

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

for the period January to March 2022



TelekomSlovenije

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Ljubljana, 12 May 2022

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 March 2022.

The condensed interim financial statements for the period ending 31 March 2022 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 2021. The financial statements for the period January to March 2022 have not been audited.

Telekom Slovenije's Supervisory Board discussed the Unaudited Business Report of the Telekom Slovenije Group and Telekom Slovenije for the period under consideration at its session on 11 May 2022.

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

The Unaudited Business Report for the period January to March 2022 is also accessible on the Company's website at www.telekom.si.

1.1. Statement of responsibility of the Management Board

The members of Telekom Slovenije, d. d.'s Management Board responsible for compiling the unaudited report of the Telekom Slovenije Group and Telekom Slovenije for the period January to March 2022, 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 31 March 2022 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 2021;
- the selected accounting policies were applied consistently in the compilation of the condensed financial statements and any changes to those policies were disclosed, and that accounting estimates were made fairly and with careful consideration, according to the principle of prudence and the diligence of a good manager, and under the assumption that the Telekom Slovenije Group and Telekom Slovenije are going concerns; and
- the interim business report presents a fair picture of information regarding major transactions with related parties, in accordance with regulations.



Cvetko Sršen
President of the
Management Board



Tomaž Jontes
Vice-President of the
Management Board



Dr Mitja Štular
Member of the
Management Board



Barbara Galičič
Drakslar
Member of the
Management Board



Špela Fortin
Member of the
Management Board
– Workers Director

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

2.1. Vision, mission and values



2.2. Key strategic objectives

The Strategic Business Plan for the period 2022 to 2026 is a core corporate document in which the strategic objectives and future development of the Telekom Slovenije Group are defined through its mission, vision, values and strategic policies. The Telekom Slovenije Group is implementing its established strategy in 2022 in accordance with adopted strategic policies. The strategic business plan is updated every year taking into account the conditions in the sector and across the globe.

Strategic objectives of the Telekom Slovenije Group



Leader in user experience

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



Digitalisation of operations

We will improve the efficiency of operations through accelerated digitalisation. In the digital transformation process, we will digitalise key business processes involving users. This, in turn, will significantly improve the speed and efficiency of the Telekom Slovenije Group's operations, and also facilitate the improved competitiveness of the Group in the future.



Growth in ICT services

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

verticals, such as energy, transportation, logistics, industry, smart cities, healthcare, and protection and rescue (public safety). The Telekom Slovenije Group will ensure the digitalisation of society as a whole on that basis. We will achieve overall growth through organic growth and the consolidation of the Slovenian ICT market.



Stabilisation of the level of revenues from the core activity in Slovenia

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



Consolidation on individual markets

The European telecommunications market is experiencing the consolidation of the sector and the merging of operators. The portfolio of services is changing, while new competitors are entering the ICT market, which will further impact the operations of operators. The Telekom Slovenije Group is actively involved in consolidation processes on the markets where it operates.



Optimal employee structure

The Telekom Slovenije Group will continue to ensure the optimal employee structure, taking into account the needs of work processes at individual companies. We are optimising the employee structure through the strategic planning of needs for staff, and the appropriate organisational structure and job classification. We are building the employer brand through an effective remuneration system, and the development of knowledge and competences.



Financial stability and the optimisation of all types of costs

We are implementing activities that facilitate the effective management of liquidity, and ensure a high level of

financial stability and the optimal level of borrowing. We continuously optimise all types of costs in connection with the performance of individual processes and the provision of services.



Creating a sustainable future

The Group actively identifies 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. The principles of sustainable development are built into our operations, products, services and content, while we also responsibly manage the economic, social and environmental impacts of our operations.

Key financial objectives of the Telekom Slovenije Group for 2022

Operating revenues	EUR 660.6 million
EBITDA	EUR 211.2 million
Net profit	EUR 27.9 million
Investments	EUR 203.1 million

