



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

for the period January to September 2020



TelekomSlovenije

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Ljubljana, 4 November 2020

# 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 2020.

The condensed interim financial statements for the period ending 30 September 2020 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 2019. The financial statements for the period January to September 2020 have not been audited.

Telekom Slovenije's Supervisory Board discussed the Unaudited Business Report of the Telekom Slovenije Group and Telekom Slovenije for the aforementioned period at its session on 4 November 2020.

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](http://www.telekom.si).

The Unaudited Business Report for the period January to September 2020 is also available on the Company's website at [www.telekom.si](http://www.telekom.si).

## 1.1. Statement of responsibility of the Management Board

The members of Telekom Slovenije's Management Board responsible for compiling the unaudited report of the Telekom Slovenije Group and Telekom Slovenije for the period January to September 2020, 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 2020 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 2019;
- 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 Telekom Slovenije and the Telekom Slovenije Group are going concerns; and
- the interim business report presents a fair picture of information regarding major transactions with related parties, in accordance with regulations.



Tomaž Seljak, MSc  
President of the  
Management Board



Dr Vida Žurga  
Vice-President of the  
Management Board



Matjaž Beričič, MSc  
Member of the  
Management Board



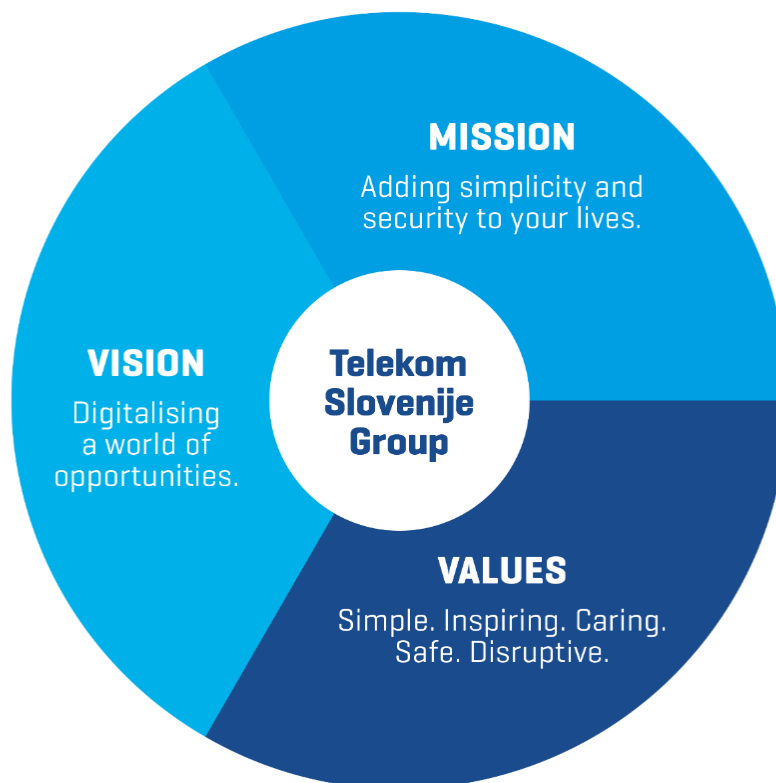
Tomaž Jontes  
Member of the  
Management Board



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 2020 in accordance with adopted strategic policies. The strategic business plan is updated every year taking into account conditions in the sector and across the globe.

### Leader in user experience

The leading user experience will be based on the best fibre optic and most advanced 4G/5G network for the B2C market, business verticals and a critical infrastructure. We will create that experience in accordance with the latest trends, and the needs and requirements of users. We are building a long-term strategic position as the first choice of users and business partners for a carefree and secure digital life and operations. We will achieve this through digitalisation, by ensuring excellence, security and contactless operations, and by adapting dynamically to the constantly changing habits of the users of communication services.

### Digitalisation of operations

With the aim of ensuring efficient operations, the Telekom Slovenije Group will continue with the accelerated digitalisation of operations through the optimisation and automation of business processes.

### Growth in ICT services

Growth in ICT services for our users will be based on the existing superior LTE/4G network, the development of the Internet of Things and the smart infrastructure (smart cities, smart communities, Industry 4.0, etc.), ensuring cyber security, artificial intelligence and the opportunities offered by fifth generation (5G) mobile networks. On that basis, Telekom Slovenije will be the leading partner in Slovenia's digital development. Growth will be achieved through organic growth and the consolidation of the Slovenian ICT market.

### Maintaining the level of revenues from the core activity in Slovenia

We will maintain our market position and revenues from the telecommunications activity in Slovenia through continued digitalisation (including the development of e-commerce, e-identity and other digital services) with a range of comprehensive services, the development of a unique, tailor-made

user experience, and the continuous development of networks and services.

### Consolidation on individual markets

The 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. Consolidation activities will focus on acquiring new competences, and on entering new markets and new areas.

### Optimal staffing structure

Achieving objectives is possible through the systematic management of the employer's reputation and brand, the optimal staffing structure, an effective remuneration system, the development of employees' knowledge and competences, and through the appropriate organisational structure and job systematisation. The Telekom Slovenije Group will continue to ensure the optimal number of employees, taking into account the needs of work processes at individual companies.

### Financial stability

Telekom Slovenije is implementing activities that will facilitate the effective management of liquidity and financial stability. We will ensure the optimal level of debt over the long term, at which the value of the Company is highest.

### Social responsibility

The Group actively identifies and will continue to identify opportunities where it can contribute to the development of the social and economic environment in which it operates, through its expertise, and financial and other resources. Thus, the principles of sustainable development are and will continue to be 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 2020

|                      |                   |  |
|----------------------|-------------------|--|
| Operating revenues   | EUR 676.0 million | (without Planet TV and IPKO EUR 609.3 million) |
| EBITDA               | EUR 210.6 million | (without Planet TV and IPKO EUR 178.5 million) |
| Net operating profit | EUR 27.5 million  | (without Planet TV and IPKO EUR 24.6 million)  |
| Investments          | EUR 209.7 million | (without Planet TV and IPKO EUR 185.1 million) |

The key objectives of the Telekom Slovenije Group for 2020 were adjusted in accordance with IFRS 5 due to the reclassification of Planet TV and IPKO. The Telekom Slovenije Group assesses that the pandemic and measures adopted at the national level due to the two waves of the declared epidemic will have an adverse impact on the Group's EBITDA of around 4% relative to planned EBITDA for 2020 taking into account measures to mitigate negative effects. To that end, the Telekom Slovenije Group also adopted measures relating to investments, which will be close to 5% lower than planned in 2020.

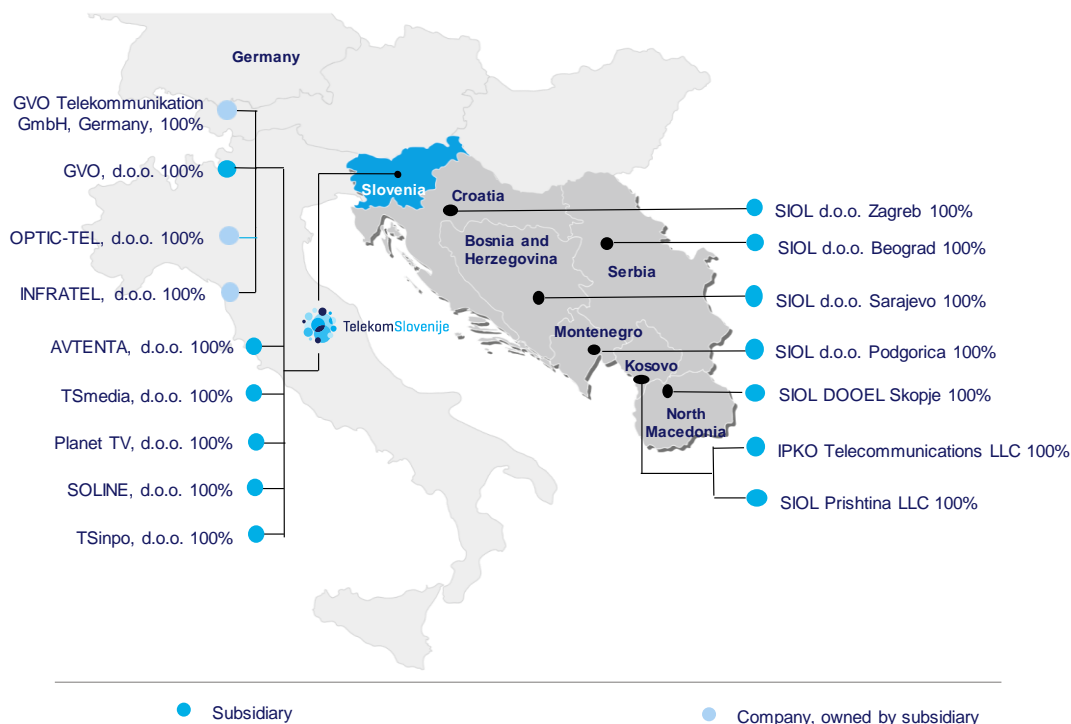
## 3. TELEKOM SLOVENIJE GROUP

### 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 2020 are presented in the picture below.

The detailed composition of the Telekom Slovenije Group is presented on the website <https://www.telekom.si/o-podjetju/skupina-telekom-slovenije/odvisne-druzbe>.

#### Situation as at 30 September 2020



#### Changes in the composition of the Group in 2020:

- The sale of Telekom Slovenije's 100% participating interest in the subsidiary Planet TV, televizijska dejavnost, d. o. o. was completed on 30 September 2020. The transfer of that participating interest to the buyer TV2 ADRIA, d. o. o. was entered in the companies register on 7 October 2020.
- IPKO is in the process of being sold.

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

In its consolidated income statement as at 30 September 2020, the Telekom Slovenije Group disclosed revenues, expenses and net operating results from discontinued operations separately for Planet TV and IPKO, which were classified to the group of assets held for sale. The item net operating results from discontinued operations thus presents a single amount in the income statement as the sum of operating results from discontinued operations after taxes and the effect of the loss recognised upon the measurement of the fair value and sale of Planet TV.

Given the course of the sale of the 100% participating interest in IPKO Telecommunications LLC, the conditions for the reclassification of the assets and liabilities of the aforementioned subsidiary in accordance with IFRS 5 were met during the third quarter of 2020. In its consolidated income statement as at 30 September 2020, the Telekom Slovenije Group thus disclosed revenues, expenses and net operating results from discontinued operations for IPKO separately due to their material impact on the Group's financial statements. The sale of the 100% participating interest in Planet TV, d. o. o. was completed on 30 September 2020. The item net operating results from discontinued operations thus presents a single amount in the income statement as the sum of operating results from discontinued operations after taxes and the effect of the loss recognised upon the measurement of fair value and the sale of Planet TV, d. o. o. The comparable period I – IX 2019 has also been adjusted.

**The Telekom Slovenije Group achieved the following results in the period January to September 2020, taking into account the reclassification of Planet TV and IPKO in accordance with IFRS 5:**

- The Telekom Slovenije Group generated EUR 450.5 million in operating revenues in the period January to September 2020 (excluding IPKO and Planet TV), a decrease of 2% on the revenues generated during the comparable period in 2019.
- Net sales revenue amounted to EUR 440.0 million. The COVID-19 pandemic and measures adopted at the national level in connection with the declaration of two waves of the epidemic (e.g. the closure of Telekom centres, the suspension of public activities and restrictions on the crossing of national borders) are affecting sales revenue in 2020 due to lower revenues from the roaming of users in the networks of foreign operators, the sharp decline in international voice traffic and roaming by foreign users in our mobile networks, and the lower revenues of subsidiaries outside of the telecommunications activity. Revenues are also declining due to the optimisation of subscribers who have an increasing number of services included in their monthly subscription fee, while revenues from traditional telephony are also lower. Revenues from e-commerce were up by 59% relative to the same period last year, while revenues from energy services were also up.
- The Telekom Slovenije Group's operating expenses totalled EUR 410.4 million, a decrease of 3% or EUR 12.5 million relative to the comparable period in 2019.
- Earnings before interest and taxes (EBIT) amounted to EUR 40.1 million in the period January to September 2020, an increase of 7% or EUR 2.8 million relative to the comparable period last year.
- Earnings before interest, taxes, amortisation and depreciation (EBITDA) totalled EUR 144.6 million at the Telekom Slovenije Group level, a decrease of one percent relative to the comparable nine-month period in 2019. The EBITDA margin (i.e. EBITDA as a proportion of net sales revenue) was 32.9% at the Group level.
- Following the calculation of income tax (including deferred taxes), the Telekom Slovenije Group generated a net profit of EUR 27.4 million during the first nine months of 2020, a decrease of EUR 1.9 million relative to the same period in 2019.
- The global pandemic and measures adopted at the national level during two waves of the declared epidemic are affecting the net sales revenue of Telekom Slovenije on the retail and wholesale market, as well as other Group companies due to the stagnation and reduced scope of transactions. In response to the declaration of an epidemic at the national level in both March and October of this year, the Telekom Slovenije Group immediately adopted and began to implement the appropriate measures with the aim of further optimising operations and limiting the effects on its operations. At the time the business report for the first nine months of this year was drafted, the pandemic still raged, while an epidemic was declared again at the national level

and was accompanied by the appropriate measures. We thus find that there is still a high level of uncertainty regarding the impact on operations. For that reason, we reviewed the assumptions in the Telekom Slovenije Group's plan for 2020.

We assess that the global pandemic, and two waves of the epidemic and the associated measures at the national level will have a negative impact on the net sales revenue of the Telekom Slovenije Group excluding Planet TV and IPKO (taking into account all measures to mitigate effects) of around 3% relative to planned net sales revenue for 2020, and will have a negative impact on the Telekom Slovenije Group's EBITDA excluding Planet TV and IPKO (again, taking into account all measures to mitigate effects) of around 4% relative to planned EBITDA for 2020. To that end, the Telekom Slovenije Group also adopted measures relating to investments, which will be close to 5% lower than planned in 2020 excluding Planet TV and IPKO.

Despite the challenges we are facing this year, 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 financial indicators for the Telekom Slovenije Group

| EUR thousand / %                              | Telekom Slovenije Group |                          |             | Telekom Slovenije       |                          |             |
|---|-------------------------|--------------------------|-------------|-------------------------|--------------------------|-------------|
|   | I - IX 2020 / 30.9.2020 | I - IX 2019 / 31.12.2019 | Index 20/19 | I - IX 2020 / 30.9.2020 | I - IX 2019 / 31.12.2019 | Index 20/19 |
| Net sales revenue                             | 440,026                 | 457,182                  | 96          | 439,610                 | 453,406                  | 97          |
| Other operating income                        | 10,447                  | 2,975                    | 351         | 8,995                   | 2,057                    | 437         |
| Operating revenue                             | 450,473                 | 460,157                  | 98          | 448,605                 | 455,463                  | 98          |
| EBITDA  | 144,573                 | 145,732                  | 99          | 139,767                 | 138,967                  | 101         |
| EBITDA margin                                 | 32.9%                   | 31.9%                    | 103         | 31.8%                   | 30.6%                    | 104         |
| EBIT  | 40,122                  | 37,331                   | 107         | 37,090                  | 32,709                   | 113         |
| Return on sales: ROS (EBIT/net sales revenue) | 9.1%                    | 8.2%                     | 112         | 8.4%                    | 7.2%                     | 117         |
| Net profit from continuing operations         | 36,848                  | 31,183                   | 118         | 28,190                  | 29,614                   | 95          |
| Profit / loss from discontinued operations    | -9,406                  | -1,818                   | 517         | -                       | -                        | -           |
| Net profit of the period                      | 27,442                  | 29,365                   | 93          | 28,190                  | 29,614                   | 95          |
| Assets  | 1,224,202               | 1,232,860                | 99          | 1,229,095               | 1,223,536                | 100         |
| Equity  | 595,279                 | 590,878                  | 101         | 611,346                 | 606,136                  | 101         |
| Equity ratio                                  | 48.6%                   | 47.9%                    | 101         | 49.7%                   | 49.5%                    | 100         |
| Net financial debt                            | 386,606                 | 402,861                  | 96          | 410,814                 | 419,602                  | 98          |

Comparison of the key financial indicators of the Telekom Slovenije Group including and excluding the operations of Planet TV and IPKO, and a comparison with planned figures:

| EUR thousand             | TSG with Planet TV and IPKO |              |           |            |            | TSG without Planet TV and IPKO |               |           |             |            |
|--------------------------|-----------------------------|--------------|-----------|------------|------------|--------------------------------|---------------|-----------|-------------|------------|
|                          | I-IX 2020                   | P I-IX 2020* | I-IX 2019 | Ind. 20/P* | Ind. 20/19 | I-IX 2020                      | P I-IX 2020** | I-IX 2019 | Ind. 20/P** | Ind. 20/19 |
| Operating revenue        | 495,466                     | 508,934      | 511,410   | 97         | 97         | 450,473                        | 460,510       | 460,157   | 98          | 98         |
| EBITDA                   | 162,192                     | 158,898      | 166,203   | 102        | 98         | 144,573                        | 135,526       | 145,732   | 107         | 99         |
| Net profit of the period | 27,442                      | 20,888       | 29,365    | 131        | 93         | 36,848                         | 19,784        | 31,183    | 186         | 118        |

\*Plan TSG I-IX 2020

\*\*Plan TSG I-IX 2020 without Planet TV and IPKO

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

Net profit is broken down into profit/loss from continuing and discontinued operations. For more information, see section 7.2 of the financial report.

