licences.

The costs of other services primarily comprise the costs of advertising and sponsorships in the amount of EUR 5,772 thousand (January–September 2020: EUR 4,585 thousand), the costs of intellectual and personal services in the amount of EUR 5,116 thousand (January–September 2020: EUR 4,995 thousand), the costs of attracting customers in the amount of EUR 3,479 thousand (January–September 2020: EUR 3,179 thousand), the costs of insurance premiums in the amount of EUR 2,340 thousand (January–September 2020: EUR 2,280 thousand), the costs of communication services in the amount of EUR 2,399 thousand (January–September 2020: EUR 2,388 thousand), and the costs of other services in the amount of EUR 6,969 thousand (January–September 2020: EUR 7,519 thousand).

Operating profit (EBIT) and net profit

Telekom Slovenije Group

Earnings before interest and taxes (EBIT) in the amount of EUR 47,456 thousand were up by EUR 7,284 thousand relative to the same period last year. A net profit of EUR 35,944 thousand was achieved for the accounting period in the context of a net financial loss of EUR 5,147 thousand.

Telekom Slovenije

Earnings before interest and taxes (EBIT) in the amount of EUR 33,964 thousand were down by EUR 3,126 thousand relative to the same period last year. A net profit of EUR 35,811 thousand was achieved for the accounting period in the context of a net financial profit of EUR 7,739 thousand.

Intangible assets

Changes in intangible assets of the Telekom Slovenije Group in the period January–September 2021

| EUR thousand | Goodwill | Concessions and licences | Costs of entering into contracts with customers | Computer programs | Other intangible assets | Intangible assets under construction | Total |
|---------------------------------|----------|--------------------------|---|-------------------|-------------------------|--------------------------------------|---------|
| Historical cost | | | | | | | |
| Balance as at 1 Jan 2021 | 107,654 | 364,567 | 20,900 | 279,791 | 67,161 | 15,520 | 855,593 |
| Increases | 0 | 1,388 | 0 | 178 | 3 | 85,667 | 87,236 |
| Assets created within the Group | 0 | 0 | 0 | 119 | 0 | 1,268 | 1,387 |
| Transfers to use | 0 | 63,564 | 5,175 | 20,322 | 40 | -89,101 | 0 |
| Decreases | 0 | -1,122 | 0 | -5,621 | 0 | -5 | -6,748 |
| Other transfers* | 0 | 2,467 | 0 | 744 | 0 | -140 | 3,071 |
| Balance as at 30 Sep 2021 | 107,654 | 430,864 | 26,075 | 295,533 | 67,204 | 13,209 | 940,539 |
| Value adjustment | | | | | | | |
| Balance as at 1 Jan 2021 | 103,936 | 255,792 | 10,454 | 249,041 | 46,070 | 267 | 665,560 |
| Decreases | 0 | -1,096 | 0 | -5,571 | 0 | 0 | -6,667 |
| Other transfers* | 0 | 258 | 0 | 714 | 0 | 0 | 972 |
| Amortisation | 0 | 29,845 | 5,372 | 17,275 | 1,831 | 0 | 54,323 |
| Balance as at 30 Sep 2021 | 103,936 | 284,799 | 15,826 | 261,459 | 47,901 | 267 | 714,188 |
| Carrying amount | | | | | | | |
| Balance as at 1 Jan 2021 | 3,718 | 108,775 | 10,446 | 30,750 | 21,091 | 15,253 | 190,033 |
| Balance as at 30 Sep 2021 | 3,718 | 146,065 | 10,249 | 34,074 | 19,303 | 12,942 | 226,351 |

* Transfers between intangible assets and property, plant and equipment, and transfers between asset categories are covered in the scope of other transfers.

Changes in intangible assets of the Telekom Slovenije Group in 2020

| EUR thousand | Goodwill | Concessions and licences | Costs of entering into contracts with customers | Computer programs | Other intangible assets | Intangible assets under construction | Total |
|---------------------------------|----------|--------------------------|---|-------------------|-------------------------|--------------------------------------|---------|
| Historical cost | | | | | | | |
| Balance as at 1 Jan 2020 | 107,654 | 359,630 | 16,683 | 265,574 | 66,740 | 14,612 | 830,894 |
| Increases | 0 | 614 | 0 | 114 | 269 | 59,954 | 60,951 |
| Assets created within the Group | 0 | 0 | 0 | 193 | 0 | 1,654 | 1,847 |
| Transfers to use | 0 | 36,066 | 7,775 | 16,443 | 244 | -60,528 | 0 |
| Decreases | 0 | -31,744 | -3,558 | -4,017 | -89 | 0 | -39,408 |
| Other transfers* | 0 | 1 | 0 | 1,484 | -3 | -172 | 1,310 |
| Balance as at 31 Dec 2020 | 107,654 | 364,567 | 20,900 | 279,791 | 67,161 | 15,520 | 855,594 |
| Value adjustment | | | | | | | |
| Balance as at 1 Jan 2020 | 103,936 | 254,855 | 7,944 | 228,473 | 40,473 | 267 | 635,948 |
| Decreases | 0 | -31,562 | -3,558 | -3,991 | -89 | 0 | -39,200 |
| Other transfers* | 0 | -1 | -1 | 1,189 | -2 | 0 | 1,185 |
| Amortisation | 0 | 32,500 | 6,069 | 23,370 | 5,688 | 0 | 67,627 |
| Balance as at 31 Dec 2020 | 103,936 | 255,792 | 10,454 | 249,041 | 46,070 | 267 | 665,560 |
| Carrying amount | | | | | | | |
| Balance as at 1 Jan 2020 | 3,718 | 104,775 | 8,739 | 37,101 | 26,267 | 14,345 | 194,945 |
| Balance as at 31 Dec 2020 | 3,718 | 108,775 | 10,446 | 30,750 | 21,091 | 15,253 | 190,033 |

* Transfers between intangible assets and property, plant and equipment, and transfers between asset categories are covered in the scope of other transfers.

Changes in intangible assets of Telekom Slovenije in the period January–September 2021

| EUR thousand | Goodwill | Concessions and licences | Costs of entering into contracts with customers | Computer programs | Other intangible assets | Intangible assets under construction | Total |
|--------------|----------|--------------------------|---|-------------------|-------------------------|--------------------------------------|-------|
|--------------|----------|--------------------------|---|-------------------|-------------------------|--------------------------------------|-------|

Historical cost

| | | | | | | | |
|-----------------------------------|-------|---------|--------|---------|--------|---------|---------|
| Balance as at 1 Jan 2021 | 3,602 | 224,008 | 20,900 | 267,480 | 18,893 | 14,543 | 549,426 |
| Increases | 0 | 0 | 0 | 0 | 0 | 87,136 | 87,136 |
| Assets created within the Company | 0 | 0 | 0 | 0 | 0 | 1,163 | 1,163 |
| Transfers to use | 0 | 65,736 | 5,175 | 19,672 | 40 | -90,623 | 0 |
| Decreases | 0 | -1,122 | 0 | -5,621 | 0 | -5 | -6,748 |
| Other transfers | 0 | 0 | 0 | 745 | 0 | 0 | 745 |
| Balance as at 30 Sep 2021 | 3,602 | 288,623 | 26,075 | 282,275 | 18,933 | 12,214 | 631,722 |

Value adjustment

| | | | | | | | |
|---------------------------|---|---------|--------|---------|--------|---|---------|
| Balance as at 1 Jan 2021 | 0 | 147,865 | 10,454 | 234,282 | 15,374 | 0 | 407,975 |
| Decreases | 0 | -1,096 | 0 | -5,571 | 0 | 0 | -6,667 |
| Other transfers | 0 | 0 | 0 | 714 | 0 | 0 | 714 |
| Amortisation | 0 | 23,020 | 5,372 | 16,399 | 666 | 0 | 45,457 |
| Balance as at 30 Sep 2021 | 0 | 169,789 | 15,826 | 245,824 | 16,040 | 0 | 447,479 |

Carrying amount

| | | | | | | | |
|---------------------------|-------|---------|--------|--------|-------|--------|---------|
| Balance as at 1 Jan 2021 | 3,602 | 76,143 | 10,446 | 33,198 | 3,519 | 14,543 | 141,451 |
| Balance as at 30 Sep 2021 | 3,602 | 118,834 | 10,249 | 36,451 | 2,893 | 12,214 | 184,243 |

* Transfers between intangible assets and property, plant and equipment, and transfers between asset categories are covered in the scope of other transfers.