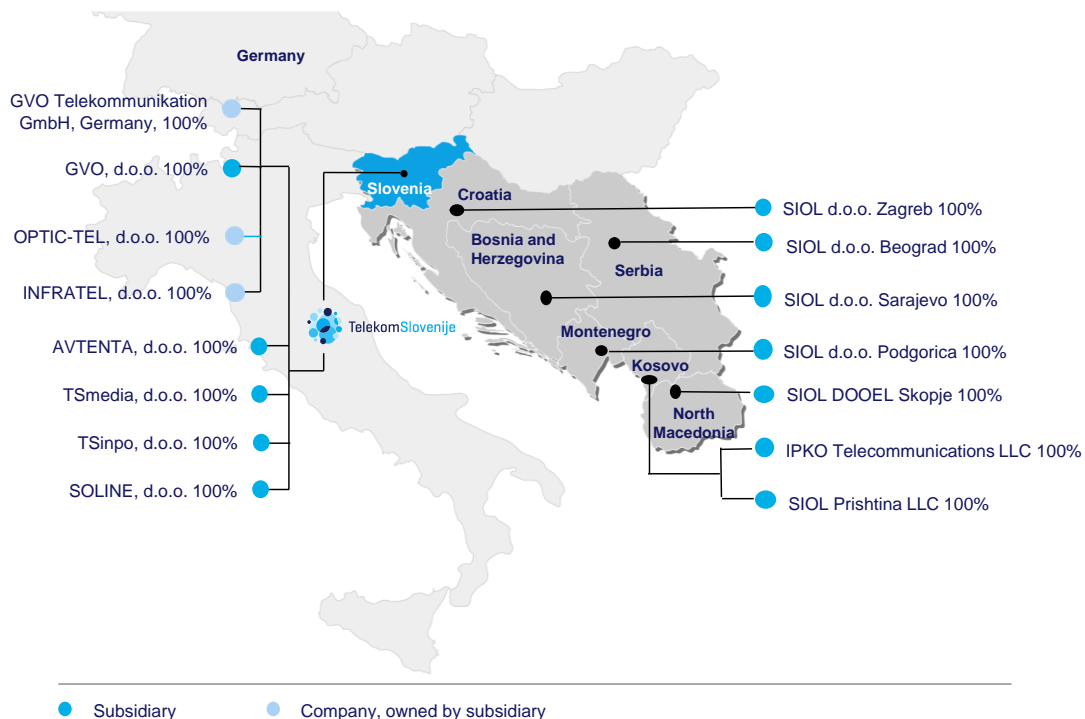
3. TELEKOM SLOVENIJE GROUP

3.1. Markets and companies of the Telekom Slovenije Group

The Telekom Slovenije Group comprises the controlling company Telekom Slovenije and its subsidiaries. The composition of the Telekom Slovenije Group and participating interests as at 31 March 2022 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 31 March 2022



Changes in the Telekom Slovenije Group in 2022:

There were no changes in the period January to March 2022.

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

3.2. Operating highlights

The Telekom Slovenije Group achieved the following results in the period January to March 2022:

- The Telekom Slovenia Group generated EUR 152.5 million in operating revenues in the period January to March 2022.
- Sales revenue totalled EUR 151.2 million, a decrease of 4% relative to the same period in 2021. Revenues from the mobile segment of the end-user market were down due to the optimisation of subscribers whose basic subscription fee includes an increasing number of services, and on account of lower revenues from the sale of mobile merchandise, which also results in lower costs. Revenues from the fixed segment of the end-user market were down due to a declining number of traditional connections and lower revenues from the sale of fixed merchandise, which results in lower costs. Telekom Slovenije halted the sale of electricity to end customers, effective 1 January 2022, which is reflected in revenues. Revenues from international voice services were lower.
- The Telekom Slovenije Group's operating expenses totalled EUR 136.4 million, a decrease of 5% relative to the same period in 2021.
- Earnings before interest and taxes (EBIT) amounted to EUR 16.1 million over the first three months of the year, an increase of 15% relative to the same period last year.
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) totalled EUR 56.7 million at the Telekom Slovenije Group level, an increase of 2% relative to the same period in 2021. The EBITDA margin (i.e. EBITDA as a proportion of sales revenue) was 37.5% at the Group level.
- Following the calculation of income tax (including deferred taxes), the Telekom Slovenije Group generated a net profit of EUR 12.0 million during the first three months of 2022, an increase of EUR 2.3 million or 23% relative to the same period in 2021.

Impact of the Russian-Ukrainian conflict on operations

The Telekom Slovenije Group's operations are not directly linked to the Russian and Ukrainian markets. For this reason, we currently assess that the conflict between those two countries will not have any significant direct impact on the Group's cash flows and financial sources. We will, however, feel indirect effects such as rising energy and electricity prices. In this respect, the Group is exposed to specific risks in the supply chain, as there may be shortages of certain materials for the manufacture of devices and other technical products, which may also result in delivery delays or higher prices. We are monitoring the situation closely and will continue to do so in the future, and will adapt activities as required. The changing global conditions increase risks in the area of cyber security. Our activities are therefore focused on ensuring the highest level of security, reliability and confidence, and on the management of associated risks. Telekom Slovenije's Cyber Security Operation Centre closely monitors security events 24/7, and we analyse and assess information from different sources regarding potential threats. At the global level, we are working with various organisations and adopting additional measures to increase the security of internal services and the services we provide to subscribers. The Group is thus ready at all times to respond to cyber threats.

3.3. Key operating indicators of the Telekom Slovenije Group

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

EUR thousand / %	Telekom Slovenije Group			Telekom Slovenije		
	I - III 2022/ 31 Mar 2022	I - III 2021 / 31 Dec 2021	Index 22/21	I - III 2022/ 31 Mar 2022	I - III 2021 / 31 Dec 2021	Index 22/21
Revenue	151,162	156,768	96	134,885	142,243	95
Other operating income	1,350	725	186	384	286	134
Total operating revenue	152,512	157,493	97	135,269	142,529	95
EBITDA	56,735	55,707	102	46,552	46,465	100
EBITDA margin = EBITDA / Revenue	37.5%	35.5%	106	34.5%	32.7%	106
EBIT	16,110	13,993	115	12,037	11,870	101
Return on sales: ROS (EBIT/ sales revenue)	10.7%	8.9%	119	8.9%	8.3%	107
Net profit	11,984	9,717	123	8,684	8,470	103
Assets	1,240,931	1,250,339	99	1,229,496	1,237,941	99
Equity	612,215	600,431	102	620,727	612,241	101
Equity ratio	49.3%	48.0%	103	50.5%	49,5%	102
Net financial debt	399,917	399,009	100	411,021	408,292	101

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

3.4. Overview of operations by company and key market

Operating revenues

EUR thousand	I - III 2022	I - III 2021	Ind. 22/21
Telekom Slovenije	135,269	142,529	95
Other companies in Slovenia	15,819	18,668	85
IPKO - Kosovo	17,509	15,160	115
Other companies abroad	989	978	101
Eliminations and adjustments	-17,074	-19,842	-
Telekom Slovenije Group	152,512	157,493	97

EBITDA – earnings before interest, taxes, depreciation and amortisation

EUR thousand	I - III 2022	I - III 2021	Ind. 22/21
Telekom Slovenije	46,553	46,465	100
Other companies in Slovenia	966	1,876	51
IPKO – Kosovo	9,313	8,363	111
Other companies abroad	755	643	117
Eliminations and adjustments	-852	-1,640	-
Telekom Slovenije Group	56,735	55,707	102