### 3.4. Overview by company and key market

#### Operating revenues

| EUR thousand                   | I - IX 2020    | I - IX 2019    | Index 0/19 |
|--------------------------------|----------------|----------------|------------|
| Telekom Slovenije              | 448,605        | 455,463        | 98         |
| Other companies in Slovenia    | 62,230         | 59,426         | 105        |
| Other companies abroad         | 2,940          | 2,473          | 119        |
| <b>Total - unconsolidated</b>  | <b>513,774</b> | <b>517,362</b> | <b>99</b>  |
| Eliminations and adjustments   | -63,301        | -57,205        | -          |
| <b>Telekom Slovenije Group</b> | <b>450,473</b> | <b>460,157</b> | <b>98</b>  |

#### EBITDA – earnings before interest, taxes, depreciation and amortisation

| EUR thousand                   | I - IX 2020    | I - IX 2019    | Index 20/19 |
|--------------------------------|----------------|----------------|-------------|
| Telekom Slovenije              | 139,767        | 138,967        | 101         |
| Other companies in Slovenia    | 5,995          | 6,344          | 95          |
| Other companies abroad         | 1,960          | 1,778          | 110         |
| <b>Total - unconsolidated</b>  | <b>147,722</b> | <b>147,089</b> | <b>100</b>  |
| Eliminations and adjustments   | -3,149         | -1,357         | -           |
| <b>Telekom Slovenije Group</b> | <b>144,573</b> | <b>145,732</b> | <b>99</b>   |

#### EBIT – earnings before interest and taxes

| EUR thousand                   | I - IX 2020   | I - IX 2019   | Index 20/19 |
|--------------------------------|---------------|---------------|-------------|
| Telekom Slovenije              | 37,090        | 32,709        | 113         |
| Other companies in Slovenia    | 2,079         | 2,545         | 82          |
| Other companies abroad         | 391           | 657           | 60          |
| <b>Total - unconsolidated</b>  | <b>39,560</b> | <b>35,911</b> | <b>110</b>  |
| Eliminations and adjustments   | 562           | 1,420         | -           |
| <b>Telekom Slovenije Group</b> | <b>40,122</b> | <b>37,331</b> | <b>107</b>  |

#### Net profit or loss

| EUR thousand                                 | I - IX 2020   | I - IX 2019   | Index 20/19 |
|--|---------------|---------------|-------------|
| Telekom Slovenije                            | 28,190        | 29,614        | 95          |
| Other companies in Slovenia                  | 1,412         | 1,869         | 76          |
| Other companies abroad                       | 46            | 380           | 12          |
| Eliminations and adjustments                 | 7,199         | -680          |             |
| <b>Net profit from continuing operations</b> | <b>36,848</b> | <b>31,183</b> | <b>118</b>  |
| Profit / loss from discontinued operations   | -9,406        | 1,818         | -           |
| <b>Telekom Slovenije Group</b>               | <b>27,442</b> | <b>29,365</b> | <b>93</b>   |

## Investments

| EUR thousand                   | I - IX 2020    | I - IX 2019   | Index 20/19 |
|--------------------------------|----------------|---------------|-------------|
| Telekom Slovenije              | 127,404        | 83,965        | 152         |
| Other companies in Slovenia    | 2,129          | 2,140         | 99          |
| Other companies abroad         | 275            | 664           | 41          |
| Eliminations and adjustments   | -2,380         | -1,585        | -           |
| <b>Telekom Slovenije Group</b> | <b>127,428</b> | <b>85,184</b> | <b>150</b>  |

## Employees

| Number of employees at         | 30.9.2020    | 31.12.2019   | Index 20/19 |
|--------------------------------|--------------|--------------|-------------|
| Telekom Slovenije              | 2,185        | 2,182        | 100         |
| Other companies in Slovenia    | 706          | 677          | 104         |
| <b>Telekom Slovenije Group</b> | <b>2,891</b> | <b>2,859</b> | <b>101</b>  |

## Telekom Slovenije connections and services

| Number of retail connections as at | 30.9.2020        | 31.12.2019       | Index 20/19 |
|------------------------------------|------------------|------------------|-------------|
| Broad band connections             | 202,166          | 206,925          | 98          |
| Mobile telephony                   | 976,144          | 1,002,917        | 97          |
| Fixed voice telephony              | 304,708          | 322,058          | 95          |
| VoIP services                      | 183,871          | 188,041          | 98          |
| <b>Telekom Slovenije</b>           | <b>1,666,889</b> | <b>1,719,941</b> | <b>97</b>   |

## 3.5. Ownership structure and share trading

### General information regarding Telekom Slovenije shares as at 30 September 2020

| 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 2020    | 8,916                                  |

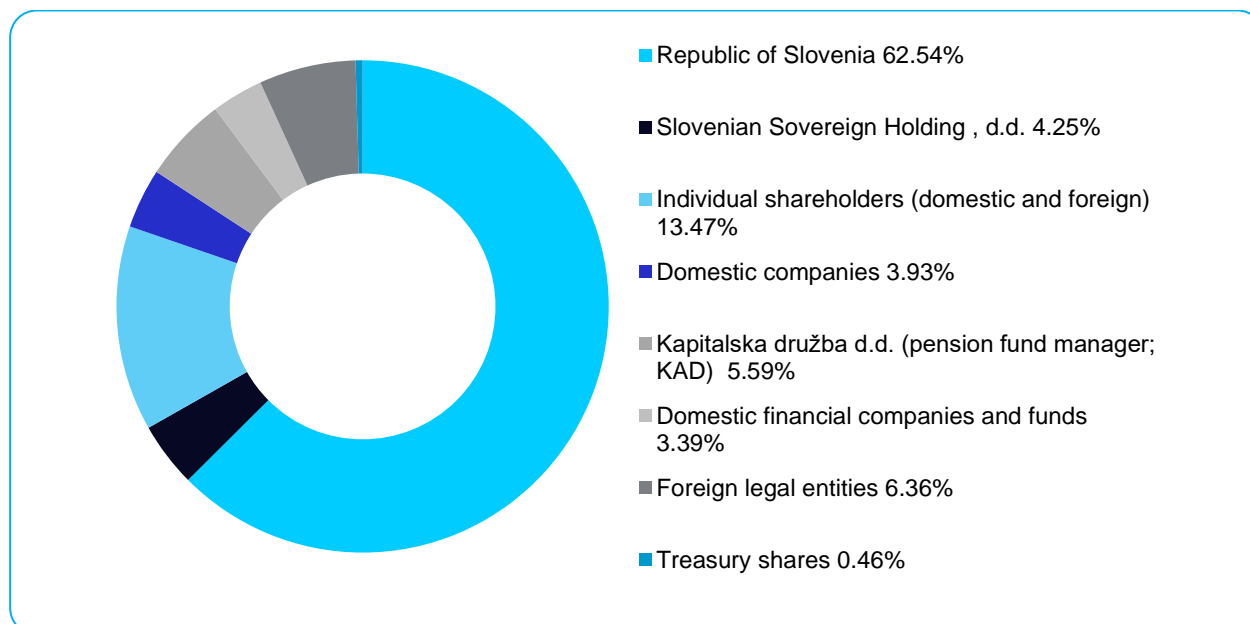
### Ownership structure and largest shareholders as at 30 September 2020

Telekom Slovenije had 8,916 shareholders as at 30 September 2020, a decrease of 220 on the end of 2019.

With a total stake of 93.4%, domestic investors are predominant in the Company's ownership structure. The Company's largest shareholder is the Republic of Slovenia, together with Kapitalaska 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.

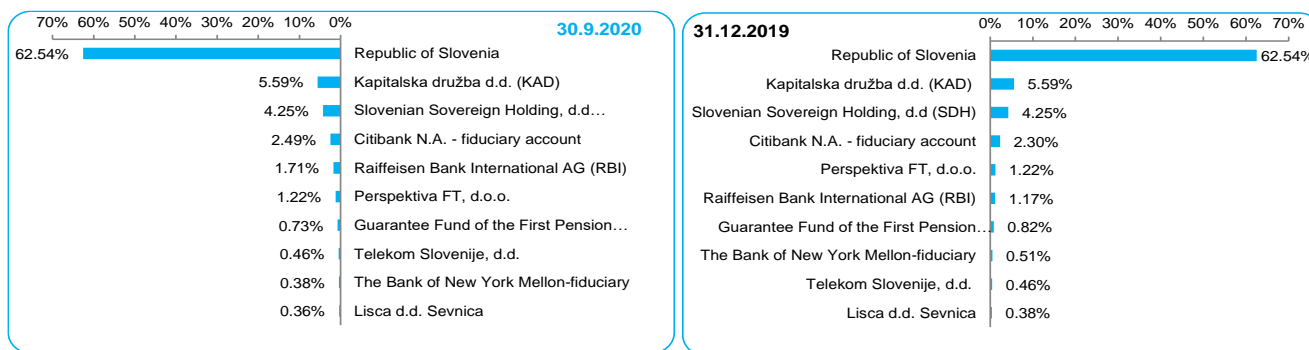
Individual shareholders represent the second largest category of owners. Their stake was up during the first nine months of 2020. Domestic and foreign legal entities also increased their stake, while financial corporations and funds decreased their stake. Government-held stakes were unchanged.

### Ownership structure as at 30 September 2020



### Ten largest shareholders as at 30 September 2020

The concentration of ownership, as measured by the ownership stake held by the ten largest shareholders, was 79.73% as at 30 September 2020, an increase of 0.49 percentage points relative to the end of 2019. The overall structure of the ten largest shareholders was unchanged; only their positions in that ranking changed.



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

Members of the Supervisory Board held 306 TLSG shares as at 30 September 2020.

| Name                     | Office                          | No of shares | % of equity    |
|--------------------------|---------------------------------|--------------|----------------|
| <b>Supervisory Board</b> |                                 |              |                |
| Igor Rozman              | Member of the Supervisory Board | 54           | 0.00083        |
| Drago Kijevčanin         | Vice-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        |
| <b>Total</b>             |                                 | <b>306</b>   | <b>0.00468</b> |

Trading in corporate 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

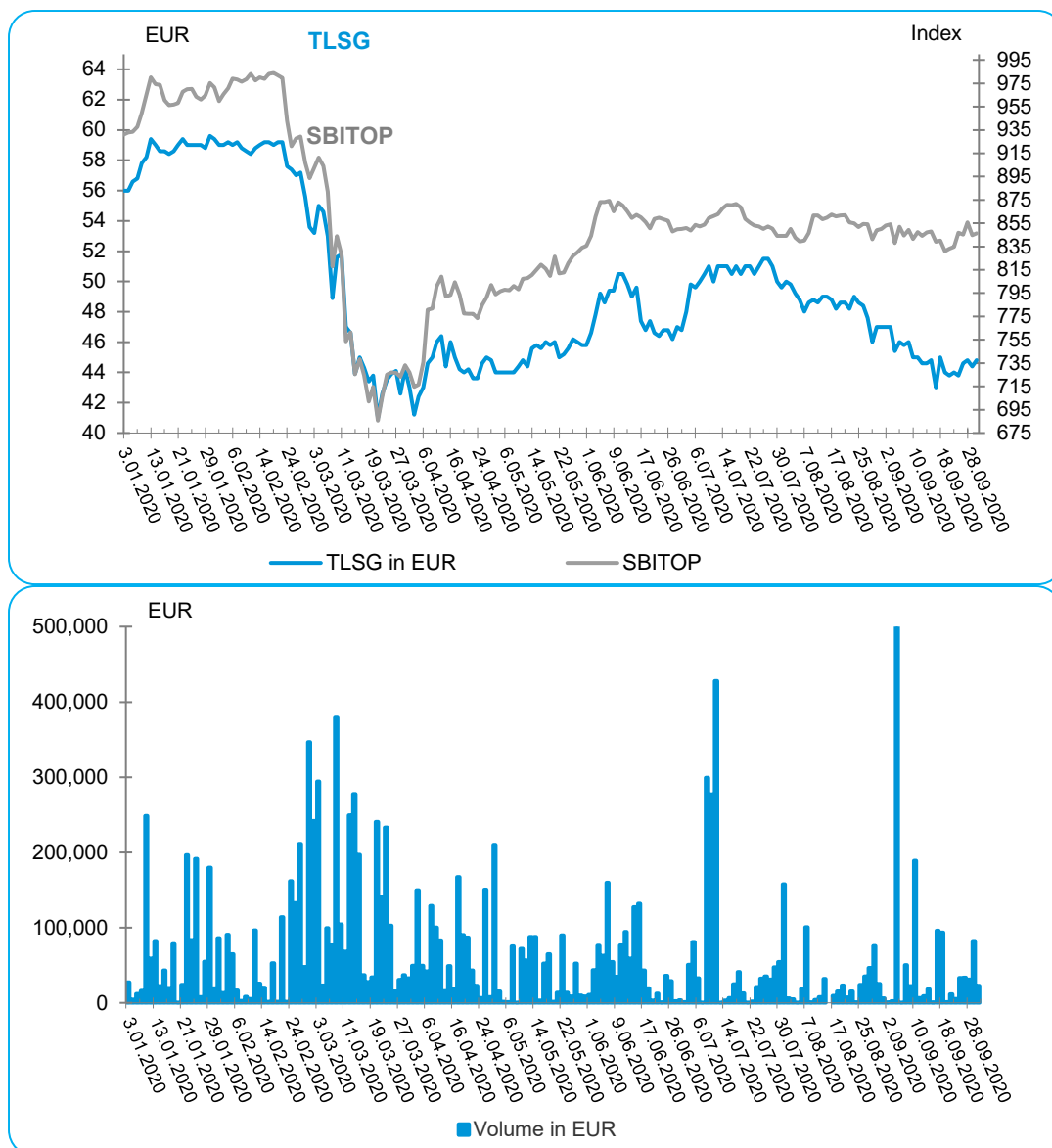
The shares of Telekom Slovenije are listed on the prime securities market of the Ljubljana Stock Exchange under the ticker symbol TLSG. The Company's shares are included in the SBITOP index, and accounted for a 6.01% share of that index at the end of September 2020. Since 19 June 2019, TLSG shares are 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. It is a total return index that takes into account both changes in share prices and dividend yield.

The price of TLSG shares closed at EUR 44.8 on the last trading day of September. The share price fell by 17.6% during the first nine months of the year, while the SBITOP index, which tracks the movement of the most liquid and largest shares on the stock exchange, fell by 8.6% during the same period. The market capitalisation of Telekom Slovenije stood at EUR 292.8 million on the last trading day of September. Turnover in Telekom Slovenije shares totalled EUR 12.48 million during the period January to September 2020, representing 4% of total turnover on the stock exchange.

## Trading statistics for TLSG shares on the Ljubljana Stock Exchange

| Standard price in EUR     | I – IX 2020 | I – IX 2019 |
|---------------------------|-------------|-------------|
| Highest daily price       | 59.60       | 68.20       |
| Lowest daily price        | 41.00       | 56.60       |
| Average daily price       | 49.48       | 63.21       |
| Volume in EUR thousand    | I – IX 2020 | I – IX 2019 |
| Total volume for the year | 12,481.11   | 10,859.46   |
| Highest daily volume      | 572.82      | 962.77      |
| Lowest daily volume       | 0.10        | 0.13        |
| Average daily volume      | 66.39       | 60.00       |

## Movement in the TLSG share price compared to the SBITOP index and volume of trading in TLSG shares



Sources: Ljubljana Stock Exchange, archive of share prices.

### Key financial data relating to shares

|   | 30. 9. 2020 /<br>I – IX 2020 | 30. 9. 2019 /<br>I – IX 2019 |
|---|------------------------------|------------------------------|
| Closing price (P) of one share on the last trading day of the period in EUR | 44.80                        | 62.80                        |
| Book value (BV) <sup>1</sup> of one share in EUR                            | 91.08                        | 90.41                        |
| Earnings per share (EPS) <sup>2</sup> in EUR                                | 4.22                         | 4.51                         |
| Market to book value ratio  | 0.49                         | 0.69                         |
| Capital return per share during the period in % <sup>3</sup>                | -17.65                       | 6.44                         |

#### Notes:

<sup>1</sup> 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 2019.

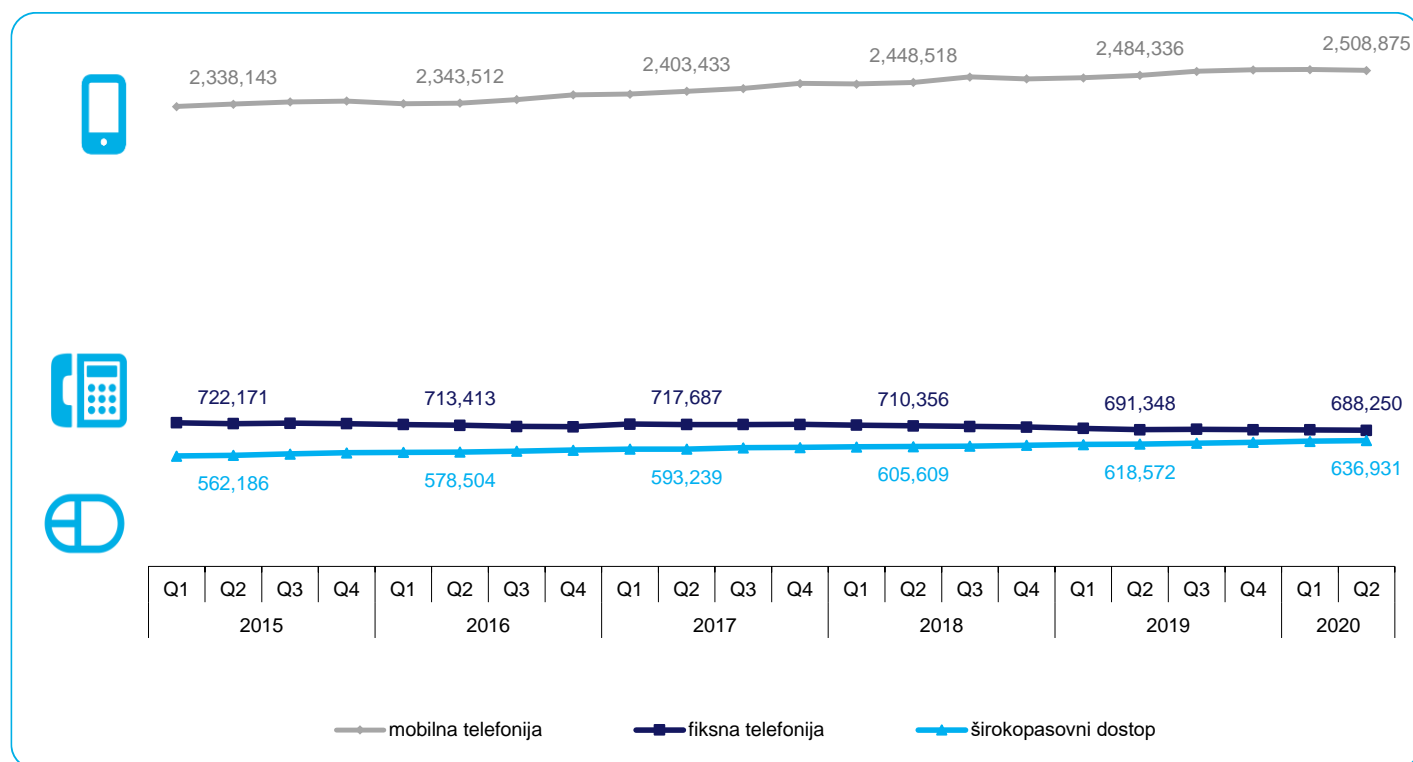
<sup>2</sup> Net earnings per share is calculated as the ratio of the Telekom Slovenije Group's net operating profit for the accounting period to the average number of issued ordinary shares, excluding treasury shares.

<sup>3</sup> The capital return 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 first trading day of the period to the share price on the first trading day of the period.



### 3.6. Market and market shares in key service segments

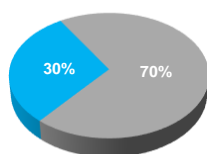
#### Changes in the number of connections on the electronic communications market in Slovenia



Source: Statistical Office of the Republic of Slovenia, Electronic Communications, second quarter of 2020, September 2020.