Changes in intangible assets of Telekom Slovenije in 2020

| EUR thousand | Goodwill | Concessions and licences | Costs of entering into contracts with customers | Computer programs | Other intangible assets | Intangible assets under construction | Total |
|--------------|----------|--------------------------|---|-------------------|-------------------------|--------------------------------------|-------|
|--------------|----------|--------------------------|---|-------------------|-------------------------|--------------------------------------|-------|

Historical cost

| | | | | | | | |
|-----------------------------------|-------|---------|--------|---------|--------|---------|---------|
| Balance as at 1 Jan 2020 | 3,602 | 216,896 | 16,683 | 253,812 | 18,649 | 14,111 | 523,753 |
| Increases | 0 | 0 | 0 | 0 | 0 | 61,858 | 61,858 |
| Assets created within the Company | 0 | 0 | 0 | 0 | 0 | 1,606 | 1,606 |
| Transfers to use | 0 | 38,695 | 7,775 | 16,317 | 244 | -63,031 | 0 |
| Decreases | 0 | -31,583 | -3,558 | -3,926 | 0 | 0 | -39,067 |
| Other transfers* | 0 | 0 | 0 | 1,277 | 0 | -1 | 1,276 |
| Balance as at 31 Dec 2020 | 3,602 | 224,008 | 20,900 | 267,480 | 18,893 | 14,543 | 549,426 |

Value adjustment

| | | | | | | | |
|---------------------------|---|---------|--------|---------|--------|---|---------|
| Balance as at 1 Jan 2020 | 0 | 156,875 | 7,944 | 215,028 | 11,214 | 0 | 391,061 |
| Decreases | 0 | -31,469 | -3,558 | -3,926 | 0 | 0 | -38,953 |
| Other transfers* | 0 | -3 | -1 | 1,187 | 0 | 0 | 1,183 |
| Amortisation | 0 | 22,462 | 6,069 | 21,993 | 4,160 | 0 | 54,684 |
| Balance as at 31 Dec 2020 | 0 | 147,865 | 10,454 | 234,282 | 15,374 | 0 | 407,975 |

Carrying amount

| | | | | | | | |
|---------------------------|-------|--------|--------|--------|-------|--------|---------|
| Balance as at 1 Jan 2020 | 3,602 | 60,021 | 8,739 | 38,784 | 7,435 | 14,111 | 132,692 |
| Balance as at 31 Dec 2020 | 3,602 | 76,143 | 10,446 | 33,198 | 3,519 | 14,543 | 141,451 |

* Transfers between intangible assets and property, plant and equipment, and transfers between asset categories are covered in the scope of other transfers.

Commitments for intangible assets amounted to EUR 6,680 thousand at the Telekom Slovenije Group level and to EUR 7,963 thousand at Telekom Slovenije as at 30 September 2021.

Property, plant and equipment

Changes in property, plant and equipment of the Telekom Slovenije Group in the period January–September 2021

| EUR thousand | Land, buildings and cable ducts | Cable network | Telephone exchanges | Equipment for the mobile network | Other equipment | Assets under construction | Other | Total |
|---|---------------------------------|------------------|---------------------|----------------------------------|-----------------|---------------------------|------------|------------------|
| Historical cost | | | | | | | | |
| Balance as at 1 Jan 2021 | 479,628 | 1,166,201 | 105,528 | 326,580 | 382,369 | 36,402 | 111 | 2,496,819 |
| Difference from translation to reporting currency | 0 | 3 | 0 | 0 | 21 | 0 | 0 | 24 |
| Increases | 0 | 1,850 | 0 | 292 | 2,485 | 47,489 | 0 | 52,116 |
| Fixed assets created within the Group | 0 | 42 | 0 | 28 | 0 | 11,613 | 0 | 11,683 |
| Transfers to use | 10,315 | 13,086 | 665 | 4,514 | 18,320 | -46,900 | 0 | 0 |
| Decreases | -5,380 | -34 | -17,184 | -17,104 | -17,146 | -13 | 0 | -56,861 |
| Other transfers* | -4,205 | 0 | -911 | 137 | 26 | 213 | -14 | -4,754 |
| Balance as at 30 Sep 2021 | 480,358 | 1,181,148 | 88,098 | 314,447 | 386,075 | 48,804 | 97 | 2,499,027 |
| Value adjustment | | | | | | | | |
| Balance as at 1 Jan 2021 | 206,279 | 930,137 | 97,239 | 275,918 | 311,212 | 11,390 | 0 | 1,832,175 |
| Difference from translation to reporting currency | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Decreases | -1,271 | -34 | -17,172 | -17,037 | -14,942 | 0 | 0 | -50,456 |
| Depreciation | 9,614 | 16,865 | 2,826 | -6,882 | 40,436 | 0 | 0 | 62,859 |
| Other transfers* | -847 | 0 | -717 | 0 | 1 | 0 | 0 | -1,563 |
| Balance as at 30 Sep 2021 | 213,775 | 946,969 | 82,176 | 251,999 | 336,707 | 11,390 | 0 | 1,843,016 |
| Carrying amount | | | | | | | | |
| Balance as at 1 Jan 2021 | 273,349 | 236,064 | 8,289 | 50,662 | 71,157 | 25,012 | 111 | 664,644 |
| Balance as at 30 Sep 2021 | 266,583 | 234,179 | 5,922 | 62,448 | 49,368 | 37,414 | 97 | 656,011 |

* Transfers between intangible assets and property, plant and equipment, transfers to investment property and transfers between asset categories are covered in the scope of other transfers.

Changes in property, plant and equipment of the Telekom Slovenije Group in 2020

| EUR thousand | Land, buildings and cable ducts | Cable network | Telephone exchanges | Equipment for the mobile network | Other equipment | Assets under construction | Other | Total |
|---|---------------------------------|------------------|---------------------|----------------------------------|-----------------|---------------------------|------------|------------------|
| Historical cost | | | | | | | | |
| Balance as at 1 Jan 2020 | 466,622 | 1,130,374 | 111,950 | 506,633 | 407,157 | 34,727 | 23 | 2,657,486 |
| Difference from translation to reporting currency | 0 | -7 | 0 | 0 | -3 | -23 | 0 | -33 |
| Increases | 20 | 3,066 | 4 | 1,377 | 4,138 | 74,916 | 0 | 83,521 |
| Fixed assets created within the Group | 0 | 47 | 0 | 39 | 0 | 15,909 | 0 | 15,995 |
| Transfers to use | 12,912 | 33,471 | 1,649 | 9,462 | 29,114 | -86,607 | 0 | 1 |
| Decreases | -327 | -4,432 | -8,075 | -186,735 | -57,997 | -26 | 0 | -257,592 |
| Other transfers* | 401 | 3,682 | 0 | -4,196 | -40 | -2,494 | 88 | -2,559 |
| Balance as at 31 Dec 2020 | 479,628 | 1,166,201 | 105,528 | 326,580 | 382,369 | 36,402 | 111 | 2,496,819 |
| Value adjustment | | | | | | | | |
| Balance as at 1 Jan 2020 | 193,284 | 911,852 | 101,077 | 447,344 | 336,156 | 11,390 | 0 | 2,001,103 |
| Difference from translation to reporting currency | 0 | -22 | 0 | 4 | -728 | 0 | 0 | -746 |
| Increases | 0 | 0 | 0 | 20 | 16 | 0 | 0 | 36 |
| Decreases | -275 | -4,347 | -8,057 | -186,611 | -54,521 | 0 | 0 | -253,811 |
| Depreciation | 12,950 | 22,634 | 4,219 | 16,922 | 30,380 | 0 | 0 | 87,105 |
| Other transfers* | 320 | 20 | 0 | -1,761 | -91 | 0 | 0 | -1,512 |
| Balance as at 31 Dec 2020 | 206,279 | 930,137 | 97,239 | 275,918 | 311,212 | 11,390 | 0 | 1,832,175 |
| Carrying amount | | | | | | | | |
| Balance as at 1 Jan 2020 | 273,338 | 218,522 | 10,873 | 59,289 | 71,001 | 23,337 | 23 | 656,383 |
| Balance as at 31 Dec 2020 | 273,349 | 236,064 | 8,289 | 50,662 | 71,157 | 25,012 | 111 | 664,644 |

* Transfers between intangible assets and property, plant and equipment, and transfers between asset categories are covered in the scope of other transfers.