EBIT – earnings before interest and taxes

EUR thousand	I - III 2022	I - III 2021	Ind. 22/21
Telekom Slovenije	12,037	11,870	101
Other companies in Slovenia	-329	613	-54
IPKO – Kosovo	3,821	1,943	-
Other companies abroad	293	134	219
Eliminations and adjustments	288	-567	-
Telekom Slovenije Group	16,110	13,993	115

Net profit or loss

EUR thousand	I - III 2022	I - III 2021	Ind. 22/21
Telekom Slovenije	8,684	8,470	103
Other companies in Slovenia	-390	404	-97
IPKO – Kosovo	3,073	1,240	-
Other companies abroad	201	36	-
Eliminations and adjustments	416	-433	-
Telekom Slovenije Group	11,984	9,717	123

Investments

EUR thousand	I - III 2022	I - III 2021	Ind. 22/21
Telekom Slovenije*	25,227	39,962	63
Other companies in Slovenia	1,875	361	519
IPKO – Kosovo	2,416	2,119	114
Other companies abroad	187	698	27
Eliminations and adjustments	-2,626	18	-14,589
Telekom Slovenije Group	27,079	43,158	63

Employees

Number of employees as at	31 March 2022	31 December 2021	Ind. 22/21
Telekom Slovenije	2,113	2,119	100
Other companies in Slovenia	670	676	99
IPKO – Kosovo	488	489	100
Telekom Slovenije Group	3,271	3,284	100

TELEKOM SLOVENIJE GROUP CONNECTIONS AND SERVICES BY TYPE AND MARKET

Broadband connections

Number as at	31 March 2022	31 December 2021	Ind. 22/21
<i>Slovenia – retail</i>	198,261	199,386	99
<i>Slovenia – wholesale</i>	173,108	169,937	102
Slovenia – total	371,369	369,323	101
Kosovo – retail	104,968	108,298	97
Telekom Slovenije Group	476,337	477,621	100

Mobile telephony

Number as at	31 March 2022	31 December 2021	Ind. 22/21
<i>Slovenia – retail</i>	950,313	955,648	99
<i>Slovenia – wholesale*</i>	151,866	145,971	104
Slovenia total	1,102,179	1,101,619	100
Kosovo – retail	833,535	856,611	97
Telekom Slovenije Group	1,935,714	1,958,230	99

Fixed telephony and VoIP services

Number as at	31 March 2022	31 December 2021	Ind. 22/21
<i>Slovenia – traditional fixed telephony</i>	288,696	291,335	99
<i>Slovenia – VoIP</i>	180,612	181,760	99
Slovenia total	469,308	473,095	99
Kosovo – VoIP**	35,057	35,089	100
Telekom Slovenije Group	504,365	508,184	99

3.5. Share trading and ownership structure

General information regarding Telekom Slovenije shares as at 31 March 2022

General information regarding shares	
Ticker symbol	TLSG
Listing	Ljubljana Stock Exchange, prime
Share capital (EUR)	272,720,664.33
Number of ordinary registered no-par value	6,535,478
Number of shares held in treasury	36,836
Number of shareholders as at 31 March 2022	8,477

Trading in TLSG shares

The shares of Telekom Slovenije are listed on the prime securities market of the Ljubljana Stock Exchange under the ticker symbol TLSG. The shares are included in the SBITOP and SBITOP TR share indices, and accounted for 3.90% of those indices according to the half-yearly review of the composition and computational parameters of the SBITOP and SBITOP TR indices conducted on 21 March 2022. The SBITOP and SBITOP TR are the Slovenian 'blue chip' indices and provide information regarding the movement of the most liquid and largest shares on the Ljubljana Stock Exchange. In contrast to the SBITOP, the SBITOP TR takes into account both market prices and confirmed dividends in its calculation. TLSG shares are also included in the ADRIAprime share index, which is a composite index of selected companies listed on the prime markets of the Ljubljana Stock Exchange and Zagreb Stock Exchange. This is also a total return index that takes into account both changes in share prices and dividend yield.

The price of TLSG shares closed at EUR 57.80 on the last trading day of March 2022. The share price rose by 2.8% in the period January–March 2022, while the SBITOP index was down by 4.2% during the same period. The market capitalisation of Telekom Slovenije stood at EUR 377.8 million on the last trading day of March. Turnover in Telekom Slovenije shares totalled EUR 4.2 million during the period January to March 2022, representing 2.73% of total turnover on the stock exchange.

Trading statistics for TLSG shares on the Ljubljana Stock Exchange

Standard price in EUR	I – III 2022	I – III 2021
Highest daily price	61.00	50.00
Lowest daily price	52.80	44.00
Average daily price	57.47	46.36
Volume in EUR thousand	I – III 2022	I – III 2021
Total volume of the period	4,152.97	3,008.68
Highest daily price	653.46	249.10
Lowest daily price	0.17	0.89
Average daily price	65.92	48.53