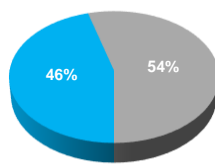
#### Telekom Slovenije's market shares in the second quarter of 2020 in key market segments

##### Fixed broadband access



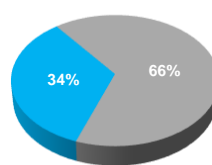
**30.0% market share**  
Annual change: - 2.0 p.p.  
**203.658 connections**  
Annual change: - 3.2%

##### IP TV



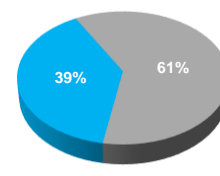
**45.6% market share**  
Annual change: - 3.6 p.p.  
**169.899 connections**  
Annual change: - 2.8%

##### VOIP



**34.0% market share**  
Annual change: - 1.6 p.p.  
**185,133 connections**  
Annual change: - 3.1%

##### Mobile telephony



**39.1% market share**  
Annual change: - 2.2 p.p.  
**982.099 connections**  
Annual change: - 4.2%

Sources: AKOS: eAnalitik portal, September 2020; 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 less manoeuvring room for attracting new users. 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, the adaptation of the portfolio, and the constant introduction of the latest developments for specific groups and segments of users.
- In the area of strategic risks, activities are also being carried out on the retail market due to the impact of the coronavirus, including an adapted portfolio of services and a separate approach for the digital future, advanced living and simple present segments, and for the B2C segment. A programme is being implemented to maintain subscribers. 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. Sales of services and products through digital channels are being promoted. Owing to restricted migrations and travel due to the coronavirus, the Company is seeing an impact on revenues and the sales margin from voice services and roaming by foreign users in our network. Measures include the monitoring of the sales margin of international wholesale services, and the proactive search for new destinations and revenues.

#### Financial risks

- Telekom Slovenije regularly monitors the dynamics of the financial environment that reflect the various types of risks to which the Company is exposed in its operations. The Company actively monitors liquidity, credit and interest-rate risk, while various financial risk management models and derivatives are used to reduce exposure to specific types of risks.
- Liquidity risk is managed through the regular management and planning of cash flows for different time periods by ensuring the appropriate maturities and the diversification of

financial debt, and through financing within the Group and the optimisation of working capital and cash. The Company manages short-term imbalances in cash flows using liquidity reserves in the form of short-term credit lines. A comprehensive approach to managing liquidity risk and measures implemented in other areas of operations mean the coronavirus has not had a significant impact on the Company's liquidity.

- 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 of the settlement of contractual obligations and the active recovery of past-due debt are also elements of the system tool used for credit risk management, while Telekom Slovenije regularly monitors credit exposure to customers. During the epidemic, we extended the payment deadlines of customers' past-due liabilities by amending recovery procedures. There has been no significant deterioration in the structure of receivables during the coronavirus epidemic.
- The Company also hedges against interest-rate risk by concluding interest-rate swaps. Fixed or hedged interest rates account for 61.03% 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. If the effects of the coronavirus will have a negative impact on subsidiaries' ability to service their loans, activities will be implemented with the aim of refinancing loans or amending loan repayment schedules.

#### Regulatory and compliance-related risks

- Regulatory risks derive from changes to the regulatory framework and policies, and potential decisions of the regulator regarding the imposition of additional obligations or changes in prices in individual market segments.
- The European Electronic Communications Code (EECC) must be transposed into national legislation by 20 December 2020. By putting forth constructive and expert proposals,

Telekom Slovenije will be involved in the process of transposing the aforementioned code into Slovenian legislation. In the same way, the Company will be involved in the process of amending the ZEKom-2, the draft of which was published on 28 August 2020, with a deadline for the submission of comments of 31 October 2020. 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.

- The Agency for Communication Networks and Services of the Republic of Slovenia (AKOS) began preparing a multi-frequency public tender with a public auction of frequencies for fifth generation (5G) mobile networks. The AKOS published an informative memorandum on 3 August 2020 regarding the multi-frequency auction. The public tender is expected to be published in October/November 2020, while the auction is expected to start in January/ February 2021. On 26 June 2020, based on the strategic guidelines of the Ministry of Public Administration, the AKOS drew up a draft strategy for managing the frequency spectrum for the period 2021 to 2023.
- 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, which entered into force on 25 May 2018 and brought stricter regulation and increased awareness of both users and the general public regarding the protection of the data. Telekom Slovenije ensures compliance with the requirements of the aforementioned regulation through the continuous monitoring, updating and improvement of personal data processing and internal control processes for personal data protection. The Company is also monitoring the drafting of new regulations in the area of personal data protection at the national and EU levels that will impact the processing of data during the provision of the Company's services (e.g. the ZEKom-2 and the e-privacy directive).
- 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.

- The Company is monitoring proposals for the use of mobile operators' data for managing the coronavirus epidemic, and is making adjustments to operations and services, taking into account requirements regarding the protection of personal data.

#### Operational risks

- Telekom Slovenije gives a great deal of attention to managing operational risks associated with ICT networks, services and devices, and to the management and development of employees in this area. The complexity of comprehensive management is increasing due to the development of technologies and ICT services, and the growing demands of applications and devices.
- Telekom Slovenije manages this risk through the development of BSS and OSS, by improving operational efficiency and by providing support for new business opportunities. Operations support systems (OSS) are and will continue to be a key differentiating factor between operators on the B2C, B2B and wholesale markets. One objective of the OSS strategy in the period until 2023 is to ensure that the Telekom Slovenije Group has one of the most effective, most responsive and most flexible OSS, including a high level of automation in operational processes. That automation shortens the time of processes, reduces the number of participants in processes, decreases the number of errors in processes, and reduces operational costs.
- In terms of business continuity, Telekom Slovenije ensures the necessary capacities of the ICT infrastructure and services, and of transmission, backbone and access segments. The risks associated with the malfunctioning of connections and services provided by other entities are managed by introducing processes to monitor and report on SLA indicators on leased networks, and by standardising requirements vis-à-vis network providers for newly leased networks. We implement updates and increase capacities through redundancy in those network segments where increased functional and security-related risks have been identified.
- In the area of ICT security, Telekom Slovenije continuously develops systems for monitoring technologies and anomalies in the ICT infrastructure and services, and conducts internal and external penetration testing. A Cyber Security Operation Centre has been established. Risks are managed through the

implementation of the security policy, by identifying security threats and vulnerabilities, and by spreading the security culture to employees and users.

- Telekom Slovenije faces challenges with regard to SAP ERP application in terms of the upgrading of the system to a new version (s4Hana). An analysis is in progress of the necessary changes and adaptations to operational processes.
- We have also identified risks in connection with the conditions of the multi-frequency public auction for fifth-generation (5G) mobile networks, requirements regarding the use of frequencies, excessively high auction prices and other related conditions of the public tender. All of that could affect the possibility of acquiring the tendered radio frequency spectrum for the provision of electronic communications services. Activities to prepare for the auction are in progress at the Company, with a team of internal and external experts.
- Telekom Slovenije also faces risks associated with retaining experts, 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, we offer them the opportunity to make contact with the latest technologies and top experts, and facilitate their further 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. Compliance with contractual provisions is monitored. The Supplier Code falls into this category of activities. Due to the impact of the coronavirus, the Company is in constant contact with suppliers regarding the timeliness of deliveries.
- Based on the business continuity management system (BCMS), which is in place in the event of emergencies and certified in accordance with the ISO/IEC 22301 standard, the Company adopted preventive measures and a special plan of measures and activities in the event of a pandemic. In accordance with the BCMS, Telekom Slovenije is prepared for and capable of ensuring key services and processes, even in

emergencies.

- Due to the impact of the coronavirus, the Company is implementing numerous activities that include priorities such as ensuring quality, security, control over capacities, the timely delivery of equipment and services, the coordination of external and internal stakeholders, compliance with security and preventive measures for employees, and ensuring remote work.

#### AVTENTA

- Risks in connection with achieving planned revenues are managed through a competitive portfolio, customer relationship management and the development of digital solutions in cooperation with business partners (video digital signing, etc.).
- Risks in connection with the coronavirus have an additional impact on operations due to the reduced scope and postponement of projects.

#### GVO

- Risks associated with rising prices of construction services are managed by adapting the organisation of work and processes.
- Risks in connection with the coronavirus are affecting operations in terms of the implementation of investment and maintenance works, and due to the limited resources of subcontractors.

#### SOLINE

- The risk of poor weather conditions is constantly present, as Soline's activity is seasonal. Due to the drop in salt production this year, damages were inventoried with the aim of securing funding from the Republic of Slovenia's natural disaster recovery programme.
- Risks due to the coronavirus are having an additional impact on operations, as sales in the company's retail outlet network, and visits to the Lepa Vida Spa and the Sečovelje Salina Nature Park (SSNP) depend primarily on tourists.

#### TSinpo

- Risks associated with HR management and workplace safety are managed through the appropriate staff structure and preventive workplace safety measures.
- Risks due to the coronavirus are impacting operations due to reduced demand for and delays in the sale of products.

## TSmedia

- Risks associated with the company's sales activities are managed through a conservative approach to the disclosure of documentation regarding operations and the organisation of operations for the implementation of processes.
- Risks in connection with achieving planned revenues are managed by entering into annual contracts and by monitoring revenues.
- Risks in connection with the coronavirus are having an additional impact on operations in the form of the reduced scope of 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.

## 4. CORPORATE GOVERNANCE

### Management Board

Telekom Slovenije is managed by its Management Board, comprising the following members as at 30 September 2020:

- Tomaž Seljak, MSc, President,
- Dr Vida Žurga, Vice-President,
- Matjaž Beričič, MSc, member,
- Tomaž Jontes, member, and
- Špela Fortin, member and Workers' Director.

On 22 June 2020, the Supervisory Board appointed Tomaž Jontes to serve as member of the Company's Management Board responsible for the commercial sector. Mr Jontes' four-year term of office began on the day of his appointment.

Members of the Management Board are appointed for a four-year term of office, which begins on the day an individual member is appointed.

### 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 2020:

Shareholder representatives:

- Aleš Šabeder, President,
- Barbara Gorjup, MSc, Vice-President,
- Bernarda Babič, MSc, member,
- Barbara Kürner Čad, member,
- Barbara Cerovšek Zupančič, MSc, member, and
- Igor Rozman, 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 5 June 2020, the General Meeting of Shareholders elected Aleš Šabeder to serve as member of the Supervisory Board and shareholder representative. Mr Šabeder's four-year term of office began on the same day. On 15 June 2020, Telekom Slovenije's Supervisory Board unanimously carried out the reorganisation of all functions of members of the Supervisory Board and its committees. Aleš Šabeder was elected President of the Supervisory Board. Barbara Gorjup, as shareholder representative, and Drago Kijevčanin, as employee representative, were appointed Vice-Presidents.

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



## SLOVENIA

### GVO, d. o. o.

Managing Director: Borut Radi

### INFRADEL, d. o. o.

Managing Director: Borut Radi

### Optic-Tel, d. o. o.

Managing Director: Borut Radi

### Avtenta, d. o. o.

Managing Director: Primož Kučič

Miran Potočnik served as Managing Director until 31 January 2020. Primož Kučič has managed the company since 1 February 2020, and will continue to do so until the appointment of a new Managing Director.

### TSmedia, d. o. o.

Managing Director: Simon Furlan, MSc

Rolando Žel served as Managing Director until 31 March 2020. Simon Furlan has managed the company since 1 April 2020, and will continue to do so until the appointment of a new Managing Director.

### Soline, d. o. o.

Managing Director: Klavdij Godnič

### Planet TV, televizijska dejavnost, d. o. o.

Managing Director: Samo Ošina

Procurator: Nevenka Črnko

Rolando Žel served as Managing Director until 31 March 2020. Samo Ošina was appointed Managing Director on 1 April. Nevenka Črnko served as Procurator from 1 April 2020 on. Prior to that time, the company did not have a procurator. With the completion of the sale of Telekom Slovenije's 100% participating interest in Planet TV, televizijska dejavnost, d. o. o. to TV2 ADRIA, d. o. o. on 30 September 2020, the functions of Managing Director, held by Samo Ošina, and Procurator, held by Nevenka Črnko, were terminated.

### TSinpo, d. o. o.

Managing Director: Danilo Tomšič, MSc

Procurator: Vesna Lednik

## OTHER COUNTRIES

### IPKO Telecommunications LLC, Kosovo

CEO: Robert Erzin, MSc

### SIOL, d. o. o. Zagreb, Croatia

Managing Director: Matjaž Pogačnik, MBA

### SIOL, d. o. o. Podgorica, Montenegro

Managing Director: Matjaž Pogačnik, MBA

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

Managing Director: Matjaž Pogačnik, MBA

### SIOL DOOEL Skopje, Macedonia

Managing Director: Matjaž Pogačnik, MBA

### SIOL DOO BELGRADE, Serbia

Managing Director: Matjaž Pogačnik, MBA

### SIOL Prishtina L.L.C., Kosovo

Managing Director: Matjaž Pogačnik, MBA

### GVO Telekommunikation GmbH

Managing Directors: Borut Radi, Darko Gradišnik and Roman Mazi

## 5. SIGNIFICANT EVENTS IN THE PERIOD JANUARY – SEPTEMBER 2020

### FIRST QUARTER OF 2020

#### JANUARY

- The Supervisory Board gave its consent to the appointment of Primož Kučič as the Managing Director of Avtenta. Mr Kučič, who serves as Director of the B2B Market at Telekom Slovenije, has managed the company since 1 February 2020, and will continue to do so until the appointment of a new Managing Director.
- The Company's Supervisory Board was briefed on the initiation of proceedings to recapitalise Planet TV through the entry of a new owner.
- Telekom Slovenije concluded an agreement with stock market member Interkapital vrijednosni papiri to provide services in connection with maintaining the liquidity of the Company's shares.
- Avtenta received the highest SAP Partner title. SAP awarded Avtenta the title of SAP Gold Partner again this year.

#### FEBRUARY

- In accordance with the Decree on the Terms, Conditions and Methods of Borrowing by Legal Entities referred to in Article 87 of the Public Finance Act, Telekom Slovenije submitted a request to the Ministry of Finance for the issue of consent to begin proceedings to raise long-term borrowings in the amount of EUR 100 million. The Company is planning to secure the aforementioned funds from the European Investment Bank, which demonstrated interest in the form of a non-binding offer. Telekom Slovenije will use those funds in the period until 2023 to finance the expansion and construction of the fibre optic access network in Slovenia, through which it is laying the infrastructure foundations for the future of the telecommunications activity.
- Avtenta received the AAA Golden Creditworthiness Certificate of Excellence from the ratings agency Bisnode as a reliable, credible and trustworthy partner. The aforementioned company received the title of Marg Gold Partner in the area of BusinessConnect/GovernmentConnect document system solutions and became a partner of the company BizBox.

#### MARCH

- As the defendant in the commercial dispute involving the plaintiff Sky Net, Telekom Slovenije (previously Mobitel, d. d.) received a ruling and decision from the Ljubljana District Court on 2 March 2020 in connection with the execution of an agreement under two lawsuits. Under that ruling and decision, the aforementioned court rejected both the part of the subordinated claim of Sky Net regarding the construction of base stations and the drafting of documentation relating to 2007, and the remainder of that subordinated claim regarding the issue of an order for the construction of 414 base stations and orders to obtain documentation for 434 base stations. The court also ruled that Sky Net is obliged to reimburse Telekom Slovenije litigation costs in the amount of EUR 30,146.32.
- On 4 March 2020, Telekom Slovenije received a ruling from the Ljubljana Higher Court, issued on 13 February 2020, in the commercial dispute between the plaintiff Telekom Slovenije and the defendants Bojan Dremelj, Dušan Mitič, Filip Ogris Martič, Željko Puljić and Darja Senica for the payment of EUR 7,635,500.00 with appertaining costs. Under the aforementioned ruling and decision, the court ruled in favour of Telekom Slovenije's appeal in the part relating to the costs of third-party intervenors and overturned the District Court's ruling in that part. In the part that was not overturned, the Ljubljana Higher Court rejected Telekom Slovenije's appeal and upheld the District Court's ruling in the contested part of the appeal. Telekom Slovenije was ordered to repay the defendants for the costs of appeals proceedings.
- Telekom Slovenije amended the conditions of the previously initiated proceedings to recapitalise Planet TV through the entry of a new owner to the sale of its 100% participating interests in that company.
- As the COVID-19 epidemic began to spread across Europe, Telekom Slovenije adopted a plan of measures and activities in the event of a pandemic. It based that plan on its business continuity management system (BCMS), which is certified in accordance with the ISO/IEC 22301 standard. To that end, it also planned activities in the event of the activation of the National Civil Protection and Disaster Relief Plan. Measures are aimed at the protection of both employees and users. The Company is giving special attention in that regard to the

security of the network and services, and to the functioning thereof, as prescribed in the event of emergencies. The Company has adapted the work of its experts to ensure 24/7 uninterrupted control over the functioning of the network to the greatest extent possible, while ensuring technical support to users and the coverage of the special needs of government institutions and the commercial sector for increased capacities or additional services. The Company is continuously adapting the capacities of its network, the highest-capacity and most efficient network in Slovenia.

- Telekom Slovenije successfully passed the external assessment for the recertification of the ISO 27001 certificate for its information security management system (ISMS) and the ISO 22301 certificate for its business continuity management system.
- On 19 March 2020, the Supervisory Board gave its consent to the appointment of Simon Furlan, MSc (the Director of the Wholesale Market at Telekom Slovenije) as Managing Director of TSmedia and Samo Ošina (the Director of Telekom Slovenije's B2C Market) as Managing Director of Planet TV, effective 1 April 2020.
- Avtenta successfully passed certification for SAP HEC solutions.
- During the coronavirus epidemic, TSmedia has recorded a sharp rise in the number of users of websites via Siol.net. Following a record number of visits in February, when it recorded 696 thousand different users, Siol.net recorded more than 808 thousand different users in March, meaning 30% growth relative to last March and 57% growth in the number of page views.

## SECOND QUARTER OF 2020

### APRIL

- The Supervisory Board of Telekom Slovenije approved the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2019.
- Telekom Slovenije's Supervisory Board approved the appointment of Klavdij Godnič to serve a third four-year term of office as the Managing Director of Soline, effective 1 July 2020.
- Following the implementation of measures to prevent the spread of the coronavirus, the operations of companies migrated for the most part to the digital environment. In addition to needs for increased capacities and upgrades to existing ICT solutions, there was a sharp increase in demand for video identification and digital signature services during this period.

- Telekom Slovenije, which together with its partners developed and presented a technological solution in 2019 for the remote telemedical treatment of patients with chronic diseases, upgraded that solution to make it possible for medical staff to monitor coronavirus patients remotely.
- With the help of a donation from Telekom Slovenije in the amount of EUR 20,000, the Hospital for Women's Diseases and Obstetrics in Postojna will purchase a new modern maternity bed intended for pregnant women who are infected or suspected of being infected with COVID-19. Telekom Slovenije donated funds in the scope of the Slojenčki (SLObaby) humanitarian campaign, which is intended for the collection of funds for the upgrading of equipment at maternity hospitals and medical devices for newborns.