Changes in property, plant and equipment of Telekom Slovenije in the period January–September 2021

| EUR thousand | Land, buildings and cable ducts | Cable network | Telephone exchanges | Equipment for the mobile network | Other equipment | Assets under construction | Total |
|---|---------------------------------|------------------|---------------------|----------------------------------|-----------------|---------------------------|------------------|
| Historical cost | | | | | | | |
| Balance as at 1 Jan 2021 | 450,523 | 1,092,744 | 104,352 | 213,758 | 363,176 | 40,956 | 2,265,509 |
| Increases | 0 | 0 | 0 | 0 | 0 | 53,663 | 53,663 |
| Fixed assets created within the Company | 0 | 0 | 0 | 0 | 0 | 3,455 | 3,455 |
| Transfers to use | 10,314 | 12,783 | 665 | 4,171 | 16,789 | -44,722 | 0 |
| Decreases | -5,380 | 0 | -17,184 | -16,977 | -16,582 | -13 | -56,136 |
| Other transfers | -4,205 | 0 | -911 | 137 | 26 | 0 | -4,953 |
| Balance as at 30 Sep 2021 | 451,252 | 1,105,527 | 86,922 | 201,089 | 363,409 | 53,339 | 2,261,538 |
| Value adjustment | | | | | | | |
| Balance as at 1 Jan 2021 | 198,208 | 886,373 | 96,024 | 185,733 | 298,639 | 0 | 1,664,977 |
| Increases | 0 | 0 | 0 | 0 | -2 | 0 | -2 |
| Decreases | -1,271 | 0 | -17,172 | -16,910 | -14,473 | 0 | -49,826 |
| Depreciation | 9,205 | 13,599 | 2,825 | -10,922 | 37,374 | 0 | 52,081 |
| Other transfers | -846 | 0 | -717 | 0 | 0 | 0 | -1,563 |
| Balance as at 30 Sep 2021 | 205,296 | 899,972 | 80,960 | 157,901 | 321,538 | 0 | 1,665,667 |
| Carrying amount | | | | | | | |

| | | | | | | | |
|---------------------------|---------|---------|-------|--------|--------|--------|---------|
| Balance as at 1 Jan 2021 | 252,315 | 206,371 | 8,328 | 28,025 | 64,537 | 40,956 | 600,532 |
| Balance as at 30 Sep 2021 | 245,956 | 205,555 | 5,962 | 43,188 | 41,871 | 53,339 | 595,871 |

* Transfers between intangible assets and property, plant and equipment, transfers to investment property and transfers between asset categories are covered in the scope of other transfers.

Changes in property, plant and equipment of Telekom Slovenije in 2020

| EUR thousand | Land, buildings and cable ducts | Cable network | Telephone exchanges | Equipment for the mobile network | Other equipment | Assets under construction | Other | Total |
|--------------|---------------------------------|---------------|---------------------|----------------------------------|-----------------|---------------------------|-------|-------|
|--------------|---------------------------------|---------------|---------------------|----------------------------------|-----------------|---------------------------|-------|-------|

Historical cost

| | | | | | | | | |
|---|---------|-----------|---------|----------|---------|---------|---|-----------|
| Balance as at 1 Jan 2020 | 438,151 | 1,059,317 | 110,774 | 391,394 | 385,997 | 37,112 | 0 | 2,422,745 |
| Increases | 0 | 0 | 4 | 0 | 2,049 | 83,990 | 0 | 86,043 |
| Fixed assets created within the Company | 0 | 0 | 0 | 0 | 0 | 5,024 | 0 | 5,024 |
| Transfers to use | 12,882 | 33,471 | 1,649 | 9,461 | 27,685 | -85,148 | 0 | 0 |
| Decreases | -276 | -42 | -8,075 | -185,840 | -52,514 | -22 | 0 | -246,769 |
| Other transfers* | -234 | -2 | 0 | -1,257 | -41 | 0 | 0 | -1,534 |
| Balance as at 31 Dec 2020 | 450,523 | 1,092,744 | 104,352 | 213,758 | 363,176 | 40,956 | 0 | 2,265,509 |

Value adjustment

| | | | | | | | | |
|---------------------------|---------|---------|--------|----------|---------|---|---|-----------|
| Balance as at 1 Jan 2020 | 186,304 | 868,180 | 99,863 | 363,312 | 320,969 | 0 | 0 | 1,838,628 |
| Increases | 0 | 0 | 0 | 20 | 14 | 0 | 0 | 34 |
| Decreases | -236 | -39 | -8,057 | -185,775 | -49,344 | 0 | 0 | -243,451 |
| Depreciation | 12,393 | 18,232 | 4,218 | 9,352 | 27,014 | 0 | 0 | 71,209 |
| Other transfers* | -253 | 0 | 0 | -1,176 | -14 | 0 | 0 | -1,443 |
| Balance as at 31 Dec 2020 | 198,208 | 886,373 | 96,024 | 185,733 | 298,639 | 0 | 0 | 1,664,977 |

Carrying amount

| | | | | | | | | |
|---------------------------|---------|---------|--------|--------|--------|--------|---|---------|
| Balance as at 1 Jan 2020 | 251,847 | 191,137 | 10,911 | 28,082 | 65,028 | 37,112 | 0 | 584,117 |
| Balance as at 31 Dec 2020 | 252,315 | 206,371 | 8,328 | 28,025 | 64,537 | 40,956 | 0 | 600,532 |

* Transfers between intangible assets and property, plant and equipment, and transfers between asset categories are covered in the scope of other transfers.

Commitments for property, plant and equipment amounted to EUR 8,999 thousand at the Telekom Slovenije Group level and to EUR 23,203 thousand at Telekom Slovenije as at 30 September 2021.

Right-of-use assets

Changes in right-of-use assets of the Telekom Slovenije Group in the period January–September 2021

| EUR thousand | Base stations – lease and easement | Technological premises – lease and easement | Lease of premises and land | Vehicles | Leased lines | Other | Total |
|--------------|------------------------------------|---|----------------------------|----------|--------------|-------|-------|
|--------------|------------------------------------|---|----------------------------|----------|--------------|-------|-------|

Historical cost

| | | | | | | | |
|---|--------|-------|-------|-------|--------|-------|---------|
| Balance as at 1 Jan 2021 | 60,304 | 8,421 | 8,877 | 2,587 | 18,826 | 2,354 | 101,369 |
| Difference from translation to reporting currency | 0 | 0 | 9 | 0 | 0 | 0 | 9 |
| Amendments to agreements | 570 | -76 | 154 | 8 | 11 | 696 | 1,363 |
| Transfer to use – new agreements | 2,741 | 221 | 0 | 173 | 1,463 | 143 | 4,741 |
| Decreases | -115 | -303 | -94 | -80 | -68 | -9 | -669 |
| Other transfers | 0 | 0 | 0 | 0 | 0 | 686 | 686 |
| Balance as at 30 Sep 2021 | 63,500 | 8,263 | 8,946 | 2,688 | 20,232 | 3,870 | 107,499 |