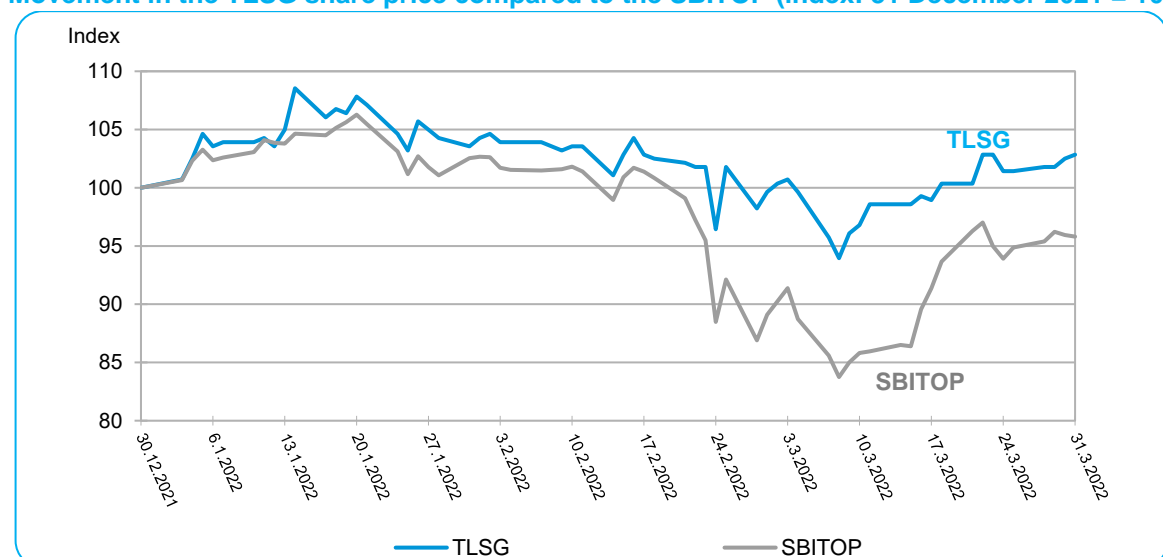
* Also includes block trades.

Movement in the share price and volume of trading in TLSG shares



Sources: Ljubljana Stock Exchange, archive of data.

Movement in the TLSG share price compared to the SBITOP (index: 31 December 2021 = 100)



Sources: Ljubljana Stock Exchange, archive of data.

Key financial data relating to shares

	31 Mar 2022/ I – III 2022	31 Mar 2021/ I – III 2021
Closing price of one share on the last trading day of the period in EUR	57.80	50.00
Book value of one share in EUR ¹	93.68	91.87
P/BV	0.62	0.54
Net earnings per share in EUR ²	1.84	1.49
Capital return per share during the period in % ³	2.85	14.68

Notes:

¹ The book value of one share is calculated as the ratio of the book value of the Telekom Slovenije Group's equity on the last day of the period to the number of issued ordinary shares.

² 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.

³ The capital return per share is calculated as follows: (share price on the final trading day of the period – share price on the final trading day of the previous period) / share price on the final trading day of the previous period.

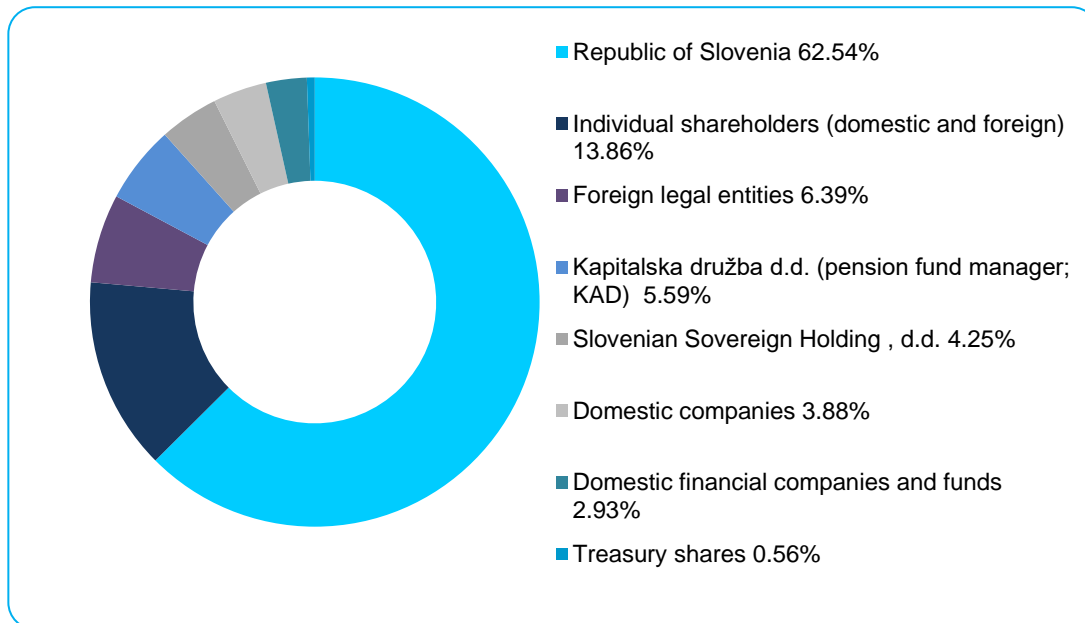
Ownership structure and largest shareholders as at 31 March 2022

Telekom Slovenije had 8,477 shareholders as at 31 March 2022, a decrease of 105 relative to the end of 2021.

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

At 0.14 percentage points, individual shareholders recorded the most significant increase in ownership stake during the first three months of 2022. The proportion of treasury shares was also up, while the ownership stakes of domestic financial corporations and funds, and domestic legal entities were down.

Ownership structure as at 31 March 2022



Ten largest shareholders as at 31 March 2022

The concentration of ownership, as measured by the ownership stake held by the ten largest shareholders, stood at 80.19% as at 31 March 2022, an increase of 0.9 percentage points relative to the end of 2021. The order of the top ten owners was unchanged. Telekom Slovenije increased the proportion of treasury shares by 0.10 percentage points.



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

Members of the Management Board and Supervisory Board held 1,324 TLSG shares as at 31 March 2022.