### MAY

- Telekom Slovenije opened the most state-of-the-art Telekom centre in Slovenia at the Aleja shopping mall in Ljubljana. The centre is equipped with modern workstations and a special NEO living room where visitors can test voice-managed TV content and smart home devices, while there is a special area dedicated to the presentation of products from the Loyalty Programme that Telekom Slovenije users can purchase via the Online Shop.
- Telekom Slovenije's Cyber Security Operation Centre received an award for best innovative security solution. According to the Institute for Corporate Security Studies, which presents the aforementioned award in conjunction with the Slovenian Corporate Security Association, the aforementioned centre is an information-security solution that represents significant added-value in terms of ensuring cyber security in the Republic of Slovenia. Telekom Slovenije's Cyber Security Operation Centre is the highest capacity centre of its kind in Slovenia, where top experts manage security events 24 hours a day, every day of the year with the help of control and analytical tools. The cyber security services provided by the centre are used by Telekom Slovenije for its own needs, and by other organisations and companies.
- After announcing in February their cooperation in the development of hybrid public-private 4G/5G networks to support the growing smart industry, Telekom Slovenije and Iskratel established a test 5G network at Iskratel's production facility in Kranj. In this way, they enabled the development of new business models and the testing of a smart 5G infrastructure that facilitates numerous virtual dedicated networks for specific business

verticals, including factories.

- In the scope of the Horizon 2020 programme for research and innovation, the European Commission will co-finance the implementation of the European 5G-LOGINNOV development project that includes the Port of Koper, Telekom Slovenije and the company Internet Institut, amongst 15 partners from several European countries. The project, which will last three years, focuses on the next generation 5G mobile network, primarily in terms of developing innovative logistics solutions in the scope of Industry 4.0. As part of the project, Telekom Slovenije will set-up a development-test 5G network in the vicinity of the Port of Koper. The aim of that network will be the development and testing of solutions to optimise processes, increase efficiency and reduce environmental impacts in specific cases where the network will be used in the management of transport logistics. Telekom Slovenije was the only Slovenian operator actively involved in two European projects relating to the introduction of 5G, while the Company is also participating in the Slovenian 5G Security project.
- Together with its partners Enerkon and 2GG-DS Meritve za Komunalno podjetje Velenje, Telekom Slovenije established a solution in Velenje that facilitates the digitalisation and simplification of the central management of meters by municipal service companies in Slovenia, and the automatic metering of the consumption of energy sources, such as hot water, heating and natural gas. It is a test solution that will make it possible for Slovenian municipal service companies to digitalise metering points (meters) and establish the automatic metering of the consumption and balance of energy products. The solution also includes a system for the effective management and optimisation of the distribution and supply of energy products in real time. The solution functions based on Narrowband Internet of Things (NB-IoT) technology. Telekom Slovenije became the first to fully upgrade its network with that technology more than a year ago. It is the first such NB-IoT pilot set-up with the aforementioned technology in the wider Velenje region.
- Telekom Slovenije upgraded NEO, which brought an entirely new experience in the management of TV and other content and smart home devices to Slovenian homes, with new functionalities. The NEO Smartbox now serves as a WiFi access point, while the new speech recogniser for Slovene and English facilitates the more effective search for content, as it now features a display of the appropriateness of voice volume. Recommended content is more relevant for users, as it is based on family user

profiles. The NEO remote control facilitates the comprehensive management of TV, while the management of smart home devices is even easier.

- Avtenta successfully passed PCoE (Partner Centre of Expertise) recertification, based on which it may implement and provide support for SAP ERP, SAP S/4HANA and SAP Analytics products. The certificate, which is valid for two years, is recognition that Avtenta's services and support are in line with SAP's current technical and organisational standards that apply to SAP SE partners.

## JUNE

- At the 31st General Meeting of Shareholders of Telekom Slovenije, shareholders supported the proposal that EUR 22,796,173.00 be earmarked for the payment of dividends, representing a gross dividend of EUR 3.50 per share, while the remainder in the amount of EUR 7,395,372.48 was brought forward to the next year. Dividends were paid on 19 June 2020 to the holders of shares and/or other beneficiaries entered as such in the share register, with the right to dividends, on the cut-off date of 18 June 2020. The General Meeting of Shareholders was briefed on the annual report for the 2019 financial year and on the Supervisory Board's written report on the approval of the annual report for the 2019 financial year, and conferred official approval on the Management Board and Supervisory Board for the 2019 financial year. The General Meeting of Shareholders was 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. It was also briefed on the remuneration policy for members of the Company's management bodies and on the remuneration policy for members of the management bodies of subsidiaries. At the General Meeting of Shareholders, shareholders were informed that the term of office of member of the Supervisory Board and shareholder representative Dimitrij Marjanovič expired on 13 May 2020. The General Meeting of Shareholders elected Aleš Šabeder to serve as member of the Supervisory Board and shareholder representative. Mr Šabeder's four-year term of office began on the same day. The General Meeting of Shareholders appointed the audit firm PricewaterhouseCoopers (PwC) to audit the financial statements of Telekom Slovenije for the 2020, 2021 and 2022 financial years. In accordance with the recommendations of the Corporate Governance Code for Companies with Capital Assets of the State, the



General Meeting of Shareholders set the remuneration of members of the Supervisory Board for the performance of their functions. The General Meeting of Shareholders also gave its consent to the intended conclusion of a settlement that finally arranged all mutual issues and claims that arose from court proceedings before the Ljubljana District Court in which the Company filed a claim against the former members of its Management Board. Based on the resolution of the General Meeting of Shareholders, the insurance company that provided liability insurance for the former members of the Management Board paid the Company the amount of EUR 2.8 million on 24 June 2020. With the settlement of that obligation, all mutual relations between the litigants have been put in order.

- Telekom Slovenije, which facilitates the connection to the fibre optic network for more than 350,000 Slovenian households, tested an advanced technological solution that enables symmetrical gigabit connections on the fibre optic network with a speed of up to 10 Gb/s. This involves download speeds that are eight times faster than the speeds currently enabled by the most widely used GPON technology.
- Together with Telekom Slovenije, Zavarovalnica Triglav introduced the possibility of remote digital signing and remote video identification services that were well-received by policyholders during the COVID-19 epidemic, when operations were migrated to the digital environment. The user-friendly video identification system facilitates quick, secure and convenient remote identification that complies with legal provisions. In this way, policyholders receive an electronic identity for the provision of services in the digital environment.
- The VALÚ smart wallet, which Telekom Slovenije launched a year ago, and VALÚ Moneta are already used by more than a quarter of a million users. VALÚ represents a new generation of financial solutions for quick and convenient payments using a mobile phone, as well as the use of inter-related local services and effective cash management.
- Telekom Slovenije and Metronik, a leading company in the area of automation, process management and digitalisation in industry and buildings, signed a strategic cooperation agreement for the establishment of a pilot Internet of Things (IoT) platform for the remote monitoring of the functioning of machinery. In this way, the partners are developing new information solutions relating to Industry 4.0.
- At its session held on 15 June 2020, Telekom Slovenije's Supervisory Board unanimously carried out the reorganisation of all functions of

members of the Supervisory Board and its committees. Aleš Šabeder was elected President of the Supervisory Board. Barbara Gorjup, as shareholder representative, and Drago Kijevčanin, as employee representative, were appointed Vice-Presidents.

- At its session held on 22 June 2020, Telekom Slovenije's Supervisory Board appointed Tomaž Jontes to serve as member of the Company's Management Board responsible for the commercial sector. In his function on the Management Board, Mr Jontes is responsible for the B2C and B2B markets, and for marketing. His term of office began on the day of appointment.
- Telekom Slovenije's Supervisory Board adopted the Policy Governing the Diversity of the Management Board and Supervisory Board of Telekom Slovenije, which is published on the Company's website.
- Avtenta renewed its ISO 9001:2015 certificate for its quality management system, management function, resource management, implementation of the core activity and control (measurement, analyses and improvements).

## THIRD QUARTER OF 2020

### JULY

- Telekom Slovenije and the Hungarian joint-stock company TV2 MEDIA CSOPORT ZRT (hereinafter: TV2) signed an agreement on the sale of all of the Company's participating interests in Planet TV (hereinafter: the sales agreement), which together represent 100% of the nominal value of the aforementioned company's share capital for the agreed consideration of EUR 5.0 million. The Supervisory Board of Telekom Slovenije gave its prior consent to the conclusion of the sales agreement.
- The Supervisory Board of Telekom Slovenije discussed and approved the strategy of the Telekom Slovenije Group for the period 2021 to 2025. That strategy, which focuses on digitalisation at all levels of operations, represents guidelines for the drafting of the strategic business plan for the coming period.
- Telekom Slovenije was the first in Slovenia to take the next step in the development of mobile technology, and established a national fifth mobile generation (5G) network on existing base stations and in the existing 2600 MHz frequency spectrum, which is also used for the fourth mobile generation network. In the upgraded 4G/5G evolutionary network, users may achieve higher data transfer speeds than in

the LTE/4G network already during this development phase, while the full potential of 5G technology will be available to users following the allocation of additional spectral bands. During the first phase, Telekom Slovenije upgraded 150 base stations, translating to around 25% coverage with the 4G/5G network. Coverage of more than 33% is expected by the end of the year.

## AUGUST

- Together with its partner DS Meritve, Telekom Slovenije developed a technological solution for the remote reading of energy consumption with a telemetry system for the Citypark shopping centre in Ljubljana. Its primary advantage and key characteristic is the use of the Narrowband Internet of Things (NB-IoT) technology in the 4G+ network for the remote, centralised and automated monitoring of the consumption of energy products, such as electricity, heat, water and natural gas. Telekom Slovenije's solution allows the managers of commercial buildings, office towers or shopping centres to digitally manage energy consumption using a remote system that employs NB-IoT.

## SEPTEMBER

- With the NEO platform, Telekom Slovenije has brought new dimensions to the user experience through simple, voice-managed TV content and smart home devices in one place. That platform was further expanded with *NEO Svet* packages that combine in one place several forms of entertainment and communication possibilities: a reliable, super-fast internet, enhanced mobile communication with up to 300 GB of mobile data transfer, and an advanced and entertaining TV experience. Using fibre optic connections, the new *NEO SuperNet* package links super-fast internet access with data download speeds of up to 600 Mbit/s and data upload speeds of up to 40 Mbit/s and mobile services.
- The Supervisory Board of Telekom Slovenije gave its consent to the conclusion of an agreement with TV2 on the transfer of existing agreements. Based on that agreement and as previously agreed between the contracting parties in the sales agreement concluded on 7 July 2020, TV2 transferred all of its rights and obligations under the sales agreement to its subsidiary TV2 ADRIA, vodenje družb, d.o.o. (hereinafter: TV2 Adria, d. o. o.), as the recipient of all rights and obligations of TV2. As guarantor with joint and several liability, TV2 remained bound to the timely and complete fulfilment of all of TV2 ADRIA, d. o. o.'s obligations to Telekom Slovenije under the aforementioned sales

agreement.

- Telekom Slovenije began the process of selling the subsidiary TSmedia.
- In accordance with the provisions of the relevant sales agreement, Telekom Slovenije increased the capital of Planet TV through the conversion of its claims into the aforementioned company's share capital.
- Following the fulfilment of all suspensive conditions set out in the sales agreement, the sale of Telekom Slovenije's 100% participating interest in Planet TV to TV2 ADRIA, d. o. o. was completed on 30 September 2020.

## 6. EVENTS AFTER THE REPORTING DATE

### FOURTH QUARTER OF 2020

## OCTOBER

- After Telekom Slovenije, as the leading and most advanced provider of ICT services established a national fifth mobile generation (5G) network in the existing 2600 MHz frequency spectrum at the end of July, the users of the Company's mobile services have been using 5G technology since 5 October 2020. The new *Naj 5G* mobile package is available for that purpose, while users with the appropriate mobile phone can activate 5G services in any other mobile package. The 5G network brings significantly higher data transfer speeds in both directions (upload and download) than existing mobile networks, as well as a significantly shorter response time with exceptionally low latency of a few milliseconds in the context of the efficient linking of a large number of devices (more than a million), which facilitates the development of the smart industry and smart cities, and the introduction of numerous virtual specific-purpose ('campus') networks through network slicing, which in turn will facilitate the further digitalisation of the economy.
- The transfer of all of Telekom Slovenije's participating interests in Planet TV to the buyer TV2 ADRIA, d. o. o. was entered in the companies register on 7 October 2020.
- The President of Telekom Slovenije's Supervisory Board Aleš Šabeder and Supervisory Board members Barbara Cerovšek Zupančič and Bernarda Babič tendered their resignations on 19 October 2020. Based on their tendered resignations, the terms of office of Aleš Šabeder and Barbara Cerovšek Zupančič will



end on the day a replacement or new member is appointed to the Supervisory Board, while the term of office of Bernarda Babič will end on 19 January 2021 or on the day a replacement or new member is appointed by the Company's General Meeting of Shareholders, if the latter comes first.

## NOVEMBER

- Under its decision issued on 3 November 2020, the Ljubljana District Court ruled that the following new members were appointed to Telekom Slovenije's Supervisory Board: Boštjan Koler, Dimitrij Marjanović and Štefan Belingar. On the day the aforementioned decision was issued, i.e. on 3 November 2020, the functions of the following members of Telekom Slovenije's Supervisory Board were terminated: Aleš Šabeder, Barbara Cerovšek Zupančič and Bernarda Babič. The newly appointed members of Telekom Slovenije's Supervisory Board will perform their functions until the election of members to the Supervisory Board by the Company's General Meeting of Shareholders to replace those members appointed by the court, but for a period of no more than one year from the issue of the aforementioned decision. The decision of the District Court became final on 3 November 2020.
- On 3 November 2020, Telekom Slovenije halted the sale of its 100% participating interest in IPKO Telecommunications LLC in Kosovo. The process was concluded without the selection of a buyer. IPKO Telecommunications LLC thus remains part of the Telekom Slovenije Group. The Company treats the halting of the sales process as non-adjusting event after the reporting period.

## 7. CONDENSED INTERIM ACCOUNTING REPORT OF THE TELEKOM SLOVENIJE GROUP AND TELEKOM SLOVENIJE, D. D. FOR THE PERIOD JANUARY TO SEPTEMBER 2020

The condensed financial statements of the Telekom Slovenije Group and the condensed financial statements of the parent company Telekom Slovenije for the reported period and the comparable period last year were compiled in accordance with the provisions of the Companies Act, the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The condensed interim financial statements for the period ending 30 September 2020 were compiled in accordance with IAS 34 Interim Financial Reporting. The financial statements for the period January to September 2020 and for the comparative period January to September 2019 have not been audited, while the financial statements for the comparative period ending 31 December 2019 have been audited.

The financial statements are compiled on a going concern basis and 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 2019.

### 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 the assets and liabilities of the Group and Company, 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 in which the Group and Company operate. 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.

During the reporting period, Telekom Slovenije changed the useful lives of modems and GPON interfaces installed in the fibre optic network. Before that change, the useful life of the aforementioned equipment was four years; the new useful life is five years. Depreciation was down by EUR 336 thousand during the reporting period due to the change in useful lives. The Company decided to change useful lives due to the lower number of failures of modems and GPON interfaces on the fibre optic network, as the rate of failure due to power surges before the end of the associated depreciation period is significantly lower on the fibre optic network than on the copper network.

Based on an analysis of the average lifespan of subscribers, Telekom Slovenije also amended the useful life of intangible assets linked to the costs of securing contracts with customers (commissions paid to agents), as follows:

| Costs to obtain a contract with a customer | old useful lives in months | new useful lives in months |
|--|----------------------------|----------------------------|
| - for mobile services                      | 12- 24                     | 30                         |
| - for fix services                         |                            | 42                         |
| - for convergence products                 |                            | 30                         |

Since 1 January 2020, the Company recognises commissions paid to agents for the conclusion of contracts with no commitment as intangible assets. Amortisation of the aforementioned assets was up by EUR 31 thousand during the reporting period.

Total amortisation was EUR 1,897 thousand lower during the reporting period due to a change in the useful life of intangible assets linked to the costs of securing contracts with customers.

### Changes in the Telekom Slovenije Group

On 30 September 2020, following the fulfilment of all suspensive conditions from the agreement on the sale of participating interests in Planet TV, televizijska dejavnost, d. o. o. (hereinafter: Planet TV) concluded on 7 July 2020, **Telekom Slovenije** transferred its participating interests in Planet TV to TV2 ADRIA, d. o. o. The effects of the sale are disclosed in the item 'Discontinued operations'.

### Coronavirus 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 verified the need for the impairment of assets and liabilities during the epidemic and determined that additional impairments were unnecessary. 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, Telekom Slovenije took advantage of offered state aid, as follows:

- the partial waiving of the payment of pension and disability insurance contributions; and
- the reimbursement of compensation during temporary absence from work due to sickness or injury covered by the employer.

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 companies took advantage of individual state aid measures, as follows:

- the following companies took advantage of the partial waiving of the payment of pension and disability insurance contributions: Telekom Slovenije, d. d., GVO, d. o. o., Avtenta, d. o. o, TSinpo, d. o. o. and Soline, d. o. o., in the total amount of EUR 1,437 thousand.
- the following companies took advantage of the reimbursement of compensation during temporary absence from work due to sickness or injury covered by the employer: Telekom Slovenije, d. d., GVO, d. o. o., TSinpo, d. o. o., TSmedia, d. o. o., Planet TV, d. o. o. and Soline, d. o. o., in the total amount of EUR 133 thousand.
- Soline, d. o. o. took advantage of the reimbursement of wage compensation for furloughed workers and for the period a worker did not perform their work due to *force majeure*; in the total amount of EUR 16 thousand and
- Soline, d. o. o. took advantage of the reimbursement of compensation for the period of quarantine, in the total amount of EUR 16 thousand.

Companies that took advantage of the partial waiving of the payment of pension and disability insurance contributions paid a crisis bonus, in the total amount of EUR 789 thousand.

All items in the financial statements of the Telekom Slovenije Group and Telekom Slovenije are disclosed in euros, rounded to thousand euro units.