Value adjustment

| | | | | | | | |
|--------------------------|--------|-------|-------|-------|-------|-----|--------|
| Balance as at 1 Jan 2021 | 14,272 | 1,765 | 3,123 | 1,185 | 3,053 | 551 | 23,949 |
| Decreases | -75 | -76 | -48 | -56 | -3 | 0 | -258 |
| Depreciation | 5,408 | 653 | 1,175 | 472 | 1,231 | 366 | 9,305 |
| Other transfers | 0 | 0 | 0 | 0 | 0 | 294 | 294 |

| | | | | | | | |
|----------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Balance as at 30 Sep 2021 | 19,605 | 2,342 | 4,250 | 1,601 | 4,281 | 1,211 | 33,290 |
| Carrying amount | | | | | | | |
| Balance as at 1 Jan 2021 | 46,032 | 6,656 | 5,754 | 1,402 | 15,773 | 1,803 | 77,420 |
| Balance as at 30 Sep 2021 | 43,895 | 5,921 | 4,696 | 1,087 | 15,951 | 2,659 | 74,209 |

Changes in right-of-use assets of the Telekom Slovenije Group in 2020

| EUR thousand | Base stations – lease and easement | Technological premises – lease and easement | Lease of premises and land | Vehicles | Leased lines | Other | Total |
|----------------------------------|--|---|----------------------------------|--------------|-----------------|--------------|----------------|
| Historical cost | | | | | | | |
| Balance as at 1 Jan 2020 | 52,656 | 7,493 | 8,236 | 2,541 | 18,492 | 2,401 | 91,819 |
| Amendments to agreements | 1,583 | 445 | 403 | -167 | -40 | 97 | 2,321 |
| Transfer to use – new agreements | 6,282 | 690 | 614 | 755 | 1,022 | 253 | 9,616 |
| Decreases | -217 | -207 | -376 | -585 | -648 | -464 | -2,497 |
| Other transfers | 0 | 0 | 0 | 43 | 0 | 67 | 110 |
| Balance as at 31 Dec 2020 | 60,304 | 8,421 | 8,877 | 2,587 | 18,826 | 2,354 | 101,369 |
| Value adjustment | | | | | | | |
| Balance as at 1 Jan 2020 | 6,999 | 863 | 1,592 | 925 | 1,568 | 572 | 12,519 |
| Amendments to agreements | 0 | 0 | 16 | -68 | 0 | -297 | -349 |
| Decreases | -83 | -35 | -58 | -535 | -121 | -464 | -1,296 |
| Depreciation | 7,356 | 937 | 1,587 | 846 | 1,592 | 520 | 12,838 |
| Other transfers | 0 | 0 | -14 | 17 | 14 | 220 | 237 |
| Balance as at 31 Dec 2020 | 14,272 | 1,765 | 3,123 | 1,185 | 3,053 | 551 | 23,949 |
| Carrying amount | | | | | | | |
| Balance as at 1 Jan 2020 | 45,657 | 6,630 | 6,644 | 1,616 | 16,924 | 1,829 | 79,300 |
| Balance as at 31 Dec 2020 | 46,032 | 6,656 | 5,754 | 1,402 | 15,773 | 1,803 | 77,420 |

Changes in right-of-use assets at Telekom Slovenije in the period January–September 2021

| EUR thousand | Base stations – lease and easement | Technological premises – lease and easement | Lease of premises and land | Vehicles | Leased lines | Other | Total |
|----------------------------------|---|--|----------------------------------|--------------|-----------------|------------|----------------|
| Historical cost | | | | | | | |
| Balance as at 1 Jan 2021 | 54,081 | 7,824 | 3,884 | 2,352 | 39,285 | 661 | 108,088 |
| Amendments to agreements | -48 | -96 | -10 | 8 | -842 | 2 | -985 |
| Transfer to use – new agreements | 2,741 | 54 | 0 | 173 | 1,463 | 0 | 4,431 |
| Decreases | -45 | -267 | -89 | -54 | -68 | 0 | -523 |
| Balance as at 30 Sep 2021 | 56,729 | 7,516 | 3,785 | 2,479 | 39,839 | 663 | 111,011 |
| Value adjustment | | | | | | | |
| Balance as at 1 Jan 2021 | 11,208 | 1,491 | 1,128 | 1,055 | 6,543 | 156 | 21,581 |
| Decreases | -23 | -43 | -44 | -30 | -3 | 0 | -143 |
| Depreciation | 4,242 | 534 | 419 | 430 | 2,604 | 123 | 8,351 |
| Balance as at 30 Sep 2021 | 15,427 | 1,983 | 1,503 | 1,454 | 9,144 | 278 | 29,789 |
| Carrying amount | | | | | | | |
| Balance as at 1 Jan 2021 | 42,872 | 6,333 | 2,756 | 1,298 | 32,742 | 505 | 86,506 |
| Balance as at 30 Sep 2021 | 41,301 | 5,533 | 2,283 | 1,025 | 30,695 | 384 | 81,221 |

Changes in right-of-use assets at Telekom Slovenije in 2020

| EUR thousand | Base stations – lease and easement | Technological premises – lease and easement | Lease of premises and land | Vehicles | Leased lines | Other | Total |
|----------------------------------|------------------------------------|---|----------------------------|----------|--------------|-------|---------|
| Historical cost | | | | | | | |
| Balance as at 1 Jan 2020 | 46,491 | 6,900 | 3,250 | 2,080 | 38,335 | 333 | 97,389 |
| Amendments to agreements | 1,501 | 694 | 273 | -17 | 159 | 446 | 3,056 |
| Transfer to use – new agreements | 6,282 | 401 | 614 | 724 | 1,022 | 90 | 9,134 |
| Write-offs | -193 | -171 | -253 | -435 | -230 | -209 | -1,491 |
| Balance as at 31 Dec 2020 | 54,081 | 7,824 | 3,884 | 2,352 | 39,285 | 661 | 108,088 |
| Value adjustment | | | | | | | |
| Balance as at 1 Jan 2020 | 5,474 | 728 | 576 | 767 | 3,226 | 217 | 10,987 |
| Decreases | -71 | -21 | -28 | -423 | -79 | -209 | -830 |
| Depreciation | 5,805 | 784 | 580 | 711 | 3,396 | 148 | 11,424 |
| Balance as at 31 Dec 2020 | 11,208 | 1,491 | 1,128 | 1,055 | 6,543 | 156 | 21,581 |
| Carrying amount | | | | | | | |
| Balance as at 1 Jan 2020 | 41,017 | 6,172 | 2,674 | 1,314 | 35,108 | 117 | 86,402 |
| Balance as at 31 Dec 2020 | 42,872 | 6,333 | 2,756 | 1,298 | 32,742 | 505 | 86,506 |

Depreciation in the amount of EUR 9,305 thousand and interest expense on lease liabilities in the amount of EUR 1,652 thousand were disclosed in the Telekom Slovenije Group's income statement in the period January–September 2021. The Group disclosed depreciation in the amount of EUR 9,426 thousand and interest expense in the amount of EUR 1,761 thousand during the same period last year.

Depreciation in the amount of EUR 8,351 thousand and interest expense on lease liabilities in the amount of EUR 1,651 thousand were disclosed in Telekom Slovenije's income statement in the period January–September 2021. The Company disclosed depreciation in the amount of EUR 8,545 thousand and interest expense in the amount of EUR 1,424 thousand during the same period last year.

Trade and other receivables

The Group and Company disclose receivables from the sale of merchandise with a maturity exceeding one year in non-current receivables. Corrections to the value of receivables relate to expected credit losses. The ageing structure of receivables is presented in Section 7.3.

Current trade and other receivables were down by EUR 10,306 thousand at the Telekom Slovenije Group level and by EUR 12,855 thousand at Telekom Slovenije relative to the balance at the end of 2020.

Financial liabilities for borrowings received and other financial liabilities

Financial liabilities amounted to EUR 366,418 thousand at the Telekom Slovenije Group level and to EUR 367,918 thousand at Telekom Slovenije as at 30 September 2021:

- borrowings received were up relative to the end of 2020 due to the raising of a new long-term loan to repay bonds at maturity. A long-term loan from the EIB was also drawn down during the first half of the year, while several short-term bank loans were likewise drawn down. The aforementioned liabilities amounted to EUR 366,263 thousand at the Telekom Slovenije Group level and to EUR 367,765 thousand at Telekom Slovenije as at 30 September 2021; and
- other non-current financial liabilities relate to liabilities in connection with an interest-rate swap in the amount of EUR 153 thousand at both the Group and Company levels. Current financial liabilities were down relative to 2020 due to the repayment of bonds, and amounted to EUR 2 thousand at the Telekom Slovenije Group as at 30 September 2021. Telekom Slovenije did not have other current liabilities as at 30 September 2021.