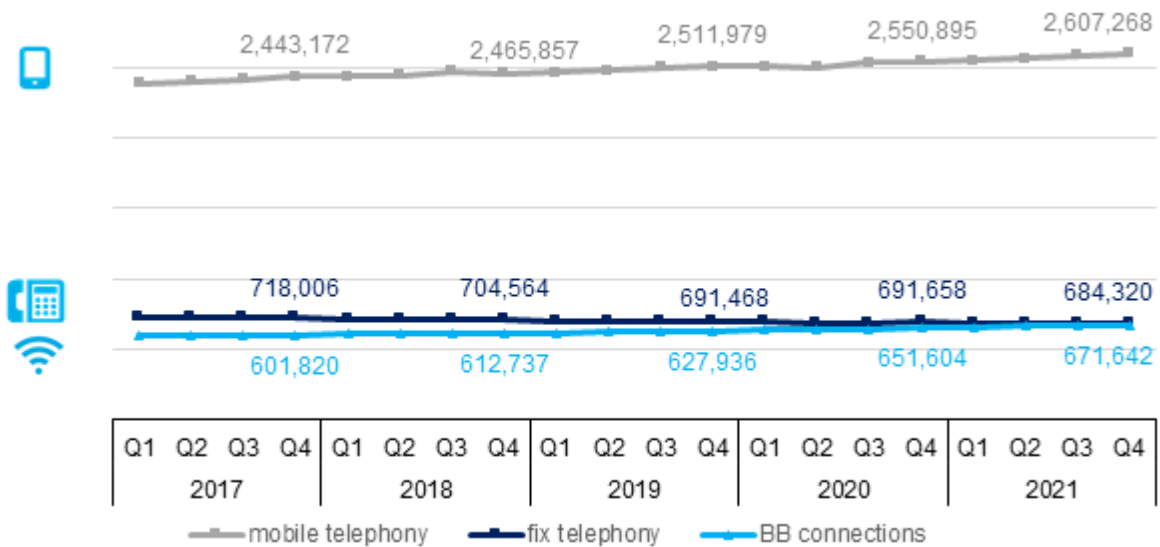
Name	Office	Number of shares	% in equity
Management Board			
Cvetko Sršen	President of the Management Board	250	0.00383
Dr Mitja Štular	Member of the Management Board	470	0.00719
Barbara Galičič Drakslar	Member of the Management Board	200	0.00306
Supervisory Board			
Aleksander Igličar, MSc	Member of the Supervisory Board	150	0.00230
Marko Kerin	Member of the Supervisory Board	2	0.00003
Drago Kijevčanin	Vice-President of the Supervisory Board	212	0.00324
Dušan Pišek	Member of the Supervisory Board	36	0.00055
Jana Žižek Kuhar	Member of the Supervisory Board	4	0.00006
Total Management Board and Supervisory Board		1,324	0.02026

When the Company's shares are traded by its representatives and when reporting on such transactions at Telekom Slovenije, we comply with the applicable legislation and the Rules Restricting Trading in the Shares of Telekom Slovenije.



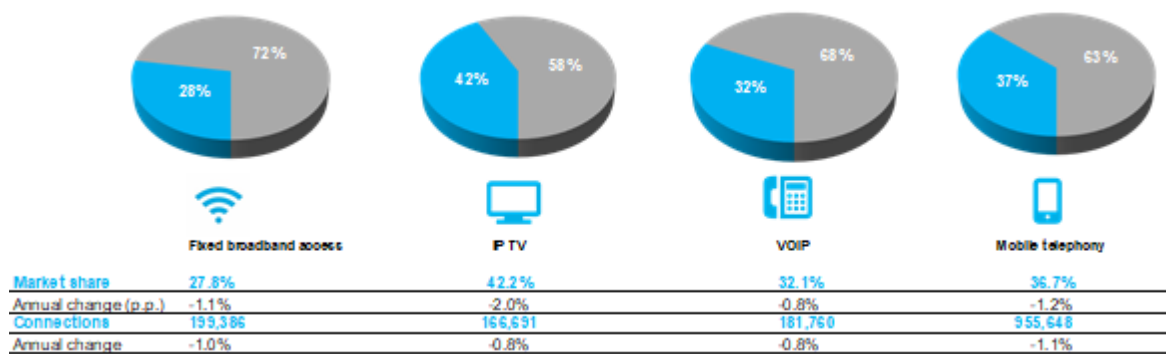
3.6. Market and market shares in key service segments

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



Source: Statistical Office of the Republic of Slovenia, fourth quarter of 2021.

Telekom Slovenije's market shares in key segments



Source: Report on the development of the electronic communications market for the fourth quarter of 2021, AKOS; internal Telekom Slovenije figures.

3.7. Risk management

Key risks are presented below by Telekom Slovenije Group company.

TELEKOM SLOVENIJE

Strategic risks

- On the market, Telekom Slovenije faces stiff competition, regulatory effects, price-sensitive users, the migration of voice traffic to OTT platforms and the introduction of new technologies. Users demand high-quality and more extensive services at lower prices. The Slovenian market is saturated, which means less manoeuvring room for attracting new users. The management of such risks requires the regular implementation 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. Sales activities are carried out and business meetings organised on the topics of cyber security and smart infrastructure services. Activities are also being carried out for the migration of business telephony to OTT cloud services and in the areas of eCare and telemedicine. The emphasis is on digitalisation, comprehensive ICT solutions and tailored solutions for the contemporary workplace.

Financial risks

- Telekom Slovenije actively monitors the dynamics of the financial environment and other business factors, with the aim of appropriately managing credit, liquidity, interest-rate and currency risks.
- Liquidity risk is managed through the management and planning of cash flows through the optimisation of working capital, by ensuring the appropriate maturities of financial debt, and through short-term credit lines that are regularly rolled over taking into account the needs for financing within the Group. For the purpose of financing the expansion and upgrading of the fibre optic access network, the Company signed a long-term loan agreement with the EIB. That loan has not yet been drawn down in full. The Company can draw down dedicated funds until the end of 2023.
- Telekom Slovenije manages credit risk 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 systematic credit risk management tool. Telekom Slovenije regularly monitors credit exposure to customers.