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

### Unaudited income statement for the period ending 30 September 2020

| EUR thousand                                    | Telekom Slovenije Group |                 | Telekom Slovenije |                 |
|---|-------------------------|-----------------|-------------------|-----------------|
|   | I - IX 2020             | I - IX 2019     | I - IX 2020       | I - IX 2019     |
| Revenue   | 440,026                 | 457,182         | 439,610           | 453,406         |
| Other operating income                          | 10,447                  | 2,975           | 8,995             | 2,057           |
| Cost of goods sold                              | -61,713                 | -59,390         | -68,285           | -64,234         |
| Cost of materials and energy                    | -9,118                  | -9,654          | -7,972            | -7,847          |
| Cost of services                                | -157,093                | -168,973        | -162,178          | -176,224        |
| Employee benefits expense                       | -73,076                 | -72,696         | -64,990           | -64,067         |
| Amortisation and depreciation expense           | -104,451                | -108,401        | -102,677          | -106,258        |
| Other operating expenses                        | -4,900                  | -3,712          | -5,413            | -4,124          |
| <b>Total operating expenses</b>                 | <b>-410,351</b>         | <b>-422,826</b> | <b>-411,515</b>   | <b>-422,754</b> |
| <b>Profit from operations</b>                   | <b>40,122</b>           | <b>37,331</b>   | <b>37,090</b>     | <b>32,709</b>   |
| Finance income                                  | 1,418                   | 2,772           | 4,346             | 5,461           |
| Finance costs                                   | -6,833                  | -7,030          | -15,918           | -7,203          |
| <b>Profit before tax</b>                        | <b>34,707</b>           | <b>33,073</b>   | <b>25,518</b>     | <b>30,967</b>   |
| Income tax expense                              | -603                    | -546            | 0                 | 0               |
| Deferred tax                                    | 2,744                   | -1,344          | 2,672             | -1,353          |
| <b>Net profit from continuing operations</b>    | <b>36,848</b>           | <b>31,183</b>   | <b>28,190</b>     | <b>29,614</b>   |
| Profit / loss from discontinued operations      | -9,406                  | -1,818          | 0                 | 0               |
| <b>Net profit for the period</b>                | <b>27,442</b>           | <b>29,365</b>   | <b>28,190</b>     | <b>0</b>        |
| Profit attributable to                          |                         |                 |                   |                 |
| Owners of the company                           | 27,422                  | 29,880          | 0                 | 0               |
| Non-controlling interest                        | 0                       | -515            | 0                 | 0               |
| Earnings per share - from continuing operations | <b>5.66</b>             | <b>4.79</b>     | <b>4.33</b>       | <b>4.55</b>     |
| Loss per share - from discontinued operations   | <b>-1.45</b>            | <b>-0.28</b>    | <b>0.00</b>       | <b>0.00</b>     |

## Unaudited statement of other comprehensive income for the period ending 30 September 2020

| EUR thousand   | Telekom Slovenije Group |               | Telekom Slovenije |               |
|--|-------------------------|---------------|-------------------|---------------|
|  | I - IX 2020             | I - IX 2019   | I - IX 2020       | I - IX 2019   |
| <b>Net profit for the period</b>   | <b>27,442</b>           | <b>29,365</b> | <b>28,190</b>     | <b>29,614</b> |
| <i>Other comprehensive income that may be reclassified subsequently to profit or loss</i>            |                         |               |                   |               |
| Translation reserves   | -15                     | -14           | 0                 | 0             |
| Changes in fair value of hedging instruments   | 104                     | -386          | 104               | -386          |
| Deferred tax   | -20                     | 73            | -20               | 73            |
| <b>Net gain on changes in fair value of hedging instruments</b>                                      | <b>84</b>               | <b>-313</b>   | <b>84</b>         | <b>-313</b>   |
| <i>Other comprehensive income that shall not be transferred to profit or loss in future periods</i>  |                         |               |                   |               |
| <b>Change in the fair value for actuarial deficits and surpluses</b>                                 | <b>0</b>                | <b>0</b>      | <b>0</b>          | <b>0</b>      |
| Change in fair value of investments measured at fair value through other comprehensive income        | -364                    | 40            | -364              | 40            |
| Deferred tax   | 69                      | -7            | 69                | -7            |
| <b>Change in fair value of investments measured at fair value through other comprehensive income</b> | <b>-295</b>             | <b>33</b>     | <b>-295</b>       | <b>33</b>     |
| Other comprehensive income from discontinued operations  | 0                       | 0             | 0                 | 0             |
| <b>Other comprehensive income for the period after tax</b>   | <b>-226</b>             | <b>-294</b>   | <b>-211</b>       | <b>-280</b>   |
| <b>Total comprehensive income for the period</b>   | <b>27,216</b>           | <b>29,071</b> | <b>27,979</b>     | <b>29,334</b> |
| <b>Total comprehensive income attributable to</b>  |                         |               |                   |               |
| Owners of the company  | 27,216                  | 29,586        | 0                 | 0             |
| Non-controlling interest   | 0                       | -515          | 0                 | 0             |
| <b>Total comprehensive income for the period</b>   | <b>27,216</b>           | <b>29,586</b> |                   |               |
| Continuing operations  | 36,622                  | 30,889        | 0                 | 0             |
| Discontinued operations  | -9,406                  | -1,303        | 0                 | 0             |

Unaudited statement of financial position as at 30 September 2020

| EUR thousand   | Telekom Slovenije Group |                  | Telekom Slovenije, d.d. |                  |
|--|-------------------------|------------------|-------------------------|------------------|
|  | 30.09.2020              | 31.12.2019       | 30.09.2020              | 31.12.2019       |
| <b>ASSETS</b>  |                         |                  |                         |                  |
| Intangible assets                                    | 158,215                 | 177,594          | 146,360                 | 132,692          |
| Property, plant and equipment                        | 598,262                 | 653,411          | 594,429                 | 584,117          |
| Right of use assets                                  | 70,425                  | 79,300           | 85,640                  | 86,402           |
| Investments in subsidiaries                          | 0                       | 0                | 16,271                  | 37,001           |
| Other investments                                    | 4,444                   | 4,860            | 78,032                  | 90,421           |
| Long-term contract assets                            | 1,542                   | 3,646            | 1,543                   | 3,280            |
| Other non-current assets                             | 16,890                  | 43,423           | 16,978                  | 37,067           |
| Investment property                                  | 3,977                   | 4,002            | 3,977                   | 4,002            |
| Deferred tax assets                                  | 46,769                  | 44,044           | 46,197                  | 43,545           |
| <b>Total non-current assets</b>                      | <b>900,524</b>          | <b>1,010,280</b> | <b>989,427</b>          | <b>1,018,527</b> |
| Assets held for sale                                 | 100,904                 | 500              | 21,230                  | 500              |
| Inventories  | 26,731                  | 24,620           | 24,169                  | 20,579           |
| Trade and other receivables                          | 145,784                 | 153,510          | 144,816                 | 145,595          |
| Short-term contract assets                           | 21,067                  | 14,896           | 21,095                  | 14,849           |
| Short-term deferred assets                           | 15,786                  | 15,156           | 15,963                  | 12,107           |
| Current financial assets                             | 518                     | 679              | 9,492                   | 10,226           |
| Cash and cash equivalents                            | 12,888                  | 13,219           | 2,903                   | 1,153            |
| <b>Total current assets</b>                          | <b>323,678</b>          | <b>222,580</b>   | <b>239,668</b>          | <b>205,009</b>   |
| <b>Total assets</b>                                  | <b>1,224,202</b>        | <b>1,232,860</b> | <b>1,229,095</b>        | <b>1,223,536</b> |
| <b>EQUITY AND LIABILITIES</b>                        |                         |                  |                         |                  |
| Called-up capital                                    | 272,721                 | 272,721          | 272,721                 | 272,721          |
| Capital surplus                                      | 181,489                 | 181,488          | 180,956                 | 180,956          |
| Revenue reserves                                     | 106,479                 | 106,479          | 104,978                 | 104,978          |
| <i>Legal reserves</i>                                | 51,612                  | 51,612           | 50,434                  | 50,434           |
| <i>Treasury share reserve</i>                        | 3,671                   | 3,671            | 3,671                   | 3,671            |
| <i>Treasury shares</i>                               | -3,671                  | -3,671           | -3,671                  | -3,671           |
| <i>Statutory reserves</i>                            | 54,854                  | 54,854           | 54,544                  | 54,544           |
| <i>Other revenue reserves</i>                        | 13                      | 13               | 0                       | 0                |
| Retained earnings                                    | 36,508                  | 31,879           | 54,308                  | 48,886           |
| <i>Retain earnings from previous periods</i>         | 9,066                   | 30,648           | 26,118                  | 48,301           |
| <i>Profit or loss for the period</i>                 | 27,442                  | 1,231            | 28,190                  | 585              |
| Fair value reserve                                   | 453                     | 664              | 453                     | 664              |
| Fair value reserve for actuarial deficit and surplus | -2,349                  | -2,347           | -2,070                  | -2,069           |
| Translation reserve                                  | -22                     | -6               | 0                       | 0                |
| <b>Equity attributable to owners of the Company</b>  | <b>595,279</b>          | <b>590,878</b>   | <b>611,346</b>          | <b>606,136</b>   |
| Long-term contract liabilities                       | 873                     | 1,119            | 353                     | 180              |
| Provisions   | 19,124                  | 23,293           | 15,105                  | 19,138           |
| Non-current operating liabilities                    | 22,067                  | 22,828           | 23,161                  | 10,722           |
| Non-current deferred operating liabilities           | 15,596                  | 22,489           | 15,437                  | 22,702           |
| Interest bearing borrowings                          | 199,562                 | 214,802          | 199,562                 | 214,802          |
| Non-current lease liabilities                        | 52,401                  | 60,068           | 66,386                  | 66,351           |
| Other non-current financial liabilities              | 403                     | 100,641          | 301                     | 100,608          |
| Deferred tax liabilities                             | 206                     | 1,676            | 205                     | 274              |
| <b>Total non-current liabilities</b>                 | <b>310,232</b>          | <b>446,916</b>   | <b>320,510</b>          | <b>434,777</b>   |
| Assets and liabilities held for sale                 | 27,778                  | 0                | 0                       | 0                |
| Trade and other payables                             | 93,019                  | 113,342          | 90,607                  | 99,945           |
| Income tax payable                                   | 244                     | 354              | 0                       | 0                |
| Interest-bearing borrowings                          | 37,560                  | 31,038           | 45,120                  | 38,008           |
| Current lease liabilities                            | 9,152                   | 8,986            | 10,916                  | 10,031           |
| Other current financial liabilities                  | 100,934                 | 1,224            | 100,924                 | 1,181            |
| Short-term contract liabilities                      | 3,033                   | 6,591            | 2,786                   | 3,342            |
| Current deferred operating liabilities               | 46,971                  | 33,531           | 46,886                  | 30,116           |
| <b>Total current liabilities</b>                     | <b>318,691</b>          | <b>195,066</b>   | <b>297,239</b>          | <b>182,623</b>   |
| <b>Total liabilities</b>                             | <b>628,923</b>          | <b>641,982</b>   | <b>617,749</b>          | <b>617,400</b>   |
| <b>Total equity and liabilities</b>                  | <b>1,224,202</b>        | <b>1,232,860</b> | <b>1,229,095</b>        | <b>1,223,536</b> |



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

| EUR thousand   | Called-up capital | Capital surplus | Revenue reserves |                        |                 |                    |                        | Retained earnings                     |                               | Fair value reserve on available-for-sale financial assets | Fair value reserve for hedging instruments | Fair value reserve for actuarial deficit and surplus | Translation reserve | Total   | Non-controlling interests | Total   |
|--|-------------------|-----------------|------------------|------------------------|-----------------|--------------------|------------------------|---------------------------------------|-------------------------------|---|--|--|---------------------|---------|---------------------------|---------|
|  |                   |                 | Legal reserves   | Treasury share reserve | Treasury shares | Statutory reserves | Other revenue reserves | Retained earnings from previous years | Profit or loss for the period |   |  |  |                     |         |                           |         |
| Balance at 1 Jan 2020  | 272,721           | 181,488         | 51,612           | 3,671                  | -3,671          | 54,854             | 13                     | 30,648                                | 1,231                         | 1,171   | -507                                       | -2,347   | -6                  | 590,878 | 0                         | 590,878 |
| Profit or loss for the period  |                   |                 |                  |                        |                 |                    |                        |                                       | 27,442                        |   |  |  |                     | 27,442  |                           | 27,442  |
| Other comprehensive income for the period                                      |                   |                 |                  |                        |                 |                    |                        |                                       |                               | -295  | 84   | 0  | -15                 | -226    |                           | -226    |
| Total comprehensive income for the period                                      | 0                 | 0               | 0                | 0                      | 0               | 0                  | 0                      | 0                                     | 27,442                        | -295  | 84   | 0  | -15                 | 27,216  | 0                         | 27,216  |
| Dividends paid   |                   |                 |                  |                        |                 |                    |                        | -22,769                               |                               |   |  |  |                     | -22,769 |                           | -22,769 |
| Transactions with owners   | 0                 | 0               | 0                | 0                      | 0               | 0                  | 0                      | -22,769                               | 0                             | 0   | 0  | 0  | 0                   | -22,769 | 0                         | -22,769 |
| Transfer of profit or loss from previous period to retained earnings or losses |                   |                 |                  |                        |                 |                    |                        | 1,231                                 | -1,231                        |   |  |  |                     | 0       |                           | 0       |
| Other  | 0                 | 1               |                  |                        |                 |                    |                        | -44                                   | 0                             |   |  | -2   | -1                  | -46     |                           | -46     |
| Balance at 30 Sept 2020  | 272,721           | 181,489         | 51,612           | 3,671                  | -3,671          | 54,854             | 13                     | 9,066                                 | 27,442                        | 876   | -423                                       | -2,349   | -22                 | 595,279 | 0                         | 595,279 |

## Unaudited statement of changes in equity of the Telekom Slovenije Group for the period ending 30 September 2019

| EUR thousand   | Called-up capital | Capital surplus | Revenue reserves |                        |                 |                    |                        | Retained earnings                     |                               | Fair value reserve on available-for-sale financial assets | Fair value reserve for hedging instruments | Fair value reserve for actuarial deficit and surplus | Translation reserve | Total          | Non-controlling interests | Total          |
|--|-------------------|-----------------|------------------|------------------------|-----------------|--------------------|------------------------|---------------------------------------|-------------------------------|---|--|--|---------------------|----------------|---------------------------|----------------|
|  |                   |                 | Legal reserves   | Treasury share reserve | Treasury shares | Statutory reserves | Other revenue reserves | Retained earnings from previous years | Profit or loss for the period |   |  |  |                     |                |                           |                |
| Balance at 1 Jan 2019  | 272,721           | 181,488         | 51,612           | 3,671                  | -3,671          | 54,854             | 17,026                 | 30,324                                | 17,614                        | 1,013   | -618                                       | -2,356   | 16                  | 623,694        | -4,066                    | 619,628        |
| Profit or loss for the period  |                   |                 |                  |                        |                 |                    |                        |                                       | 29,880                        |   |  |  |                     | 29,880         | -515                      | 29,365         |
| Other comprehensive income for the period                              |                   |                 |                  |                        |                 |                    |                        |                                       |                               | 33  | -313                                       | 0  | -14                 | -294           |                           | -294           |
| <b>Total comprehensive income for the period</b>                       | <b>0</b>          | <b>0</b>        | <b>0</b>         | <b>0</b>               | <b>0</b>        | <b>0</b>           | <b>0</b>               | <b>0</b>                              | <b>29,880</b>                 | <b>33</b>   | <b>-313</b>                                | <b>0</b>   | <b>-14</b>          | <b>29,586</b>  | <b>-515</b>               | <b>29,071</b>  |
| Dividends paid   |                   |                 |                  |                        |                 |                    |                        | -29,218                               |                               |   |  |  |                     | -29,218        |                           | -29,218        |
| Transactions with owners   | 0                 | 0               | 0                | 0                      | 0               | 0                  | 0                      | -29,218                               | 0                             | 0   | 0  | 0  | 0                   | -29,218        | 0                         | -29,218        |
| Transfer of retained earnings from previous years to retained earnings |                   |                 |                  |                        |                 |                    |                        | 17,614                                | -17,614                       |   |  |  |                     | 0              |                           | 0              |
| Other  |                   |                 |                  |                        |                 |                    |                        | -52                                   | 0                             |   |  |  |                     | -52            |                           | -52            |
| <b>Balance at 30 Sept 2019</b>   | <b>272,721</b>    | <b>181,488</b>  | <b>51,612</b>    | <b>3,671</b>           | <b>-3,671</b>   | <b>54,854</b>      | <b>17,026</b>          | <b>18,668</b>                         | <b>29,880</b>                 | <b>1,046</b>  | <b>-931</b>                                | <b>-2,356</b>  | <b>2</b>            | <b>624,010</b> | <b>-4,581</b>             | <b>619,429</b> |

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

| EUR thousand   | Called-up capital | Capital surplus | Revenue reserves |                        |                 |                    |                        | Retained earnings                     |                               | Fair value reserve on available-for-sale financial assets | Fair value reserve for hedging instruments | Fair value reserve for actuarial deficit and surplus | Translation reserve |
|--|-------------------|-----------------|------------------|------------------------|-----------------|--------------------|------------------------|---------------------------------------|-------------------------------|---|--|--|---------------------|
|  |                   |                 | Legal reserves   | Treasury share reserve | Treasury shares | Statutory reserves | Other revenue reserves | Retained earnings from previous years | Profit or loss for the period |   |  |  |                     |
| Balance at 1 Jan 2019  | 272,721           | 180,956         | 50,434           | 3,671                  | -3,671          | 54,544             | 0                      | 48,301                                | 585                           | 1,171   | -507                                       | -2,069   | 606,136             |
| Profit or loss for the period                                      |                   |                 |                  |                        |                 |                    |                        |                                       | 28,190                        |   |  |  | 28,190              |
| Other comprehensive income for the period                          |                   |                 |                  |                        |                 |                    |                        |                                       |                               | -295  | 84   | 0  | -211                |
| Total comprehensive income for the period                          | 0                 | 0               | 0                | 0                      | 0               | 0                  | 0                      | 0                                     | 28,190                        | -295  | 84   | 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 to reserves based on the decision of the Management Board |                   |                 |                  |                        |                 |                    |                        |                                       |                               |   |  |  | 0                   |
| Other  |                   |                 |                  |                        |                 |                    |                        | 1                                     |                               |   |  | -1   | 0                   |
| Balance at 30 Sept 2020  | 272,721           | 180,956         | 50,434           | 3,671                  | -3,671          | 54,544             | 0                      | 26,118                                | 28,190                        | 876   | -423                                       | -2,070   | 611,346             |