Lease liabilities

The lease liabilities of the Telekom Slovenije Group amounted to EUR 67,028 thousand as at 30 September 2021 and were down by EUR 2,244 thousand relative to the end of 2020.

The lease liabilities of Telekom Slovenije amounted to EUR 74,390 thousand as at 30 September 2021 and were down by EUR 4,363 thousand relative to the end of 2020.

Fair value hierarchy

Given accounting policies and the classification of individual items, the determination of fair value was required in certain cases for financial and non-financial assets and liabilities. The Group and Company take into account the following hierarchy when determining fair value:

Level 1: fair value is determined by directly quoting an officially published price on an active market;

Level 2: other techniques for determining fair value based on assumptions with a significant impact on fair value that are in line with current observable market transactions with the same instruments, either directly or indirectly; and

Level 3: other techniques for determining fair value based on assumptions with a significant impact on fair value that are not in line with current observable market transactions with the same instruments.

The table below only includes information regarding classification to the fair value hierarchy for assets and financial liabilities measured at fair value and for which fair value is disclosed.

Carrying amount and fair value of the Telekom Slovenije Group's financial instruments as at 30 September 2021

| EUR thousand | Carrying amount | Fair value | Level 1 | Level 2 | Level 3 |
|---|-----------------|------------|---------|---------|---------|
| Non-current financial assets | | | | | |
| Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income | 2,097 | 2,097 | 2,097 | | |
| Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income | 1,109 | 1,109 | | | 1,109 |
| Loans granted | 71 | 71 | | 71 | |
| Other non-current financial assets | 7 | 7 | | 7 | |
| Operating receivables | 16,283 | 16,283 | | 16,283 | |
| Current financial assets | | | | | |
| Loans granted | 49 | 49 | | 49 | |
| Other current financial assets | 702 | 702 | | 702 | |
| Trade and other receivables | 152,630 | 152,630 | | 152,630 | |
| Cash and cash equivalents | 9,766 | 9,766 | | 9,766 | |
| Non-current financial liabilities | | | | | |
| Borrowings | 301,381 | 301,381 | | 301,381 | |
| Liabilities for interest rate swaps | 153 | 153 | | 153 | |
| Other payables | 23,687 | 23,687 | | 23,687 | |
| Current financial liabilities | | | | | |
| Borrowings | 64,882 | 64,882 | | 64,882 | |
| Other financial liabilities | 2 | 2 | | 2 | |
| Trade payables | 102,827 | 102,827 | | 102,827 | |

Carrying amount and fair value of the Telekom Slovenije Group's financial instruments as at 31 December 2020

| EUR thousand | Carrying amount | Fair value | Level 1 | Level 2 | Level 3 |
|---|-----------------|------------|---------|---------|---------|
| Non-current financial assets | | | | | |
| Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income | 1,854 | 1,854 | 1,854 | | |
| Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income | 1,111 | 1,111 | | | 1,111 |
| Loans granted | 103 | 103 | | 103 | |
| Operating receivables | 17,081 | 17,081 | | 17,081 | |
| Current financial assets | | | | | |
| Loans granted | 61 | 61 | | 61 | |
| Other current financial assets | 451 | 451 | | 451 | |
| Trade and other receivables | 162,936 | 162,936 | | 162,936 | |
| Cash and cash equivalents | 8,167 | 8,167 | | 8,167 | |
| Non-current financial liabilities | | | | | |
| Borrowings | 184,221 | 184,221 | | 184,221 | |
| Liabilities for interest rate swaps | 244 | 244 | | 244 | |
| Other payables | 38,896 | 38,896 | | 38,896 | |
| Current financial liabilities | | | | | |
| Bonds | 101,078 | 100,500 | 100,500 | | |
| Borrowings | 32,080 | 32,080 | | 32,080 | |
| Liabilities for interest rate swaps | 98 | 98 | | 98 | |
| Other financial liabilities | 63 | 63 | | 63 | |
| Trade payables | 119,058 | 119,058 | | 119,058 | |

Carrying amount and fair value of Telekom Slovenije's financial instruments as at 30 September 2021

| EUR thousand | Carrying amount | Fair value | Level 1 | Level 2 | Level 3 |
|---|-----------------|------------|---------|---------|---------|
| Non-current financial assets | | | | | |
| Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income | 2,097 | 2,097 | 2,097 | | |
| Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income | 1,109 | 1,109 | | | 1,109 |
| Loans granted | 54,325 | 54,325 | | 54,325 | |
| Operating receivables | 16,880 | 16,880 | | 16,880 | |
| Current financial assets | | | | | |
| Loans granted | 16,229 | 16,229 | | 16,229 | |
| Trade and other receivables | 146,505 | 146,505 | | 146,505 | |
| Cash and cash equivalents | 1,181 | 1,181 | | 1,181 | |
| Non-current financial liabilities | | | | | |
| Borrowings | 301,381 | 301,381 | | 301,381 | |
| Liabilities for interest rate swaps | 153 | 153 | | 153 | |
| Trade payables | 15,909 | 15,909 | | 15,909 | |
| Current financial liabilities | | | | | |
| Borrowings | 66,384 | 66,384 | | 66,384 | |
| Trade payables | 93,313 | 93,313 | | 93,313 | |

Carrying amount and fair value of Telekom Slovenije's financial instruments as at 31 December 2020

| EUR thousand | Carrying amount | Fair value | Level 1 | Level 2 | Level 3 |
|---|-----------------|------------|---------|---------|---------|
| Non-current financial assets | | | | | |
| Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income | 1,854 | 1,854 | 1,854 | | |
| Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income | 1,109 | 1,109 | | | 1,109 |
| Loans granted | 60,988 | 60,988 | | 60,988 | |
| Other receivables | 17,081 | 17,081 | | 17,081 | |
| Current financial assets | | | | | |
| Loans granted | 17,385 | 17,385 | | 17,385 | |
| Trade and other receivables | 158,367 | 158,367 | | 158,367 | |
| Cash and cash equivalents | 2,086 | 2,086 | | 2,086 | |
| Non-current financial liabilities | | | | | |
| Borrowings | 184,221 | 184,221 | | 184,221 | |
| Liabilities for interest rate swaps | 244 | 244 | | 244 | |
| Other payables | 20,856 | 20,856 | | 20,856 | |
| Current financial liabilities | | | | | |
| Bonds | 101,078 | 100,500 | 100,500 | | |
| Borrowings | 45,083 | 45,083 | | 45,083 | |
| Liabilities for interest rate swaps | 98 | 98 | | 98 | |
| Other financial liabilities | 61 | 61 | | 61 | |
| Trade payables | 109,755 | 109,755 | | 109,755 | |

The fair values in levels 2 and 3 of the hierarchy were assessed using the discounted cash flow valuation technique. Neither the Group nor the Company recorded any transitions between fair value levels during the reporting period.

Contingent liabilities from lawsuits

In the period January–September 2021 Telekom Slovenije received seven lawsuits, as follows:

- a lawsuit due to alleged breaches of contractual obligations.
- two lawsuits claiming ordinary damages,
- three lawsuits due to a prohibition on the use of copyright work,
- a lawsuit for the payment of costs.

Telekom Slovenije assesses that the lawsuits are completely unfounded and will be rejected after the presentation of evidence.

Contingent liabilities from guarantees issued

The Group had provided the following guarantees as at 30 September 2021:

- performance guarantees and warranty bonds in the amount of EUR 9,161 thousand (at the end of 2020: EUR 9,292 thousand);
- other guarantees in the amount of EUR 385 thousand (at the end of 2020: EUR 405 thousand).

The Company had provided the following guarantees as at 30 September 2021:

- performance guarantees and warranty bonds in the amount of EUR 7,439 thousand (at the end of 2020: EUR 7,587 thousand);
- collateral and other guarantees in the amount of EUR 612 thousand (at the end of 2020: EUR 593 thousand).