- It also hedges against interest-rate risk by concluding interest-rate swaps. Fixed or hedged interest rates account for 30% of interest-bearing financial liabilities at Telekom Slovenije.
- Telekom Slovenije manages credit risk in connection with receivables from loans to subsidiaries by including various collateral instruments in loan agreements, while it regularly monitors the operations and liquidity of subsidiaries.

Regulatory and compliance-related risks

- In its operations, Telekom Slovenije complies with valid legislation, as well as decisions and aspects of sectoral regulations and other competent bodies. Regulatory risks are managed through organisational and procedural measures in the Company's operations, through constructive dialogue, by putting forth opinions, comments and suggestions in public consultations regarding drafts of general and specific laws issued by the regulator, and by taking legal action against issued regulatory decisions, whenever that is justified.
- Currently being drafted is the new Electronic Communications Act (ZEKom-2), which will transpose the European Electronic Communications Code (EECC). The Slovenian government confirmed the amended ZEKom-2 on 17 March 2022, and that act was sent to National Assembly. The latter discussed the draft act under the urgent procedure at its session of 6 April 2022. Voting on the draft act was postponed until a decision is made regarding the motion for a consultative referendum.
- Telekom Slovenije submitted comments and proposals in the scope of public consultations regarding the draft regulatory predictability strategy on the electronic communications market for the period 2022 to 2024, which the AKOS published on 21 December 2021. The AKOS published the final text of that strategy on 31 March 2022.

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

Operational risks

- Telekom Slovenije gives a great deal of attention to managing ICT-related operational risks. These risks are controlled through the management and development of sub-systems, and by improving operational efficiency, processes and staff, while supporting new business opportunities. Risks in the area of security are managed through the hardening of communication network elements, vulnerability testing, penetration testing and the use of SOAR (Security Orchestration, Automation and Response) to combine security orchestration, automation, threat intelligence and incident response. The Company ensures the implementation of its security policy and the spreading of the security culture amongst employees and the general public.
- In the area of IT, the Company continuously improves processes and mechanisms for ensuring the continuous functioning of systems and applications, introduces new information

support features and implements target architecture solutions.

- Telekom Slovenije also faces risks associated with retaining employees, as it is increasingly difficult to recruit qualified candidates with specific knowledge and retain staff with crucial expertise due to market conditions and increased demand for professionally qualified personnel. The Company focuses on the systematic development of employees and internal mobility, and implements other activities to motivate and retain employees.
- Telekom Slovenije manages risks in connection with procurement processes through a centralised procurement function for which new information support was introduced. Key to risk management are communication with suppliers, the continuous monitoring of the availability of goods and the timeliness of deliveries, as well as the search for alternative suppliers. The Company monitors compliance with contractual provisions.

Impact of the war in Ukraine

- Telekom Slovenije's operations are not directly linked to the Russian and Ukrainian markets. For this reason, we assess that the conflict between those two countries will not have any significant direct impact on the Company's cash flows and financial sources.
- Activities and the retail market portfolio were adapted due to the impact of general price growth, while special attention is being given to specific user segments in order to ensure the stability of the subscriber portfolio (B2C market).
- The Company stopped forwarding transit traffic with operators from Russia and Belarus, and regularly monitors telephone traffic with the aim of preventing fraud. A bilateral agreement was concluded on the reduction of call termination prices in Ukraine and in Telekom Slovenije's network.
- The supply chain could suffer from shortages of certain materials for the manufacture of devices and other technical products, which is already leading to delivery delays and higher prices of goods and services. The Company ensures higher buffer stock of specific types of goods and backup equipment, ensures timely procurement and focuses on the search for alternative suppliers, where possible.
- Telekom Slovenije is facing higher prices of electricity and other energy products. The situation on the market is being monitored.
- The changing global conditions increase risks in the area of cyber security. The Company's activities are therefore focused on ensuring the highest level of security, reliability and confidence, and on the management of

associated risks. The Cyber Security Operation Centre closely monitors, analyses and assesses information from different sources regarding potential threats. The aforementioned centre is working with various organisations and adopting additional measures to increase the security of internal services and the services we provide to subscribers. The Group is thus ready at all times to respond to cyber threats.

AVTENTA

- Risks in connection with achieving planned revenues are managed through a competitive portfolio and the development of digital solutions.
- The war in Ukraine impacts operations due to a general rise in the costs of energy and services.

GVO

- The company faces risks in connection with the appropriate employee structure, where measures are being implemented to improve the age structure and maintain flexibility.
- The war in Ukraine is having a delayed impact on the supply of materials, and is resulting in higher prices of materials, services and energy products. The company is ordering materials early, searching for alternative suppliers and gradually updating its car fleet with electric vehicles.

SOLINE

- Weather-related risks are tied to the risk of a loss of salt production due to adverse weather conditions, as salt production is a seasonal activity. The operations of Soline are being adapted through the expansion of sales programmes, while the infrastructure is also being adapted with the help of the Climate Plan of the Republic of Slovenia.
- Changes to the concession agreement on salt production can have a significant effect on the company's business model. The Slovenian government has adopted a measure and extended the aforementioned concession for 18 months. The Ministry of the Environment and Spatial Planning submitted a proposal to amend the Mining Act, according to which Soline would not pay easement. Amendments to that act are expected by the end of 2023.
- The war in Ukraine is resulting in lower revenues due to a drop in the number of Russian and Ukrainian visitors to the Lepa Vida Thalasso Spa.

TSinpo

- Risks in connection with achieving planned sales of cardboard products relate to the delayed investment in a new line of machines. The company is increasing sales of eco sleeves and adapting to the needs of its customers.
- The war in Ukraine is resulting in higher costs due to higher prices of raw materials and energy products, and due to disruptions in supply chains. The company is searching for alternative supply sources.