## Unaudited statement of changes in equity of Telekom Slovenije, d. d. for the period ending 30 September 2019

| EUR thousand   | Called-up capital | Capital surplus | Revenue reserves |                        |                 |                    |                        | Retained earnings                     |                               | Fair value reserve on available-for-sale financial assets | Fair value reserve for hedging instruments | Fair value reserve for actuarial deficit and surplus | Total          |
|--|-------------------|-----------------|------------------|------------------------|-----------------|--------------------|------------------------|---------------------------------------|-------------------------------|---|--|--|----------------|
|  |                   |                 | Legal reserves   | Treasury share reserve | Treasury shares | Statutory reserves | Other revenue reserves | Retained earnings from previous years | Profit or loss for the period |   |  |  |                |
| Balance at 1 Jan 2019  | 272,721           | 180,956         | 50,434           | 3,671                  | -3,671          | 54,544             | 17,013                 | 43,493                                | 17,013                        | 1,013   | -618                                       | -2,373   | 634,196        |
| Profit or loss for the period  |                   |                 |                  |                        |                 |                    |                        |                                       | 29,614                        |   |  |  | 29,614         |
| Other comprehensive income for the period                              |                   |                 |                  |                        |                 |                    |                        |                                       |                               | 33  | -313                                       | 0  | -280           |
| <b>Total comprehensive income for the period</b>                       | <b>0</b>          | <b>0</b>        | <b>0</b>         | <b>0</b>               | <b>0</b>        | <b>0</b>           | <b>0</b>               | <b>0</b>                              | <b>29,614</b>                 | <b>33</b>   | <b>-313</b>                                | <b>0</b>   | <b>29,334</b>  |
| Dividends paid   |                   |                 |                  |                        |                 |                    |                        | -29,218                               |                               |   |  |  | -29,218        |
| Transactions with owners   | 0                 | 0               | 0                | 0                      | 0               | 0                  | 0                      | -29,218                               | 0                             | 0   | 0  | 0  | -29,218        |
| Transfer of retained earnings from previous years to retained earnings |                   |                 |                  |                        |                 |                    |                        | 17,013                                | -17,013                       |   |  |  | 0              |
| <b>Balance at 30 Sept 2019</b>   | <b>272,721</b>    | <b>180,956</b>  | <b>50,434</b>    | <b>3,671</b>           | <b>-3,671</b>   | <b>54,544</b>      | <b>17,013</b>          | <b>31,288</b>                         | <b>29,614</b>                 | <b>1,046</b>  | <b>-931</b>                                | <b>-2,373</b>  | <b>634,312</b> |

## Unaudited cash flow statement for the period ending 30 September 2020

| EUR thousand   | Telekom Slovenije Group |                 | Telekom Slovenije |                |
|--|-------------------------|-----------------|-------------------|----------------|
|  | I - IX 2020             | I - IX 2019     | I - IX 2020       | I - IX 2019    |
| <b>Cash flows from operating activities</b>  |                         |                 |                   |                |
| <b>Profit</b>  | <b>27,442</b>           | <b>29,365</b>   | <b>28,190</b>     | <b>29,614</b>  |
| <b>Adjustments for:</b>  |                         |                 |                   |                |
| Depreciation and amortization  | 125,657                 | 130,310         | 102,677           | 106,258        |
| Impairment and write-offs of intangible assets, property, plant and equipment, intangible assets and investment property | 163                     | 0               | 0                 | 0              |
| Gain or loss on disposal of property, plant and equipment  | 6,645                   | 0               | 0                 | 0              |
| Gain on disposal of investment property  | 188                     | 62              | 275               | 107            |
| Finance income   | -2,494                  | -2,781          | -5,199            | -5,461         |
| Finance costs  | 7,083                   | 7,419           | 16,772            | 7,203          |
| Income tax expense and deferred tax  | -2,141                  | 1,890           | -2,672            | 1,353          |
| <b>Operating cash flow prior to changes in net working capital and provisions</b>  | <b>162,543</b>          | <b>166,265</b>  | <b>140,043</b>    | <b>139,074</b> |
| Change in assets held for sale   | 0                       | 26              | 0                 | 0              |
| Change in trade and other receivables  | 7,820                   | 14,776          | 878               | 11,235         |
| Change in deferred costs, accrued income and contract assets   | -5,741                  | 11,777          | -8,781            | 14,277         |
| Change in other non-current assets   | 28,636                  | -7,142          | 21,827            | -7,759         |
| Change in inventories  | -2,111                  | 103             | -3,030            | 426            |
| Change in provisions   | -4,169                  | 575             | -4,033            | 405            |
| Change in long-term, short-term deferred income and contract liabilities   | -4,267                  | 1,075           | -882              | 499            |
| Change in accrued costs and expenses   | 7,010                   | 5,773           | 10,003            | 6,062          |
| Change in trade and other payables   | -14,720                 | -51,774         | 3,689             | -61,070        |
| Income tax paid  | -678                    | 145             | 0                 | 0              |
| <b>Net cash from operating activities</b>  | <b>174,323</b>          | <b>141,599</b>  | <b>159,714</b>    | <b>103,150</b> |
| <b>Cash flows from investing activities</b>  |                         |                 |                   |                |
| <b>Receipts from investing activities</b>  | <b>410</b>              | <b>38,642</b>   | <b>6,008</b>      | <b>45,400</b>  |
| Sale of property, plant and equipment  | 192                     | 842             | 191               | 781            |
| Dividends received   | 6                       | 157             | 840               | 158            |
| Interest received  | 1                       | 24              | 1,825             | 2,359          |
| Cash proceeds from sale of investment property   | 0                       | 0               | 0                 | 0              |
| Disposal of non-current investments  | 57                      | 37,617          | 3,152             | 42,102         |
| Disposal of current investments  | 154                     | 2               | 0                 | 0              |
| <b>Disbursements from investing activities</b>   | <b>-130,024</b>         | <b>-113,496</b> | <b>-119,978</b>   | <b>-88,784</b> |
| Acquisition of property, plant and equipment   | -68,439                 | -58,588         | -64,750           | -53,457        |
| Acquisition of intangible assets   | -61,579                 | -45,393         | -54,338           | -20,364        |
| Acquisition of investments   | 0                       | -9,500          | 0                 | -9,500         |
| Investments in subsidiaries and associates   | 0                       | -12             | 0                 | -15            |
| Interest-bearing loans   | -6                      | -3              | -890              | -5,448         |
| <b>Net cash from investing activities</b>  | <b>-129,614</b>         | <b>-74,854</b>  | <b>-113,970</b>   | <b>-43,385</b> |
| <b>Cash flows from financing activities</b>  |                         |                 |                   |                |
| <b>Receipts from financing activities</b>  | <b>6,500</b>            | <b>35,000</b>   | <b>7,060</b>      | <b>35,000</b>  |
| Non-current borrowings   | 0                       | 35,000          | 0                 | 35,000         |
| Current borrowings   | 6,500                   | 0               | 7,060             | 0              |
| Issue of short-term commercial papers  | 0                       | 0               | 0                 | 0              |
| <b>Disbursements from financing activities</b>   | <b>-51,540</b>          | <b>-51,886</b>  | <b>-51,054</b>    | <b>-49,942</b> |
| Maturity of short-term commercial paper  | -9,043                  | -11,850         | -8,591            | -9,456         |
| Repayment of current borrowings  | 0                       | -28,000         | 0                 | -28,500        |
| Repayment of non-current borrowings  | -15,416                 | -7,739          | -15,385           | -7,692         |
| Interest paid  | -4,312                  | -4,297          | -4,309            | -4,294         |
| Dividends paid   | -22,769                 | 0               | -22,769           | 0              |
| <b>Net cash from financing activities</b>  | <b>-45,040</b>          | <b>-16,886</b>  | <b>-43,994</b>    | <b>-14,942</b> |
| <b>Net increase/decrease in cash and cash equivalents</b>  | <b>-331</b>             | <b>49,859</b>   | <b>1,750</b>      | <b>44,823</b>  |
| <b>Opening balance of cash</b>   | <b>13,219</b>           | <b>10,684</b>   | <b>1,153</b>      | <b>2,011</b>   |
| <b>Closing balance of cash</b>   | <b>12,888</b>           | <b>60,543</b>   | <b>2,903</b>      | <b>46,834</b>  |

\* The cash flow statement is shown together for continuing and discontinued operations. Cash flow from discontinued operations is disclosed under the item 'Discontinued operations'.

## 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 comprises:

| Company                     | Country                | 30.9.2020 |
|-----------------------------|------------------------|-----------|
| Telekom Slovenije, d.d.     | Slovenia               | 100 %     |
| GVO, d.o.o.                 | Slovenia               | 100 %     |
| OPTIC-TEL, d.o.o.           | Slovenia               | 100 %     |
| INFRATEL, d.o.o.            | Slovenia               | 100 %     |
| GVO Telekommunikation GmbH  | Slovenia               | 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, d.o.o. Beograd        | Serbia                 | 100 %     |
| SIOL, d.o.o. Prishtina      | Kosovo                 | 100 %     |
| USTANOVA SRČNI SKLAD        | Slovenia               | 100 %     |

Planet TV was excluded from the Group on 30 September 2020.

IPKO Telecommunications LLC was reclassified as at 30 September 2020 to assets and liabilities for disposal – discontinued operations. That reclassification was performed at the carrying amount of the aforementioned items.

### Segment reporting

The Telekom Slovenije Group has two operating segments. Segment reporting is based on the internal reporting system used by management in the decision-making process. Two geographical regions are defined as operating segments for which the Group reports: Slovenia and other countries. The criterion for segment reporting is the registered office where an activity is performed.

Segment reporting is based on the basic financial statements of the Telekom Slovenije Group. Sales transactions between segments are executed at market values. Intra-group transactions are eliminated in the consolidation process and included in eliminations and adjustments.

The Telekom Slovenije Group does not disclose finance income and costs by segment, as the Group's financing is centralised and conducted at the level of the parent company.



## Operating segments I - IX 2020

| EUR thousand                                     | Slovenia       | Other countries | Eliminations and adjustments | Total          | Reclassification of the discontinued operations | Total continuing operations |
|--|----------------|-----------------|------------------------------|----------------|---|-----------------------------|
| External sales                                   | 445,155        | 39,696          | 0                            | 484,851        | -44,825   | 440,026                     |
| Intersegment sales                               | 62,176         | 4,315           | -66,491                      | 0              | 0   | 0                           |
| <b>Total segment revenue</b>                     | <b>507,331</b> | <b>44,011</b>   | <b>-66,491</b>               | <b>484,851</b> | <b>-44,825</b>                                  | <b>440,026</b>              |
| <b>Other revenue</b>                             | <b>10,807</b>  | <b>183</b>      | <b>-375</b>                  | <b>10,615</b>  | <b>-168</b>                                     | <b>10,447</b>               |
| <b>Share in profit or loss of joint ventures</b> | <b>0</b>       | <b>0</b>        | <b>0</b>                     | <b>0</b>       |   | <b>0</b>                    |
| Total operating expenses                         | -481,327       | -43,793         | 60,554                       | -464,566       | 54,216  | -410,351                    |
| <b>Operating profit per segment</b>              | <b>36,811</b>  | <b>401</b>      | <b>-6,312</b>                | <b>30,900</b>  | <b>9,223</b>                                    | <b>40,122</b>               |
| Finance income                                   |                |                 |                              | 1,484          | -66   | 1,418                       |
| Finance costs                                    |                |                 |                              | -7,082         | 249   | -6,833                      |
| <b>Profit before tax</b>                         |                |                 |                              | <b>25,302</b>  | <b>9,406</b>                                    | <b>34,707</b>               |
| Income tax expense                               |                |                 |                              | -603           | 0   | -603                        |
| Deferred tax                                     |                |                 |                              | 2,744          | 0   | 2,744                       |
| <b>Net profit for the period</b>                 |                |                 |                              | <b>27,443</b>  | <b>9,406</b>                                    | <b>36,848</b>               |

| Other segment information at 30. 09. 2020 | Slovenia  | other countries | Eliminations and adjustments | Assets off the discontinued operations | Total assets |
|---|-----------|-----------------|------------------------------|--|--------------|
| Segment assets                            | 1,320,325 | 24,316          | -221,343                     | 100,904                                | 1,224,202    |
| Segment liabilities                       | 654,551   | 86,984          | -140,390                     | 27,778                                 | 628,923      |

\*Assets and liabilities of IPKO in Kosovo.

| Other segment information at 30. 09. 2020 | Slovenia  | Other countries | Eliminations and adjustments | Reclassification of the discontinued operations | Total     |
|---|-----------|-----------------|------------------------------|---|-----------|
| Segment assets                            | 1,320,325 | 125,220         | -221,343                     | 0   | 1,224,202 |
| Segment liabilities                       | 654,551   | 114,762         | -140,390                     | 0   | 628,923   |

## Sales revenue by segment I – IX 2020

| EUR thousand   | Slovenia       | Other countries | Eliminations and adjustments | Reclassification of the discontinued operations | Total continuing operations |
|--|----------------|-----------------|------------------------------|---|-----------------------------|
| Mobile services in end-customer market               | 153,898        | 23,074          | -211                         | -23,027   | 153,734                     |
| Fixed-line telephone services on end-customer market | 155,757        | 15,994          | -1,328                       | -15,988   | 154,435                     |
| New services   | 5,406          | 0               | 0                            | 0   | 5,406                       |
| Wholesale market                                     | 109,573        | 4,943           | -6,464                       | -605  | 107,447                     |
| Other revenues and merchandise                       | 82,697         | 0               | -58,488                      | -5,205  | 19,004                      |
| <b>Total revenue</b>                                 | <b>507,331</b> | <b>44,011</b>   | <b>-66,491</b>               | <b>-44,825</b>                                  | <b>440,026</b>              |

| EUR thousand                   | Slovenia       | Other countries | Eliminations and adjustments | Reclassification of the discontinued operations | Total continuing operations |
|--------------------------------|----------------|-----------------|------------------------------|---|-----------------------------|
| Revenues from sale of services | 437,314        | 43,262          | -60,788                      | -44,142   | 375,647                     |
| Revenues from sale of goods    | 70,017         | 748             | -5,703                       | -683  | 64,379                      |
| <b>Total revenue</b>           | <b>507,331</b> | <b>44,011</b>   | <b>-66,491</b>               | <b>-44,825</b>                                  | <b>440,026</b>              |

### Operating segments I - IX 2019

| EUR thousand                        | Slovenia       | Other countries | Eliminations and adjustments | Total          | Reclassification of the discontinued operations | Total continuing operations |
|-------------------------------------|----------------|-----------------|------------------------------|----------------|---|-----------------------------|
| External sales                      | 464,586        | 42,784          | 0                            | 507,370        | -50,188   | <b>457,182</b>              |
| Intersegment sales                  | 56,964         | 5,201           | -62,165                      | 0              | 0   | <b>0</b>                    |
| <b>Total segment revenue</b>        | <b>521,550</b> | <b>47,985</b>   | <b>-62,165</b>               | <b>507,370</b> | <b>-50,188</b>                                  | <b>457,182</b>              |
| <b>Other revenue</b>                | <b>3,677</b>   | <b>1,038</b>    | <b>-675</b>                  | <b>4,040</b>   | <b>-1,065</b>                                   | <b>2,975</b>                |
| Total operating expenses            | -490,780       | -46,799         | 62,062                       | -475,517       | 52,691  | <b>-422,826</b>             |
| <b>Operating profit per segment</b> | <b>34,447</b>  | <b>2,224</b>    | <b>-778</b>                  | <b>35,893</b>  | <b>1,438</b>                                    | <b>37,331</b>               |
| Finance income                      |                |                 |                              | 2,781          | -9  | 2,772                       |
| Finance costs                       |                |                 |                              | -7,419         | 389   | -7,030                      |
| <b>Profit before tax</b>            |                |                 |                              | <b>31,255</b>  | <b>1,818</b>                                    | <b>33,073</b>               |
| Income tax expense                  |                |                 |                              | -546           | 0   | -546                        |
| Deferred tax                        |                |                 |                              | -1,344         | 0   | -1,344                      |
| <b>Net profit for the period</b>    |                |                 |                              | <b>29,365</b>  | <b>1,818</b>                                    | <b>31,183</b>               |

| Other segment information at 31. 12. 2019 | Slovenia  | Other countries | Eliminations and adjustments | Reclassification of the discontinued operations | Total            |
|---|-----------|-----------------|------------------------------|---|------------------|
| Segment assets                            | 1,316,094 | 136,986         | -220,220                     | 0   | <b>1,232,860</b> |
| Segment liabilities                       | 688,256   | 123,672         | -169,946                     | 0   | <b>641,982</b>   |

### Sales revenue by segment I – IX 2019

| EUR thousand   | Slovenia       | Other countries | Eliminations and adjustments | Reclassification of the discontinued operations | Total continuing operations |
|--|----------------|-----------------|------------------------------|---|-----------------------------|
| Mobile services in end-customer market               | 159,357        | 24,196          | -580                         | -24,139   | <b>158,834</b>              |
| Fixed-line telephone services on end-customer market | 155,417        | 17,976          | -830                         | -17,969   | <b>154,594</b>              |
| New services   | 4,931          | 0               | 0                            | 0   | <b>4,931</b>                |
| Wholesale market                                     | 121,519        | 5,813           | -8,569                       | -398  | <b>118,365</b>              |
| Other revenues and merchandise                       | 80,326         | 0               | -52,186                      | -7,682  | <b>20,458</b>               |
| <b>Total revenue</b>                                 | <b>521,550</b> | <b>47,985</b>   | <b>-62,165</b>               | <b>-50,188</b>                                  | <b>457,182</b>              |

## Net sales revenue

| EUR thousand   | Telekom Slovenije Group |                | Telekom Slovenije |                |
|--|-------------------------|----------------|-------------------|----------------|
|  | I - IX 2020             | I - IX 2019    | I - IX 2020       | I - IX 2019    |
| Mobile services in end-customer market               | 176,761                 | 182,973        | 153,898           | 159,357        |
| Fixed-line telephone services on end-customer market | 170,423                 | 172,563        | 155,757           | 155,417        |
| New sources of revenue                               | 5,406                   | 4,931          | 5,406             | 4,931          |
| Wholesale market                                     | 108,052                 | 118,763        | 108,073           | 120,133        |
| Other revenues and merchandise                       | 24,209                  | 28,140         | 16,476            | 13,568         |
| <b>Total revenue</b>                                 | <b>484,851</b>          | <b>507,370</b> | <b>439,610</b>    | <b>453,406</b> |
| Reclassification of the discontinued operations      | -44,825                 | -50,188        |                   |                |
| <b>Total net revenue</b>                             | <b>440,026</b>          | <b>457,182</b> | <b>491,192</b>    | <b>501,558</b> |

\* The reclassification of discontinued operations by revenue type is disclosed in the table 'Sales revenue by segment I – IX 2020.

| EUR thousand                                    | Telekom Slovenije Group |                | Telekom Slovenije |                |
|---|-------------------------|----------------|-------------------|----------------|
|   | I - IX 2020             | I - IX 2019    | I - IX 2020       | I - IX 2019    |
| Revenues from sale of services                  | 419,789                 | 447,309        | 370,118           | 390,299        |
| Revenues from sale of goods                     | 65,062                  | 60,061         | 69,492            | 63,107         |
| <b>Total revenue</b>                            | <b>484,851</b>          | <b>507,370</b> | <b>439,610</b>    | <b>453,406</b> |
| Reclassification of the discontinued operations | -44,825                 | -50,188        |                   |                |
| <b>Total net revenue</b>                        | <b>440,026</b>          | <b>457,182</b> | <b>509,102</b>    | <b>516,513</b> |

Net sales revenue amounted to EUR 440.0 million. The following categories were down in 2020: revenues from the mobile segment of the end-user market primarily due to the impact of the coronavirus, which resulted in lower revenues from roaming services abroad, and due to the impact of the optimisation of subscribers whose basic subscription fee includes an increasing number of services, which is driving down revenues from services not included in the subscription fee, revenues from the fixed segment of the end-user market primarily due to lower revenues from traditional telephony, revenues on the wholesale market due to reduced international voice traffic and lower revenues from roaming by non-residents as a result of the coronavirus, and other revenues and revenues from other merchandise likewise due to the coronavirus. Revenues from new services were up relative to the same period last year, primarily on account of higher energy revenues. Revenues from e-commerce were up by 59% during the reporting period relative to the same period last year.