None of the above stated liabilities meet the conditions for recognition in the statement of financial position, and the Group does not expect any material consequences as the result thereof.

Transactions with related parties

Related parties of the Company include the Republic of Slovenia as the majority shareholder of Telekom Slovenije, other shareholders, members of the Management Board, members of the Supervisory Board and their

family members.

Transactions with individuals

Natural persons (members of the Management Board and Supervisory Board) held 974 shares in Telekom Slovenije as at 30 September 2021, representing a holding of 0.01490%.

Transactions with owners and parties related thereto

The majority owner of Telekom Slovenije is the Republic of Slovenia, which together with Slovenski državni holding (SDH), holds a 66.79% participating interest in Telekom Slovenije.

Parties related to owners include those companies in which the Republic of Slovenia and SDH together hold a direct participating interest of at least 20%. A list of the aforementioned companies is published on SDH's website (<http://www.sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

The total value of transactions is presented in the table below.

| Telekom Slovenije Group | | | Telekom Slovenije | |
|---|-------------|-------------|-------------------|-------------|
| EUR thousand | 30 Sep 2021 | 31 Dec 2020 | 30 Sep 2021 | 31 Dec 2020 |
| Outstanding trade receivables | 3,270 | 3,480 | 2,852 | 3,336 |
| Outstanding trade payables | 1,493 | 2,156 | 1,448 | 2,060 |
| VAT liabilities | 4,770 | 5,845 | 4,840 | 6,026 |
| Income tax payable | 3,311 | 75 | 3,277 | 0 |
| EUR thousand | I – IX 2021 | I – IX 2020 | I – IX 2021 | I – IX 2020 |
| Revenue | 11,358 | 14,045 | 10,292 | 11,814 |
| Purchase costs of material and services | 7,370 | 7,027 | 6,798 | 6,419 |
| EUR thousand | I – IX 2021 | I – IX 2020 | I – IX 2021 | I – IX 2020 |
| VAT payment | 43,722 | 41,057 | 43,657 | 41,073 |
| Corporate income tax payment | 529 | 696 | 0 | 0 |
| Dividends paid | 19,687 | 15,312 | 19,687 | 15,312 |

Transactions with Group companies

Telekom Slovenije recorded the following transactions with Group companies:

| EUR thousand | 30 Sep 2021 | 31 Dec 2020 |
|---|---------------|---------------|
| Receivables due from companies in the Group | | |
| Subsidiaries – gross amount | 3,600 | 3,872 |
| Subsidiaries – impairment | -14 | -22 |
| Subsidiaries – net amount | 3,586 | 3,850 |
| Borrowings to companies in the Group | | |
| Subsidiaries – gross amount | 70,433 | 78,209 |
| Subsidiaries – impairment | 0 | 0 |
| Subsidiaries – net amount | 70,433 | 78,209 |
| Liabilities to Group companies | | |
| Subsidiaries | 27,239 | 41,810 |
| EUR thousand | I – IX 2021 | I – IX 2020 |
| Net Group revenue | 10,424 | 10,958 |
| Subsidiaries | 10,424 | 10,958 |
| Purchase of material and services in the Group | 12,833 | 13,892 |
| Subsidiaries | 12,833 | 13,892 |

Loans granted to subsidiaries

| EUR thousand | 30 Sep 2021 | 31 Dec 2020 |
|------------------------------|---------------|---------------|
| TSmedia, d. o. o. | 351 | 1,556 |
| IPKO, d. o. o. | 58,650 | 65,650 |
| SOLINE, d. o. o. | 2,007 | 1,998 |
| SIOL, d. o. o., Zagreb | 1,242 | 151 |
| SIOL, d. o. o., Sarajevo | 4,915 | 5,317 |
| SIOL Beograd | 58 | 241 |
| SIOL Prishtina | 3,211 | 3,325 |
| Total to subsidiaries | 70,434 | 78,238 |

All transactions between related parties are executed at market terms.

Events after the reporting date

Events after the reporting date are described in the business section of this report, in Section 6 Events after the reporting date.

7.3. Financial risk management

The financial risks to which the Telekom Slovenije Group is most exposed in its operations are credit risk, short-term and long-term solvency risk and interest-rate risk. The Telekom Slovenije Group assesses exposure to specific types of financial risks and implements measures to control those risks based on their effects on cash flows and the income statement.

Presented below are the most significant financial risks that the Group regularly assesses in accordance with the relevant policy. It also verifies the appropriateness of measures to manage those risks.

Credit risk

Credit risk is the risk of financial loss if a subscriber or contracting party fails to settle their obligations in full or fails to settle them at all.

Maximum exposure to credit risk is equal to the carrying amount of financial assets.

| EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|------------------------------|-------------------------|----------------|-------------------|----------------|
| | 30 Sep 2021 | 31 Dec 2020 | 30 Sep 2021 | 31 Dec 2020 |
| Loans granted | 120 | 164 | 70,554 | 78,402 |
| Investments | 702 | 451 | 0 | 0 |
| Trade and other receivables | 169,514 | 180,017 | 163,385 | 176,999 |
| - of which trade receivables | 163,855 | 173,852 | 159,240 | 170,769 |
| Cash and cash equivalents | 9,766 | 8,167 | 1,181 | 2,086 |
| TOTAL | 180,102 | 188,799 | 235,120 | 257,487 |

Credit risk or the risk of counterparty default derives from default by subscribers (retail) and by operators (wholesale). The highest exposure to credit risk is seen in trade receivables. The latter amounted to EUR 163,855 thousand as at 30 September 2021, a decrease of EUR 9,998 thousand relative to the end of 2020. Telekom Slovenije's receivables make up the majority of the Group's trade and other receivables. The majority of receivables are unsecured. The Group's receivables are accounted for by a large number of individuals and legal entities. Its largest customers are operators, where turnover generally flows in both directions, which reduces net credit exposure. We assess that there is no significant concentration of credit risk vis-à-vis a particular customer or economic sector.

Procedures aimed at the management of receivables are implemented at Group companies and include the monitoring of business partners' credit ratings, the monitoring of high-traffic subscribers and debt collection activities. Debt collection activities are carried out by companies according to a predefined timetable (reminders and disconnections) and via specialised external service providers. Prior authorisation is required at Telekom Slovenije for the entry into and amendments to subscriber agreements and for the deferred payment of merchandise purchases. Larger Group companies have implemented a Fraud Management System (FMS) as an additional credit risk management measure, while Telekom Slovenije, which has a large number of post-paid subscribers, has also introduced a Credit Management System (CMS).

Credit risk is assessed as manageable on account of procedures introduced to manage receivables.

The Telekom Slovenije Group and Telekom Slovenije also monitor credit risk in other areas of operations. The Group ensures an appropriate level of diversification in the placement of financial assets. Concentration risk is therefore low. Cash on accounts is allocated according to the principles of minimising risks and costs, and achieving the appropriate diversification at banks. The associated risk is low, as there is no major risk associated with maintaining cash on accounts due to the stability of the banking system and the high liquidity of banks.

The Group is also exposed to risks associated with receivables arising from loans to employees and investments in short-term deposits. The risk associated with loans granted is low, as those loans are settled for the most part when employees' wages are paid, while the risks associated with other investments are mitigated through the appropriate diversification of investments and by monitoring the credit ratings of individual banks.

Telekom Slovenije is also exposed to credit risk in connection with receivables from loans to subsidiaries.

The Company manages the risk of borrowers' failure to settle their obligations through the use of various collateral instruments in loan agreements, while it regularly monitors the operations of subsidiaries to further mitigate the associated credit risk.