TSmedia

- The risk of failure to achieve planned revenues is managed through the implementation of new video content projects, the setting of promotional prices for advertisers and the search for new customers. The company is expanding its network of large advertising screens and implementing various sales campaigns.
- The war in Ukraine is resulting in delays and cancellations of advertising campaigns and projects. The company is marketing additional advertising space, and introducing new advanced forms of advertising and exclusive leasing packages.

IPKO

- The company responds to the risk of the loss of users and revenues in the segment of fixed services due to unfair competition through special promotional offers and the appropriate market approaches.
- There is a risk that the company will fail to maintain the trend of growth in the number of subscribers, which it strives to achieve through various market activities.
- There is also a risk of unfavourable conditions for the purchase of the frequencies that the company requires to provide broadband mobile services.
- Risks in connection with programme broadcasting rights and the broadcasting of TV content are managed through advertising and new packages to maintain users and by searching for partners to broadcast content.
- The risk of additional investments relating to the shift from an aerial to an underground infrastructure is managed by coordinating with the Kosovo Energy Distribution Services (KEDS), municipalities and other operators.
- The company negotiates with government authorities and communicates with all stakeholders in connection with the risk associated with the payment of copyright fees and fees for the transmission of programmes via the cable network.

- With respect to risks in connection with legislative changes and the interpretation thereof, the company expects that the new public procurement act will be in line with EU directives.
- There is the risk of a reduction in the prices of call termination from countries of the Western Balkans at the beginning of 2023, which will result in the partial loss of revenues.
- The war in Ukraine is resulting in rising energy prices, disruptions and delays in the supply chain, and higher prices of goods and services.

The company is strengthening security systems and the security culture with the aim of providing services and protecting data due to cyber threats. It is also increasing inventory levels and searching for alternative supply sources.

4. CORPORATE GOVERNANCE

Management Board

Telekom Slovenije is managed by a Management Board, which comprised the following members as at 31 March 2022:

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

The four-year terms of office of President Cvetko Sršen and members Dr Mitja Štular and Tomaž Jontes began on 10 March 2021, while the term of office of member Barbara Galičič Drakslar began on 31 March 2021.

Supervisory Board

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

The Supervisory Board comprised the following members as at 31 March 2022:

Shareholder representatives:

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

Employee representatives:

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

Members of the Supervisory Board were elected to four-year terms of office. Shareholder representatives Iztok Černoša, Aleksander Igličar, MSc, Marko Kerin and Radovan Cerjak began their four-year terms of office on 22 January 2021, while shareholder representatives Karla Pinter, MSc and Dr Jurij Toplak began their four-year terms of office on 18 June 2021.

Telekom Slovenije's Works Council appointed Drago Kijevčanin, Dušan Pišek and Jana Žižek Kuhar to four-year terms of office as employee representatives, effective 15 November 2021.

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

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

SLOVENIA

GVO, d. o. o.

Managing Director: Dr Zef Vučaj

Members of the Supervisory Board: Dr Mitja Štular (President), Sabina Merhar (Vice-President) and Helena Jakič (employee representative)

Infratel, d. o. o.

Managing Director: Dr Zef Vučaj

Optic-Tel, d. o. o.

Managing Director: Dr Zef Vučaj

Avtenta, d. o. o.

Managing Director: Primož Kučič

TSmedia, d. o. o.

Managing Director: Rajko Gerič

Soline, d. o. o.

Managing Director: Klavdij Godnič

TSinpo, d. o. o.

Managing Director: Sandra Peršak

OTHER COUNTRIES

IPKO Telecommunications LLC, Kosovo

CEO: Tomaž Seljak, MSc

SIOL, d. o. o. Zagreb, Croatia

Managing Director: Simon Furlan, MSc

SIOL, d. o. o. Podgorica, Montenegro

Managing Director: Simon Furlan, MSc

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

Managing Director: Simon Furlan, MSc

SIOL, DOOEL Skopje, North Macedonia

Managing Director: Simon Furlan, MSc

SIOL DOO BELGRADE, Serbia

Managing Director: Simon Furlan, MSc

SIOL Prishtina LL., Kosovo

Managing Director: Simon Furlan, MSc

GVO Telekommunikation GmbH

Liquidator: Roman Mazi

The company was headed by Managing Directors Borut Radi, Darko Gradišnik and Roman Mazi until 23 March 2022.

5. SIGNIFICANT EVENTS IN THE PERIOD JANUARY – MARCH 2022

FIRST QUARTER OF 2022

JANUARY

- In accordance with the treasury share repurchase programme adopted on 4 November 2021, Telekom Slovenije repurchased 2,749 treasury shares with a total value of EUR 162,630.40 in January.
- Top Employers Institute named Telekom Slovenije Top Employer for 2022. Companies that receive the title of Top Employer are considered the most desirable employers and demonstrate their commitment to create the best possible work environment through excellent HR practices and employee development programmes.
- Telekom Slovenije concluded an agreement with stock market member Ilirika borzna posredniška hiša to provide services in connection with maintaining the liquidity of the Company's shares (designated TLSG). Contractual services have been provided since 1 February 2022 and supplement the Company's other activities in the area of investor relations. The agreement concluded with stock market member Interkapital vrijednosni papiri on the provision of services to maintain the liquidity of Telekom Slovenije's shares expired on 1 February 2022.
- On 31 January 2022, member of Telekom Slovenije's Supervisory Board, Aleksander Igličar, purchased 150 lots of TLSG shares at a price of EUR 58.80 per share in the total amount of EUR 8,820. The purchase of ordinary TLSG shares was carried out on the Ljubljana Stock Exchange. Following the execution of that transaction, Mr Igličar is the holder of 150 TLSG shares.