The revenues generated by Telekom Slovenije during the reporting period were down by EUR 13,796 thousand relative to the same period last year for the same reasons given above.

The Telekom Slovenije Group's other revenues and revenues from other merchandise include revenues from investment works, maintenance and the clearance of faults, and sales of non-telecommunication services and merchandise.

## Costs of services

| EUR thousand                                 | Telekom Slovenije Group |   |                                 |                |   |                                 | Telekom Slovenije |                |
|--|-------------------------|---|---------------------------------|----------------|---|---------------------------------|-------------------|----------------|
|  | I - IX 2020             | Reclassification of the discontinued operations | I-IX 2020 continuing operations | I - IX 2019    | Reclassification of the discontinued operations | I-IX 2019 Continuing operations | I - IX 2020       | I - IX 2019    |
| Telecommunications services                  | 82,597                  | -2,004  | 80,593                          | 91,158         | -1,779  | 89,379                          | 81,906            | 92,253         |
| Cost of leased lines                         | 4,539                   | -880  | 3,659                           | 4,841          | -820  | 4,021                           | 6,309             | 6,514          |
| Multimedia services                          | 18,955                  | -6,578  | 12,377                          | 21,626         | -8,550  | 13,076                          | 13,695            | 15,132         |
| Costs of subcontractors' services            | 26,593                  | 0   | 26,593                          | 26,957         | 0   | 26,957                          | 22,300            | 22,427         |
| Maintenance of property, plant and equipment | 15,573                  | -3,593  | 11,980                          | 16,585         | -3,976  | 12,609                          | 15,938            | 17,071         |
| Other services                               | 27,100                  | -5,210  | 21,891                          | 29,551         | -6,620  | 22,931                          | 22,030            | 22,827         |
| <b>Total cost of services</b>                | <b>175,357</b>          | <b>-18,265</b>                                  | <b>157,093</b>                  | <b>190,718</b> | <b>-21,745</b>                                  | <b>168,973</b>                  | <b>162,178</b>    | <b>176,224</b> |

The costs of services incurred by the Telekom Slovenije Group were down by EUR 11,880 thousand during the reporting period relative to the same period last year, broken down as follows: the costs of telecommunication services were down by EUR 8,786 thousand due to the reduced volume of international traffic and roaming as the result of the coronavirus, while the costs of multimedia content were down by EUR 699 thousand. All other indirect costs of services were also lower.

The costs of services incurred by Telekom Slovenije during the reporting period were down by EUR 14,046 thousand relative to the same period last year. The reasons are the same as those given for the Telekom Slovenije Group.

## Operating profit and net profit

### Telekom Slovenije Group

Earnings before interest and taxes (EBIT) in the amount of EUR 40,122 thousand were up by EUR 2,791 thousand relative to the same period last year. A net profit of EUR 27,442 thousand was achieved for the accounting period in the context of a net financial loss of EUR 5,415 thousand.

### Telekom Slovenije

Earnings before interest and taxes (EBIT) in the amount of EUR 37,090 thousand were up by EUR 4,381 thousand relative to the same period last year. A net profit of EUR 28,190 thousand was achieved for the accounting period in the context of a net financial loss of EUR 11,572 thousand.

## Intangible assets

Intangible assets were down by EUR 19,379 thousand at the Telekom Slovenije Group level due to the exclusion of Planet TV from the Group and the reclassification of the assets of IPKO to assets for disposal. Intangible assets were up by EUR 13,668 thousand at Telekom Slovenije relative to the end of 2019. Commitments for intangible assets amounted to EUR 6,405 thousand at the Telekom Slovenije Group level and to EUR 7,472 thousand at Telekom Slovenije as at 30 September 2020.

## Property, plant and equipment

The Telekom Slovenije Group's property, plant and equipment amounted to EUR 598,262 thousand as at 30 September 2020, representing 48.9% of total assets. Assets were down by EUR 55,149 thousand due to the exclusion of Planet TV from the Group and the reclassification of the assets of IPKO to assets for disposal. Commitments for property, plant and equipment totalled EUR 7,839 thousand at the Group level as at 30 September 2020.

Telekom Slovenije's property, plant and equipment amounted to EUR 594,429 thousand, representing 48.4% of total assets. Assets were up by EUR 10,312 thousand relative to the end of 2019, while commitments for property, plant and equipment totalled EUR 25,530 thousand as at 30 September 2020.

#### Other non-current assets

Other non-current assets amounted to EUR 16,890 thousand as at 30 September and primarily comprise non-current operating receivables for instalment payments. That amount was lower relative to the end of 2019 due to the reclassification of receivables that fall due for payment during the next 12 months and comprises receivables from operators.

#### Discontinued operations (assets held for sale)

Based on the process to sell its 100% participating interest in IPKO Telecommunications LLC, Telekom Slovenije reclassified its investment in the aforementioned subsidiary to assets held for sale in the amount of EUR 21,230 thousand, while the Telekom Slovenije Group disclosed the assets and liabilities of that subsidiary as assets and liabilities held for sale, and net operating results as net operating results from discontinued operations.

Due to the completion of the sales process, Planet TV was no longer part of the Telekom Slovenije Group as at 30 September 2020.

| EUR thousand                           | Telekom Slovenije Group<br>30.09.2020 |
|--|---------------------------------------|
| <b>Assets held for sale</b>            | <b>500</b>                            |
| <b>IPKO - discontinued operations</b>  | <b>100,404</b>                        |
| <i>Non-current assets</i>              | 93,482                                |
| <i>Intangible assets</i>               | 30,916                                |
| <i>Property, plant and equipment</i>   | 56,154                                |
| <i>Other non-current assets</i>        | 6,413                                 |
| <i>Current assets</i>                  | 6,922                                 |
| <i>Inventories</i>                     | 1,400                                 |
| <i>Trade and other receivables</i>     | 3,758                                 |
| <i>Cash and cash equivalents</i>       | 1,764                                 |
| <b>Total assets held for sale</b>      | <b>100,904</b>                        |
| <b>IPKO - discontinued operations</b>  | <b>27,778</b>                         |
| <i>Non-current liabilities</i>         | 20,000                                |
| <i>Financial liabilities</i>           | 6,278                                 |
| <i>Other non-current liabilities</i>   | 13,722                                |
| <i>Current liabilities</i>             | 7,778                                 |
| <i>Financial liabilities</i>           | 69                                    |
| <i>Other current liabilities</i>       | 7,709                                 |
| <b>Total liabilities held for sale</b> | <b>27,778</b>                         |

## Income statement from discontinued operations

| EUR thousand                                     | I - IX 2020   | I - IX 2019   |
|--|---------------|---------------|
| Revenue  | 44,825        | 50,188        |
| Other operating income                           | 168           | 1,065         |
| Total operating expenses                         | -54,216       | -52,691       |
| Profit from operations                           | -9,223        | -1,438        |
| Net financial result                             | -184          | -380          |
| taxes  | 0             | 0             |
| <b>Profit/Loss from discontinued operations:</b> | <b>-9,406</b> | <b>-1,818</b> |
| - IPKO   | -188          | 924           |
| - Planet TV:                                     | -9,219        | -2,742        |
| - Profit/loss of the period                      | -3,584        | -2,742        |
| - Profit/loss from sale                          | -5,635        |               |

In addition to revenues, expenses and operating results from discontinued operations after taxes, the net operating result from discontinued operations also includes the effect of the loss recognised upon the measurement of the fair value and sale of Planet TV.

## Cash flow from discontinued operations

| EUR thousand                                     | I - IX 2020 | I - IX 2019   |
|--|-------------|---------------|
| Net cash from operating activities               | 14,717      | 28,550        |
| Net cash from investing activities               | -13,449     | -28,682       |
| Net cash from financing activities               | -2,035      | -2,060        |
| <b>Net decrease in cash and cash equivalents</b> | <b>-768</b> | <b>-2,192</b> |

## Discontinued operations – sale of Planet TV

On 30 September 2020, following the fulfilment of all suspensive conditions from the agreement on the sale of participating interests in Planet TV, televizijska dejavnost, d. o. o. (hereinafter: Planet TV) concluded on 7 July 2020, Telekom Slovenije transferred its participating interests in Planet TV to TV2 ADRIA, d. o. o.

Prior to the transfer of its participating interests, Telekom Slovenije increased the capital of Planet TV through the conversion of its claims into the aforementioned company's equity.

Consideration for the participating interests in Planet TV amounted to EUR 5.0 million. Telekom Slovenije disclosed in full expenses from the impairment of the assets of Planet TV and its claims for loans granted to that company during the first half of 2020.

Following the exclusion of the sold participating interest, the Company and Telekom Slovenije Group reduced the effect of the loss previously recognised in connection with the measurement of the fair value of loans and



assets that were disclosed in the half-yearly financial statements in the amount of EUR 854 thousand at the Telekom Slovenije level and in the amount of EUR 1,010 thousand at the Telekom Slovenije Group level.

#### Value of the disposed assets and liabilities of Planet TV on the day of exclusion

| EUR thousand  | Value of net assets |
|---|---------------------|
| <b>ASSETS</b>   |                     |
| Intangible assets   | 94                  |
| Property, plant and equipment   | 277                 |
| Other fixed assets  | 7,154               |
| Current Assets  | 6,134               |
| - of which cash and cash equivalents  | 207                 |
| <b>Total assets</b>   | <b>13,659</b>       |
| Non-current liabilities   | 376                 |
| Current liabilities   | 2,648               |
| <b>Total liabilities</b>  | <b>3,024</b>        |
| Compensation received - fair value of the investment of the company Planet TV | 5,000               |
| <b>Profit /loss from sale</b>   | <b>-5,635</b>       |

#### Trade and other receivables

Current trade and other receivables were down by EUR 7,726 thousand at the Telekom Slovenije Group level and by EUR 779 thousand at Telekom Slovenije relative to the balance at the end of 2019.

#### Financial liabilities

Financial liabilities amounted to EUR 400,012 thousand at the Telekom Slovenije Group level and to EUR 423,209 thousand at Telekom Slovenije as at 30 September 2020. They mainly relate to:

- borrowings received in the amount of EUR 237,122 thousand at the Telekom Slovenije Group level and EUR 244,682 thousand at Telekom Slovenije;
- liabilities for bonds issued in the amount of EUR 100,576 thousand were down EUR 460 thousand on the balance at the end of the year; and
- financial liabilities for leases (which the Group and Company recognised in accordance with the new IFRS 16) in the amount of EUR 61,553 thousand at the Telekom Slovenije Group level and EUR 77,302 thousand at Telekom Slovenije.

#### Fair value hierarchy

The following hierarchy was used in recognising and disclosing the fair value of financial instruments using a valuation technique:

1. Level 1: fair value is determined by directly quoting an officially published price on an active market;
2. 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
3. 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 and investments.

Fair values are compared with carrying amounts in the table below. The table contains data regarding classification to hierarchy levels for financial instruments.

Carrying amount and fair value of the Telekom Slovenije Group's financial instruments as at 30 September 2020

| EUR thousand   | Carrying amount | Fair value | Level 1 | Level 2 | Level 3 |
|--|-----------------|------------|---------|---------|---------|
| <b>Non-current financial assets</b>                                  |                 |            |         |         |         |
| Available-for-sale financial assets                                  | 1,698           | 1,698      | 1,698   |         |         |
| Investments in shares and stocks not listed on the securities market | 2,620           | 2,620      |         |         | 2,620   |
| Loans given  | 126             | 126        |         |         | 126     |
| <b>Current financial assets</b>                                      |                 |            |         |         |         |
| Loans given  | 67              | 67         |         |         | 67      |
| Other current financial assets                                       | 452             | 452        |         |         | 452     |
| <b>Non-current financial liabilities</b>                             |                 |            |         |         |         |
| Interest-bearing borrowings  | 199,562         | 199,562    |         |         | 199,562 |
| Interest-rate swaps  | 301             | 301        |         | 301     |         |
| Liabilities arising from leased assets                               | 52,401          | 52,401     |         |         | 52,401  |
| <b>Current financial liabilities</b>                                 |                 |            |         |         |         |
| Interest on bonds  | 100,576         | 100,500    | 100,500 |         |         |
| Interest-bearing borrowings  | 37,560          | 37,560     |         |         | 37,560  |
| Interest-rate swaps  | 221             | 221        |         | 221     |         |
| Liabilities arising from leased assets                               | 9,152           | 9,152      |         |         | 9,152   |
| Other financial liabilities  | 137             | 137        |         |         | 137     |

Carrying amount and fair value of the Telekom Slovenije Group's financial instruments as at 31 December 2019

| EUR thousand                             | Carrying amount | Fair value | Level 1 | Level 2 | Level 3 |
|--|-----------------|------------|---------|---------|---------|
| <b>Non-current financial assets</b>      |                 |            |         |         |         |
| Available-for-sale financial assets      | 2,062           | 2,062      | 2,062   |         |         |
| Loans given                              | 2,619           | 2,619      |         |         | 2,619   |
| Loans given                              | 172             | 172        |         |         | 172     |
| Other non-current financial assets       | 7               | 7          |         |         | 7       |
| <b>Current financial assets</b>          |                 |            |         |         |         |
| Loans given                              | 77              | 77         |         |         | 77      |
| Other current financial assets           | 602             | 602        |         |         | 602     |
| <b>Non-current financial liabilities</b> |                 |            |         |         |         |
| Bonds                                    | 99,983          | 101,800    | 101,800 |         |         |
| Interest-bearing borrowings              | 214,802         | 214,802    |         |         | 214,802 |
| Interest-rate swaps                      | 625             | 625        |         | 625     |         |
| Liabilities arising from leased assets   | 60,068          | 60,068     |         |         | 60,068  |
| <b>Current financial liabilities</b>     |                 |            |         |         |         |
| Bonds                                    | 1,053           | 1,053      |         |         | 1,053   |
| Interest-bearing borrowings              | 31,038          | 31,038     |         |         | 31,038  |
| Liabilities arising from leased assets   | 8,986           | 8,986      |         |         | 8,986   |
| Other financial liabilities              | 171             | 171        |         |         | 171     |

## Carrying amount and fair value of Telekom Slovenije's financial instruments as at 30 September 2020

| EUR thousand   | Carrying amount | Fair value | Level 1 | Level 2 | Level 2 |
|--|-----------------|------------|---------|---------|---------|
| <b>Non-current financial assets</b>                                  |                 |            |         |         |         |
| Investments in shares quoted on the securities market                | 1,698           | 1,698      | 1,698   |         |         |
| Investments in shares and stocks not listed on the securities market | 2,618           | 2,618      |         |         | 2,618   |
| Loans given  | 73,716          | 73,716     |         |         | 73,716  |
| <b>Current financial assets</b>                                      |                 |            |         |         |         |
| Loans given  | 9,492           | 9,492      |         |         | 9,492   |
| <b>Non-current financial liabilities</b>                             |                 |            |         |         |         |
| Interest-bearing borrowings  | 199,562         | 199,562    |         |         | 199,562 |
| Interest-rate swaps  | 301             | 301        |         | 301     |         |
| Liabilities arising from leased assets                               | 66,386          | 66,386     |         |         | 66,386  |
| <b>Current financial liabilities</b>                                 |                 |            |         |         |         |
| Interest on bonds  | 100,576         | 100,500    | 100,500 |         |         |
| Interest-bearing borrowings  | 45,120          | 45,120     |         |         | 45,120  |
| Interest-rate swaps  | 221             | 221        |         | 221     |         |
| Liabilities arising from leased assets                               | 10,916          | 10,916     |         |         | 10,916  |
| Other financial liabilities  | 127             | 127        |         |         | 127     |

## Carrying amount and fair value of Telekom Slovenije's financial instruments as at 31 December 2019

| EUR thousand   | Carrying amount | Fair value | Level 1 | Level 2 | Level 2 |
|--|-----------------|------------|---------|---------|---------|
| <b>Non-current financial assets</b>                                  |                 |            |         |         |         |
| Investments in shares quoted on the securities market                | 2,062           | 2,062      | 2,062   |         |         |
| Investments in shares and stocks not listed on the securities market | 2,617           | 2,617      |         |         | 2,617   |
| Loans given  | 85,742          | 85,742     |         |         | 85,742  |
| <b>Current financial assets</b>                                      |                 |            |         |         |         |
| Loans given  | 10,226          | 10,226     |         |         | 10,226  |
| <b>Non-current financial liabilities</b>                             |                 |            |         |         |         |
| Bonds  | 99,983          | 101,800    | 101,800 |         |         |
| Interest-bearing borrowings  | 214,802         | 214,802    |         |         | 214,802 |
| Interest-rate swaps  | 625             | 625        |         | 625     |         |
| Liabilities arising from leased assets                               | 66,351          | 66,351     |         |         | 66,351  |
| <b>Current financial liabilities</b>                                 |                 |            |         |         |         |
| Bonds  | 1,053           | 1,053      |         |         | 1,053   |
| Interest-bearing borrowings  | 38,008          | 38,008     |         |         | 38,008  |
| Liabilities arising from leased assets                               | 10,031          | 10,031     |         |         | 10,031  |
| Other financial liabilities  | 128             | 128        |         |         | 128     |

Neither the Group nor the Company recorded any transitions between fair value levels during the reporting period.

### Contingent liabilities from lawsuits

No new lawsuits were filed against the Group or the Company in the period from 1 January 2020 until the day this report was compiled that could have a significant impact on the financial statements in the period January to September 2020.

### Contingent liabilities from guarantees issued

The Group had provided the following guarantees as at 30 September 2020:

- performance guarantees and warranty bonds in the amount of EUR 7,741 thousand, and
- other guarantees in the amount of EUR 724 thousand.

The Company had provided the following guarantees as at 30 September 2020:

- performance guarantees and warranty bonds in the amount of EUR 5,681 thousand, and
- other guarantees in the amount of EUR 908 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 306 shares in Telekom Slovenije as at 30 September 2020, representing a holding of 0.00468%.