Ageing analysis of receivables of the Telekom Slovenije Group as at the reporting date

| EUR thousand | 30 Sep 2021 | | | | 31 Dec 2020 |
|--|----------------|---------------------------|------------------|----------------|----------------|
| | Gross value | Expected credit loss rate | Value adjustment | Net value | Net value |
| Total trade receivables | 180,518 | | -16,664 | 163,855 | 173,852 |
| Trade receivables not past due | 144,755 | 0.5% | -745 | 144,010 | 155,809 |
| Past due | | | | | |
| - up to 30 days (inclusive) | 12,973 | 3.5% | -448 | 12,525 | 11,385 |
| - from 31 days (inclusive) up to 60 days (inclusive) | 4,306 | 8.3% | -358 | 3,948 | 3,199 |
| - from 61 days (inclusive) up to 90 days (inclusive) | 658 | 6.8% | -45 | 613 | 551 |
| - from 91 days (inclusive) up to 180 days (inclusive) | 1,318 | 53.6% | -706 | 612 | 698 |
| - from 181 days (inclusive) up to 365 days (inclusive) | 1,950 | 57.2% | -1,115 | 835 | 1,168 |
| - from 366 days (inclusive) up to 2 years | 5,342 | 77.3% | -4,131 | 1,211 | 926 |
| - more than two years | 5,206 | 98.1% | -5,107 | 99 | 108 |
| - trade receivables in insolvency proceedings | 4,011 | 100.0% | -4,009 | 2 | 8 |
| Total trade receivables past due | 35,764 | | -15,919 | 19,845 | 18,043 |
| Other trade receivables | 5,667 | | -8 | 5,659 | 6,165 |
| Total receivables | 186,186 | | -16,672 | 169,514 | 180,017 |

Ageing analysis of receivables of Telekom Slovenije as at the reporting date

| EUR thousand | 30 Sep 2021 | | | | 31 Dec 2020 |
|--|----------------|---------------------------|------------------|----------------|----------------|
| | Gross value | Expected credit loss rate | Value adjustment | Net value | Net value |
| Total trade receivables | 172,153 | | -12,913 | 159,240 | 170,769 |
| Trade receivables not past due | 143,960 | 0.5% | -768 | 143,192 | 156,298 |
| Past due | | | | | |
| - up to 30 days (inclusive) | 10,119 | 4.4% | -447 | 9,672 | 8,172 |
| - from 31 days (inclusive) up to 60 days (inclusive) | 3,776 | 9.5% | -358 | 3,418 | 2,981 |
| - from 61 days (inclusive) up to 90 days (inclusive) | 477 | 9.2% | -44 | 433 | 589 |
| - from 91 days (inclusive) up to 180 days (inclusive) | 1,064 | 49.4% | -526 | 538 | 655 |
| - from 181 days (inclusive) up to 365 days (inclusive) | 1,633 | 49.4% | -807 | 826 | 1,162 |
| - from 366 days (inclusive) up to 2 years | 2,749 | 60.5% | -1,663 | 1,086 | 819 |
| - more than two years | 5,008 | 98.5% | -4,933 | 75 | 93 |
| - trade receivables in insolvency proceedings | 3,367 | 100.0% | -3,367 | 0 | 0 |
| Total trade receivables past due | 28,193 | | -12,145 | 16,048 | 14,471 |
| Other trade receivables | 4,145 | | 0 | 4,145 | 6,230 |
| Total receivables | 176,298 | | -12,913 | 163,385 | 176,999 |

Trade receivables within the Group are classified to the appropriate maturity buckets. Expected credit losses for receivables within the Group are taken into account at the same rate applied to other receivables.

Non-current trade receivables are outstanding in full.

Maturity dates of loans granted

| EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|---------------------------|-------------------------|-------------|-------------------|---------------|
| | 30 Sep 2021 | 31 Dec 2020 | 30 Sep 2021 | 31 Dec 2020 |
| Past due | 5 | 6 | 5 | 6 |
| Not past due: | 115 | 158 | 70,549 | 78,396 |
| - in less than 3 months | 11 | 15 | 410 | 323 |
| - between 3 and 12 months | 33 | 40 | 15,814 | 17,085 |
| - between 1 and 2 years | 30 | 40 | 11,322 | 9,582 |
| - between 2 and 5 years | 38 | 53 | 33,985 | 44,358 |
| - more than 5 years | 3 | 10 | 9,018 | 7,049 |
| Total | 120 | 164 | 70,554 | 78,402 |

Ageing analysis of loans granted as at 30 September 2021

| Telekom Slovenije Group | | Past due | | | | | Total |
|-------------------------|--------------|--------------------|-------------------------|-----------------------|-----------------------|-------------------|-------|
| EUR thousand | Not past due | Less than 3 months | Between 3 and 12 months | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | |
| Loans granted | 115 | 5 | 0 | 0 | 0 | 0 | 120 |

| Telekom Slovenije | | Past due | | | | | Total |
|-------------------|--------------|--------------------|-------------------------|-----------------------|-----------------------|-------------------|--------|
| EUR thousand | Not past due | Less than 3 months | Between 3 and 12 months | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | |
| Loans granted | 70,549 | 5 | 0 | 0 | 0 | 0 | 70,554 |

Ageing analysis of loans granted as at 31 December 2020

| Telekom Slovenije Group | | Past due | | | | | Total |
|-------------------------|--------------|--------------------|-------------------------|-----------------------|-----------------------|-------------------|-------|
| EUR thousand | Not past due | Less than 3 months | Between 3 and 12 months | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | |
| Loans granted | 158 | 6 | 0 | 0 | 0 | 0 | 164 |

| Telekom Slovenije | | Past due | | | | | Total |
|-------------------|--------------|--------------------|-------------------------|-----------------------|-----------------------|-------------------|--------|
| EUR thousand | Not past due | Less than 3 months | Between 3 and 12 months | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | |
| Loans granted | 78,396 | 6 | 0 | 0 | 0 | 0 | 78,402 |

Solvency risk

The Group's solvency is the result of the active planning and management of cash flows, ensuring the appropriate maturities and the diversification of financial debt, financing within the Group, and the optimisation of working capital and cash. Liquidity risk at the Group level is managed by the parent company, which plans and monitors subsidiaries' financing needs, and ensures their current liquidity and long-term solvency.

Debt is relatively low at the level of the Group and Company. The financial liabilities of the Group and the Company as at 30 September 2021 relate to long-term syndicated loans and bilateral bank loans in the amount of EUR 340 million, a short-term bank loan in the amount of EUR 26 million, and lease liabilities in the amount of EUR 67 million at the Group level and EUR 74.4 million at the Company level, while the Company has also drawn down short-term revolving loans at its subsidiaries in the amount of EUR 1.5 million. The Group and Company regularly repay their liabilities from financing.

At the beginning of June 2021, a contract was signed for a long-term syndicated loan in the amount of EUR 130 million, via which Telekom Slovenije repaid principal on issued bonds in the amount of EUR 100 million that fell due for payment in June 2021. The remainder of that loan will be earmarked for investments in connection with the continued implementation of the Company's established strategy. The loan is expected to be drawn down in full by the end of 2021.

For the purpose of ensuring a high level of liquidity, the Group and Company have open short-term revolving loans at banks that are rolled over annually taking into account expected needs. Total liquidity reserves amounted to EUR 74 million at the end of September 2021, and took the form of approved but undrawn short-term revolving credit lines. The Company has also yet to completely draw down two long-term loans according to loan agreements entered into with the European Investment Bank and a syndicate of banks; the undrawn portion according to both contracts amounts to EUR 90 million.

Maturity of the Telekom Slovenije Group's liabilities as at 30 September 2021 and 31 December 2020 based on contractual non-discounted payments

| Contractual non-discounted payments | | | | | | | | |
|-------------------------------------|----------|----------|--------------------|-------------------------|-----------------------|-----------------------|-------------------|---------|
| EUR thousand | Past due | Callable | Less than 3 months | Not past due | | | | Total |
| | | | | Between 3 and 12 months | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | |
| 30 Sep 2021 | | | | | | | | |
| Loans and borrowings | 0 | 0 | 46,168 | 18,956 | 37,912 | 173,223 | 90,952 | 367,211 |
| Anticipated interest on loans | 0 | 0 | 2,309 | 2,154 | 3,916 | 5,410 | 2,264 | 16,053 |
| Other financial liabilities | 0 | 0 | 0 | 2 | 153 | 0 | 0 | 155 |
| Anticipated interest on bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trade and other payables | 3,967 | 2,726 | 68,933 | 27,201 | 11,830 | 3,833 | 8,024 | 126,514 |
| Financial liabilities from leases | 29 | 9 | 4,616 | 6,043 | 7,256 | 16,250 | 32,825 | 67,028 |
| Total | 3,996 | 2,735 | 122,026 | 54,356 | 61,067 | 198,716 | 134,065 | 576,961 |
| 31 Dec 2020 | | | | | | | | |
| Loans and borrowings | 0 | 0 | 1 | 32,269 | 30,769 | 153,846 | 0 | 216,885 |
| Anticipated interest on loans | 0 | 0 | 16 | 3,202 | 2,725 | 2,756 | 0 | 8,699 |
| Other financial liabilities | 61 | 0 | 98 | 101,097 | 244 | 0 | 0 | 101,500 |
| Anticipated interest on bonds | 0 | 0 | 0 | 1,950 | 0 | 0 | 0 | 1,950 |
| Trade and other payables | 2,593 | 2,727 | 103,519 | 10,220 | 9,313 | 18,988 | 10,594 | 157,954 |
| Financial liabilities from leases | 120 | 14 | 5,023 | 5,023 | 7,044 | 18,059 | 33,989 | 69,272 |
| Total | 2,774 | 2,741 | 108,657 | 153,761 | 50,095 | 193,649 | 44,583 | 556,260 |

Maturity of Telekom Slovenije's liabilities as at 30 September 2021 and 31 December 2020 based on contractual non-discounted payments

| EUR thousand | Past due | Callable | Less than 3 months | Not past due | | | | Total |
|-----------------------------------|----------|----------|--------------------|-------------------------|-----------------------|-----------------------|-------------------|---------|
| | | | | Between 3 and 12 months | Between 1 and 2 years | Between 2 and 5 years | More than 5 years | |
| 30 Sep 2021 | | | | | | | | |
| Loans and borrowings | 0 | 0 | 47,669 | 18,956 | 37,912 | 173,224 | 90,952 | 368,713 |
| Anticipated interest on loans | 0 | 0 | 2,309 | 2,154 | 3,916 | 5,409 | 2,264 | 16,052 |
| Other financial liabilities | 0 | 0 | 0 | 0 | 153 | 0 | 0 | 153 |
| Anticipated interest on bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trade and other payables | 3,591 | 1,257 | 70,158 | 18,307 | 11,831 | 3,833 | 245 | 109,222 |
| Financial liabilities from leases | 28 | 9 | 5,010 | 7,035 | 8,858 | 21,658 | 31,792 | 74,390 |
| Total | 3,619 | 1,266 | 125,146 | 46,452 | 62,670 | 204,124 | 125,253 | 568,530 |
| 31 Dec 2020 | | | | | | | | |
| Loans and borrowings | 0 | 0 | 0 | 45,272 | 30,769 | 153,846 | 0 | 229,887 |
| Anticipated interest on loans | 0 | 0 | 28 | 3,250 | 2,725 | 2,756 | 0 | 8,759 |
| Other financial liabilities | 61 | 0 | 98 | 101,095 | 244 | 0 | 0 | 101,498 |
| Anticipated interest on bonds | 0 | 0 | 0 | 1,950 | 0 | 0 | 0 | 1,950 |
| Trade and other payables | 1,845 | 1,376 | 96,548 | 9,986 | 10,551 | 10,045 | 260 | 130,611 |
| Financial liabilities from leases | 27 | 14 | 5,463 | 6,155 | 8,837 | 22,726 | 35,531 | 78,753 |
| Total | 1,933 | 1,390 | 102,137 | 167,708 | 53,126 | 189,373 | 35,791 | 551,458 |

Interest-rate risk

Interest-rate risk is the risk of the negative effect of a change in market interest rates on the Group's operations. The Group's and the Company's exposure to interest-rate risk as at 30 September 2021 derives from a potential change in the EURIBOR reference interest rate linked to interest-sensitive liabilities. The target ratio of financial liabilities with a variable interest rate to financial liabilities with a fixed or hedged interest rate that the Group and Company pursue is 50% of liabilities with a fixed or hedged interest rate.

Liabilities from loans raised with variable interest rates tied to the 6-month EURIBOR accounted for 69.3% of the Group's financial liabilities and 67.9% of the Company's financial liabilities as at 30 September 2021. The remaining liabilities are accounted for by loans raised and a lease with a fixed interest rate.

The Group and Company entered into an interest-rate swap in the amount of 50% of one of three loan tranches with the aim of hedging exposure to interest-rate risk as the result of a long-term syndicated loan with a final repayment deadline of 31 December 2025. The amount of the secured principal stood at EUR 15.4 million as at 30 September 2021. By hedging interest-rate exposure through the use of an interest-rate swap (IRS), the Group and Company hedge future cash flows against the risk of rising interest rates. The principal is hedged against a rise in the reference interest rate if the latter is higher than or equal to zero. Fixed or hedged interest rates account for 34.3% of interest-bearing financial liabilities at the Group level and 35.6% at the Company level.

Exposure to interest-rate risk

| EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|---|-------------------------|----------------|-------------------|----------------|
| | 30 Sep 2021 | 31 Dec 2020 | 30 Sep 2021 | 31 Dec 2020 |
| Financial instruments with variable interest rates | | | | |
| Financial receivables | 0 | 0 | 0 | 0 |
| Financial liabilities | 284,615 | 147,654 | 284,615 | 147,654 |
| Net financial liabilities | 284,615 | 147,654 | 284,615 | 147,654 |

The table does not include financial instruments that do not bear interest or instruments bearing a fixed interest rate, as the latter are not exposed to interest-rate risk. Financial liabilities whose interest rate is hedged against a rise in the EURIBOR are also not included.

Sensitivity analysis

The table below presents a sensitivity analysis for a change in an interest rate on the reporting date with respect to the profit of the Group and Company. All other variables are constant in the analysis.

Interest-rate risk table

| 30 Sep 2021 | Interest rate increase/decrease | Effect on profit before tax in EUR thousand | |
|-------------|---------------------------------|---|-------------------|
| | | Telekom Slovenije Group | Telekom Slovenije |
| EURO | +100 bp | -1,254 | -1,254 |
| EURO | -100 bp | -154 | -154 |

| 31 Dec 2020 | Interest rate increase/decrease | Effect on profit before tax in EUR thousand | |
|-------------|---------------------------------|---|-------------------|
| | | Telekom Slovenije Group | Telekom Slovenije |
| EURO | +100 bp | -202 | -202 |
| EURO | -100 bp | -692 | -692 |

Euribor interest rate values

| EURIBOR | Value as at 30 Sep 2021 | Value as at 31 Dec 2020 | Change in % |
|---------|-------------------------|-------------------------|-------------|
| 6-month | -0.523 | -0.523 | 0 |

Capital management

The key objectives of managing the capital of the Group and Company are ensuring capital adequacy and thus long-term solvency and financial stability in an attempt to secure the best possible credit rating for the financing of operations, and ensuring the continued development of the Group and Company, and thus the achievement of the highest possible value for shareholders.

The Group and Company use the net financial debt to equity and equity to total assets ratios to monitor changes in capital. The Group's net financial debt includes loans received, lease liabilities and other financial liabilities, less current financial assets and cash and cash equivalents. The Group also complies with the financial commitments set out in loan agreements when making decisions regarding the management of capital.

| EUR thousand | Telekom Slovenije Group | | Telekom Slovenije | |
|--|-------------------------|------------------|-------------------|------------------|
| | 30 Sep 2021 | 31 Dec 2020 | 30 Sep 2021 | 31 Dec 2020 |
| Borrowings and other financial liabilities | 433,446 | 387,056 | 442,308 | 409,550 |
| Less current investments and cash with short-term deposits | -10,517 | -8,679 | -17,410 | -19,500 |
| Net liabilities | 422,929 | 378,377 | 424,898 | 390,050 |
| Equity | 597,584 | 590,484 | 612,730 | 605,784 |
| Total assets | 1,252,862 | 1,227,839 | 1,247,131 | 1,226,566 |
| Debt/equity ratio | 70.8% | 64.1% | 69.3% | 64.4% |
| Equity/total assets ratio | 47.7% | 48.1% | 49.1% | 49.4% |