### 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.

| EUR thousand                            | Telekom Slovenije Group |             | Telekom Slovenije |             |
|---|-------------------------|-------------|-------------------|-------------|
|   | 30.9.2020               | 31.12.2019  | 30.9.2020         | 31.12.2019  |
| Outstanding operating receivables       | 3,798                   | 4,414       | 3,084             | 3,056       |
| Outstanding operating liabilities       | 1,167                   | 2,269       | 1,123             | 1,982       |
| EUR thousand                            | I - IX 2020             | I - IX 2019 | I - IX 2020       | I - VI 2019 |
| Operating revenue                       | 14,045                  | 16,673      | 11,814            | 12,737      |
| Purchase costs of material and services | 7,027                   | 7,303       | 6,419             | 6,542       |

### Transactions with Group companies

Telekom Slovenije recorded the following transactions with Group companies

| EUR thousand                                       | 30.09.2020    | 31.12.2019    |
|--|---------------|---------------|
| <b>Receivables due from companies in the Group</b> | <b>3,479</b>  | <b>5,925</b>  |
| Subsidiaries                                       | 3,479         | 5,925         |
| <b>Loans to companies in the Group</b>             | <b>83,017</b> | <b>95,727</b> |
| Subsidiaries                                       | 83,017        | 95,727        |
| <b>Liabilities to companies in the Group</b>       | <b>38,378</b> | <b>35,544</b> |
| Subsidiaries                                       | 38,378        | 35,544        |

| EUR thousand  | I - IX 2020   | I - IX 2019   |
|---|---------------|---------------|
| <b>Net revenue in the Group</b>                       | <b>10,958</b> | <b>11,889</b> |
| Subsidiaries  | 10,958        | 11,889        |
| <b>Purchase of material and services in the Group</b> | <b>13,892</b> | <b>16,718</b> |
| Subsidiaries  | 13,892        | 16,718        |

Loans to subsidiaries:

| EUR thousand                      | 30.09.2020    | 31.12.2019    |
|-----------------------------------|---------------|---------------|
| TSmedia, d.o.o.                   | 1,691         | 1,621         |
| IPKO d.o.o.                       | 69,649        | 71,649        |
| SOLINE d.o.o.                     | 1,828         | 1,419         |
| SIOL d.o.o., Zagreb               | 238           | 350           |
| SiOL d.o.o. Sarajevo              | 5,415         | 5,790         |
| SIOL BEOGRAD                      | 265           | 170           |
| Planet TV                         | 0             | 10,523        |
| SIOL Priština                     | 3,931         | 4,205         |
| <b>Total vis-à-vis associates</b> | <b>83,017</b> | <b>95,727</b> |

All transactions between related parties are executed at market prices.

#### 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.

### Exposure to credit risk

| EUR thousand                       | Telekom Slovenije Group |                | Telekom Slovenije d.d. |                |
|------------------------------------|-------------------------|----------------|------------------------|----------------|
|                                    | 30.9.2020               | 31.12.2019     | 30.9.2020              | 31.12.2019     |
| Loans given                        | 192                     | 249            | 83,208                 | 95,968         |
| Other current investments          | 452                     | 602            | 0                      | 0              |
| Trade and other receivables        | 145,784                 | 153,510        | 144,816                | 145,595        |
| - <i>whereof trade receivables</i> | 136,536                 | 145,645        | 137,234                | 140,511        |
| Cash and cash equivalents          | 12,888                  | 13,219         | 2,903                  | 1,153          |
| <b>Total</b>                       | <b>159,316</b>          | <b>167,580</b> | <b>230,927</b>         | <b>242,716</b> |

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 136,536 thousand as at 30 September 2020, a decrease of EUR 9,109 thousand relative to the end of 2019. 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 collateralisation of receivables, 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. Cash on accounts is allocated according to the principles of minimising risks and achieving the appropriate diversification. 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 repaid 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 and solvency of subsidiaries.



Ageing structure of receivables as at the reporting date – Telekom Slovenije Group

| EUR thousand                            | 30.09.2020     |                   |                | 31.12.2019     |
|---|----------------|-------------------|----------------|----------------|
|   | Gross value    | Value adjustments | Net value      | Net value      |
| <b>Total trade receivables</b>          | <b>150,017</b> | <b>-13,481</b>    | <b>136,536</b> | <b>145,645</b> |
| Undue trade receivables                 | 121,474        | 0                 | 121,474        | 128,101        |
| <b>Past due</b>                         |                |                   |                |                |
| up to 30 days                           | 9,633          | -1                | 9,632          | 12,155         |
| 31 to 60 days                           | 3,059          | -3                | 3,056          | 3,596          |
| 61 to 90 days                           | 852            | -12               | 840            | 481            |
| 91 to 120 days                          | 566            | -309              | 257            | -5             |
| More than 121 days                      | 14,433         | -13,156           | 1,277          | 1,317          |
| <b>Total past due trade receivables</b> | <b>28,543</b>  | <b>-13,481</b>    | <b>15,062</b>  | <b>17,544</b>  |
| Other operating receivables             | 9,256          | -8                | 9,248          | 7,865          |
| <b>Total receivables</b>                | <b>159,273</b> | <b>-13,489</b>    | <b>145,784</b> | <b>153,510</b> |

Ageing structure of receivables as at the reporting date – Telekom Slovenije

| EUR thousand                            | 30.09.2020     |                   |                | 31.12.2019     |
|---|----------------|-------------------|----------------|----------------|
|   | Gross value    | Value adjustments | Net value      | Net value      |
| <b>Total Trade receivables</b>          | <b>149,556</b> | <b>-12,322</b>    | <b>137,234</b> | <b>140,511</b> |
| Undue trade receivables                 | 122,337        | 0                 | 122,337        | 124,804        |
| <b>Past due</b>                         |                |                   |                |                |
| - up to 30 days                         | 9,488          | -1                | 9,487          | 9,045          |
| - 31 to 60 days                         | 3,009          | -3                | 3,006          | 3,056          |
| - 61 to 90 days                         | 822            | -12               | 810            | 534            |
| - 91 to 120 days                        | 590            | -301              | 289            | 256            |
| - more than 121 days on                 | 13,309         | -12,005           | 1,304          | 2,816          |
| <b>TOTAL past due trade receivables</b> | <b>27,219</b>  | <b>-12,322</b>    | <b>14,897</b>  | <b>15,707</b>  |
| Other operating receivables             | 7,582          | 0                 | 7,582          | 5,084          |
| <b>Total receivables</b>                | <b>157,138</b> | <b>-12,322</b>    | <b>144,816</b> | <b>145,595</b> |

Maturity profile of loans given

| EUR thousand        | Telekom Slovenije Group |            | Telekom Slovenije d.d. |               |
|---------------------|-------------------------|------------|------------------------|---------------|
|                     | 30.9.2020               | 31.12.2019 | 30.9.2020              | 31.12.2019    |
| <b>Due</b>          | <b>6</b>                | <b>7</b>   | <b>6</b>               | <b>403</b>    |
| <b>Undue:</b>       | <b>186</b>              | <b>242</b> | <b>83,202</b>          | <b>95,565</b> |
| - up to 3 months    | 16                      | 18         | 3,607                  | 1,175         |
| - 3 to 12 months    | 45                      | 52         | 5,879                  | 8,648         |
| - 1 to 2 years      | 46                      | 59         | 13,282                 | 6,947         |
| - 2 to 5 years      | 63                      | 84         | 38,932                 | 43,615        |
| - more than 5 years | 16                      | 29         | 21,502                 | 35,180        |
| <b>Total</b>        | <b>192</b>              | <b>249</b> | <b>83,208</b>          | <b>95,968</b> |

### Ageing structure of loans given as at 30 September 2020

| Telekom Slovenije Group |       |                    | Past due     |       |                    |              |       |
|-------------------------|-------|--------------------|--------------|-------|--------------------|--------------|-------|
| EUR thousand            | Undue | Less than 3 months | EUR thousand | Undue | Less than 3 months | EUR thousand | Undue |
| Loans given             | 186   | 6                  | 0            | 0     | 0                  | 0            | 192   |

| Telekom Slovenije |        |                    | Past due       |              |              |                   | Total  |
|-------------------|--------|--------------------|----------------|--------------|--------------|-------------------|--------|
| EUR thousand      | Undue  | Less than 3 months | 3 to 12 months | 1 to 2 years | 2 to 5 years | More than 5 years |        |
| Loans given       | 83,202 | 6                  | 0              | 0            | 0            | 0                 | 83,208 |

### Ageing structure of loans given as at 31 December 2019

| Telekom Slovenije Group |       |                    | Past due     |       |                    |              |       |
|-------------------------|-------|--------------------|--------------|-------|--------------------|--------------|-------|
| EUR thousand            | Undue | Less than 3 months | EUR thousand | Undue | Less than 3 months | EUR thousand | Undue |
| Loans given             | 242   | 7                  | 0            | 0     | 0                  | 0            | 249   |

| Telekom Slovenije |        |                    | Past due       |              |              |                   | Total  |
|-------------------|--------|--------------------|----------------|--------------|--------------|-------------------|--------|
| EUR thousand      | Undue  | Less than 3 months | 3 to 12 months | 1 to 2 years | 2 to 5 years | More than 5 years |        |
| Loans given       | 95,565 | 35                 | 368            | 0            | 0            | 0                 | 95,968 |

The Company's senior management assesses the credit quality of the above-stated financial assets, which were not impaired or overdue as at 30 September 2020, as good.

### 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 provides them the sources they require.

The Telekom Slovenije Group has revolving credit lines open at banks that ensure a high level of liquidity within the Group. Total liquidity reserves in the form of approved undrawn credit lines at banks amounted to EUR 163 million as at 30 September 2020. Telekom Slovenije also has open revolving credit lines at subsidiaries in the amount of EUR 14 million. A total of EUR 7.6 million of those credit lines had been drawn as at 30 September 2020.

Debt is relatively low at the level of the Group and Company. The majority of the financial liabilities of the Group and Company relate to a long-term syndicated loan in the amount of EUR 230.8 million, five-year bonds in the amount of EUR 100 million, drawn revolving credit lines in the amount of EUR 7.0 million at the Group level and EUR 14.6 million at the Company level, and finance lease liabilities in the amount of EUR 61.6 million at the Group level and EUR 77.3 million at the Company level as the result of the implementation of IFRS 16. The Group and Company regularly repay liabilities from financing.

Maturity of the Telekom Slovenije Group's liabilities as at 30 September 2020 and 31 December 2019 based on contractual non-discounted payments

| EUR thousand                     | Past due     | On demand    | Less than 3 months | 3 to 12 months | Undue          |                |                   | Total          |
|----------------------------------|--------------|--------------|--------------------|----------------|----------------|----------------|-------------------|----------------|
|                                  |              |              |                    |                | 1 to 2 years   | 2 to 5 years   | More than 5 years |                |
| <b>30.9.2020</b>                 |              |              |                    |                |                |                |                   |                |
| Loans and borrowings             | 0            | 0            | 15,386             | 22,385         | 30,769         | 161,538        | 7,692             | 237,770        |
| Anticipated interest on loans    | 0            | 0            | 1,791              | 1,646          | 2,969          | 4,019          | 53                | 10,478         |
| Other financial liabilities      | 127          | 0            | 0                  | 100,835        | 0              | 301            | 102               | 101,365        |
| Anticipated interest in bonds    | 0            | 0            | 0                  | 1,950          | 0              | 301            | 0                 | 2,251          |
| Trade and other payables         | 1,996        | 2,495        | 69,296             | 19,232         | 9,259          | 12,506         | 302               | 115,086        |
| Financial liabilities from lease | 18           | 3            | 3,488              | 5,644          | 6,822          | 17,059         | 28,519            | 61,553         |
| <b>Total</b>                     | <b>2,141</b> | <b>2,498</b> | <b>89,961</b>      | <b>151,692</b> | <b>49,819</b>  | <b>195,724</b> | <b>36,668</b>     | <b>528,503</b> |
| <b>31.12.2019</b>                |              |              |                    |                |                |                |                   |                |
| Loans and borrowings             | 0            | 0            | 0                  | 31,300         | 30,769         | 169,231        | 15,384            | 246,684        |
| Anticipated interest on loans    | 0            | 0            | 0                  | 3,679          | 5,328          | 3,201          | 158               | 12,366         |
| Other financial liabilities      | 128          | 0            | 2                  | 1,136          | 100,347        | 312            | 0                 | 101,925        |
| Anticipated interest in bonds    | 0            | 0            | 0                  | 1,950          | 1,950          | 0              | 0                 | 3,900          |
| Trade and other payables         | 2,397        | 2,497        | 95,802             | 12,737         | 10,248         | 221            | 12,268            | 136,170        |
| Financial liabilities from lease | 46           | 0            | 3,935              | 5,006          | 6,710          | 18,371         | 34,986            | 69,054         |
| <b>Total</b>                     | <b>2,571</b> | <b>2,497</b> | <b>99,739</b>      | <b>55,808</b>  | <b>155,352</b> | <b>191,336</b> | <b>62,796</b>     | <b>570,099</b> |

Maturity of Telekom Slovenije's liabilities as at 30 September 2020 and 31 December 2019 based on contractual non-discounted payments

| EUR thousand                     | Past due     | On demand    | Less than 3 months | 3 to 12 months | Undue         |                |                   | Total          |
|----------------------------------|--------------|--------------|--------------------|----------------|---------------|----------------|-------------------|----------------|
|                                  |              |              |                    |                | 1 to 2 years  | 2 to 5 years   | More than 5 years |                |
| <b>30.9.2020</b>                 |              |              |                    |                |               |                |                   |                |
| Loans and borrowings             | 0            | 0            | 22,946             | 22,385         | 30,769        | 161,538        | 7,692             | 245,330        |
| Anticipated interest on loans    | 0            | 0            | 1,791              | 1,646          | 2,969         | 4,019          | 53                | 10,478         |
| Other financial liabilities      | 128          | 0            | 0                  | 100,825        | 0             | 300            | 0                 | 101,253        |
| Anticipated interest in bonds    | 0            | 0            | 0                  | 1,950          | 0             | 301            | 0                 | 2,251          |
| Trade and other payables         | 1,769        | 1,108        | 69,254             | 18,476         | 10,496        | 12,507         | 158               | 113,768        |
| Financial liabilities from lease | 3            | 3            | 4,023              | 6,886          | 8,609         | 22,354         | 35,424            | 77,302         |
| <b>Total</b>                     | <b>1,900</b> | <b>1,111</b> | <b>98,014</b>      | <b>152,168</b> | <b>52,843</b> | <b>201,019</b> | <b>43,327</b>     | <b>550,382</b> |

| in EUR thousand                  | Past due     | On demand    | Less than 3 months | 3 to 12 months | 1 to 2 years   | 2 to 5 years   | More than 5 years | Total          |
|----------------------------------|--------------|--------------|--------------------|----------------|----------------|----------------|-------------------|----------------|
| <b>31.12.2019</b>                |              |              |                    |                |                |                |                   |                |
| Loans and borrowings             | 0            | 0            | 0                  | 38,269         | 30,769         | 169,231        | 15,385            | 253,654        |
| Anticipated interest on loans    | 0            | 0            | 0                  | 3,679          | 3,201          | 5,328          | 158               | 12,366         |
| Other financial liabilities      | 128          | 0            | 0                  | 1,095          | 100,316        | 310            | 0                 | 101,849        |
| Anticipated interest in bonds    | 0            | 0            | 0                  | 1,950          | 1,950          | 0              | 0                 | 3,900          |
| Trade and other payables         | 1,693        | 1,401        | 93,224             | 3,627          | 10,286         | 258            | 178               | 110,667        |
| Financial liabilities from lease | 46           | 0            | 4,203              | 5,782          | 8,415          | 22,556         | 35,380            | 76,382         |
| <b>Total</b>                     | <b>1,867</b> | <b>1,401</b> | <b>97,427</b>      | <b>54,402</b>  | <b>154,937</b> | <b>197,683</b> | <b>51,101</b>     | <b>558,818</b> |

### Interest rate risk

Interest-rate risk is the risk of the negative effect of a change in market interest rates on the Group's or Company's operations.

Liabilities from loans raised and drawn credit lines, and liabilities from finance leases that are not the result of the implementation of IFRS 16 bearing variable interest rates tied to the 3- and 6-month EURIBOR accounted for 59.6% of the Group's interest-bearing financial liabilities and 56.3% of the Company's interest-bearing financial liabilities as at 30 September 2020. The remaining liabilities are accounted for by drawn short-term revolving credit lines (at the Company level), issued bonds and a finance lease with a fixed interest rate.

The Group and Company entered into an interest-rate swap with the aim of hedging exposure to interest-rate risk as the result of a long-term syndicated loan. The amount of the secured principal stood at EUR 73.1 million as at 30 September 2020. 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 58.7% of interest-bearing financial liabilities at the Group level and 61.0% at the Company level.

### Exposure to interest-rate risk

| EUR thousand   | Telekom Slovenije Group |                | Telekom Slovenije |                |
|--|-------------------------|----------------|-------------------|----------------|
|  | 30.9.2020               | 31.12.2019     | 30.9.2020         | 31.12.2019     |
| <b>Financial instruments with variable interest rate</b> |                         |                |                   |                |
| Financial receivables                                    | 0                       | 0              | 0                 | 29,652         |
| Financial liabilities                                    | 164,789                 | 169,299        | 164,692           | 169,231        |
| <b>Net financial liabilities</b>                         | <b>164,789</b>          | <b>169,299</b> | <b>164,692</b>    | <b>139,579</b> |

Financial receivables take into account the gross amount of loans granted, excluding impairments.

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

| 30.9. 2020 | Interest rate increase/decrease | Effect on profit before tax in EUR thousand |                   |
|------------|---------------------------------|---|-------------------|
|            |                                 | Telekom Slovenije Group                     | Telekom Slovenije |
| EUR        | +100 bps                        | -343  | -343              |
| EUR        | -100 bps                        | -731  | -731              |

| 31. 12. 2019 | Interest rate increase/decrease | Effect on profit before tax in EUR thousand |                   |
|--------------|---------------------------------|---|-------------------|
|              |                                 | Telekom Slovenije Group                     | Telekom Slovenije |
| EUR          | +100 bps                        | -588  | -388              |
| EUR          | -100 bps                        | -769  | -769              |

## Value of the EURIBOR

| EURIBOR | Value as at 30. 9. 2020 | Value as at 31. 12. 2019 | Change in % |
|---------|-------------------------|--------------------------|-------------|
| 3-month | -0.493                  | -0.390                   | -26.41      |
| 6-month | -0.470                  | -0.325                   | -44.62      |

## 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 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 d.d. |                  |
|---|-------------------------|------------------|------------------------|------------------|
|   | 30.9.2020               | 31.12.2019       | 30.9.2020              | 31.12.2019       |
| Interest-bearing borrowings and other financial liabilities | 400,012                 | 416,759          | 423,209                | 430,981          |
| Less current investments and cash with short-term deposits  | -13,406                 | -13,898          | -12,395                | -11,379          |
| <b>Net debt</b>   | <b>386,606</b>          | <b>402,861</b>   | <b>410,814</b>         | <b>419,602</b>   |
| Equity  | 595,279                 | 590,878          | 611,346                | 606,136          |
| <b>Balance sheet total</b>                                  | <b>1,224,202</b>        | <b>1,232,860</b> | <b>1,229,095</b>       | <b>1,223,536</b> |
| <b>Debt/equity ratio</b>                                    | <b>64.9%</b>            | <b>68.2%</b>     | <b>67.2%</b>           | <b>69.2%</b>     |
| <b>Equity/balance sheet total ratio</b>                     | <b>48.6%</b>            | <b>47.9%</b>     | <b>49.7%</b>           | <b>49.5%</b>     |