FEBRUARY

- Telekom Slovenije repurchased 1,912 treasury shares with a total value of EUR 109,713.20 in February.
- Users of the VALÚ Smart Wallet executed more than 2 million transactions in 2021, with the number of VALÚ users rising by more than 40%. There were thus more than 100,000 VALÚ Smart Wallet users at the end of the year. Those persons can make payments using

their mobile phone at more than 3,000 payment points, including via the web where payment using a QR code is extremely popular. VALÚ facilitates a monthly limit of EUR 3,000 and an annual limit of EUR 15,000.

MARCH

- Telekom Slovenije repurchased 2,175 treasury shares with a total value of EUR 121,071.60 in March.
- On 7 March 2022, member of Telekom Slovenije's Management Board, Barbara Galičič Drakslar, purchased 100 lots of TLSG shares at a price of EUR 55.00 per share in the total amount of EUR 5,500.00. The purchase of ordinary TLSG shares was carried out on the Ljubljana Stock Exchange. Following the execution of that transaction, Ms Galičič Drakslar is the holder of 200 TLSG shares.
- On 9 March 2022, Alenka Koporc, a person closely related to Management Board member Dr Mitja Štular, purchased 313 lots of TLSG shares at an average weighted price of EUR 54.39, as follows: 23 shares at a price of EUR 54.20 per share and 290 shares at a price of EUR 54.40 per share. The purchase of ordinary TLSG shares was carried out on the Ljubljana Stock Exchange.
- On 21 March 2022, the President of Telekom Slovenije's Management Board, Cvetko Sršen, purchased 100 lots of TLSG shares at a price of EUR 57.00 per share in the total amount of EUR 5,700.00. The purchase of ordinary TLSG shares was carried out on the Ljubljana Stock Exchange. Following the execution of that transaction, Mr Sršen is the holder of 250 TLSG shares.
- Based on a public tender for the selection of a 'Home eCare' operator, which was drawn up with the support of the Government Office of the Republic of Slovenia for Development and European Cohesion Policy, the Ministry of Health selected Telekom Slovenije as the provider of eCare services, together with the Slovene Federation of Pensioners' Associations as consortium partner. Slovenia received funding from the European Social Fund and REACT-EU sources. Accordingly, the use of eCare services will be free-of-charge for 5,000 eligible persons until 30 September 2023.
- The liquidation of GVO Telekommunikation GmbH, which is owned by GVO, began on 23

March 2022. The completion of liquidation proceedings and the deletion of the company from the German register is expected during the second half of 2022.

- On 28 March 2022, Telekom Slovenije, as the buyer, and DBA informacijske tehnologije and DBA Group S.p.A., as the sellers, signed an agreement on the purchase of 2,040,275

shares of ACTUAL I.T., informacijske tehnologije, d. d., representing a 100% participating interest in that company. The aforementioned agreement was concluded under several conditions precedent that must be met prior to the conclusion of the transaction. Completion of the transaction is expected within six months following the signing of the agreement.

6. SIGNIFICANT EVENTS AFTER THE BALANCE-SHEET DATE

SECOND QUARTER

APRIL

- As part of the continued development of its mobile network, Telekom Slovenije will gradually halt the use of the third generation (3G) mobile network by 30 September 2022. The Company began using 3G or UMTS technology for voice communication and data transfer nearly 20 years ago. Today, the data transfer speeds facilitated by that technology are significantly slower than those facilitated by more advanced and energy and technologically efficient fourth (LTE/4G) and fifth (5G) generation mobile technologies, which are used for 99% of mobile traffic in Telekom Slovenije's network. For this reason, the gradual halting of the use of 3G technology is an integral element of the Company's sustainable operations, and the technological and developmental optimisation of its mobile network.

MAY

- Telekom Slovenije received a counterclaim that was lodged against Telekom Slovenije, d.d., by POP TV d.o.o. Ljubljana and Kanal A d.o.o. for the payment of damages in the amount of EUR 58,154,012.16 with interest and other charges. The claim is said to represent the damage that the plaintiffs have said to have suffered as a result of insufficient payments for the distribution fee for TV channels in the period from 16 February 2017 to 31 March 2022. The received counterclaim was lodged as a response to the lawsuit that Telekom Slovenije, d.d., lodged against POP TV d.o.o. Ljubljana and Kanal A d.o.o. on 29 December 2021 for nullifying parts of the agreement and overpaid distribution fee for TV channels of the two companies (the value of the dispute: EUR 12,346,337.52). Telekom Slovenije, d.d., shall respond to the counterclaim within the legal deadline.

7. CONDENSED INTERIM ACCOUNTING REPORT OF THE TELEKOM SLOVENIJE GROUP AND TELEKOM SLOVENIJE, D. D. FOR THE PERIOD JANUARY TO MARCH 2022

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

The condensed financial statements for the period ending 31 March 2022 were compiled in accordance with IAS 34 Interim Financial Reporting, and must be read together with the financial statements and disclosures compiled for the 2021 financial year. The financial statements for the period January–March 2022 and the comparable period January–March 2021 are unaudited, while the financial statements for the comparable period ending 31 December 2021 are audited. The financial statements of the Group and Company were compiled under the assumption that both are going concerns. Operations are not seasonal.

Changes in accounting policies

The accounting policies used in the compilation of the interim condensed financial statements are the same as those applied in the compilation of the financial statements for the financial year ending 31 December 2021.

Use of significant estimates and judgements

The compilation of the financial statements requires of management certain estimates, assessments and assumptions that affect the carrying amount of assets and liabilities, the disclosure of contingent liabilities as at the statement of financial position date and the amount of revenues and expenses in the period ending on the statement of financial position date. Future events and their impact cannot be determined with certainty. Accounting assessments therefore apply a judgement subject to change taking into account new events, experiences and additional information, and as the result of changes in the business environment. Actual values may vary from estimates. Estimates and assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which estimates are revised, and in all future years affected by such revisions.

COVID-19 pandemic

In accordance with the Act Determining Intervention Measures to Contain the COVID-19 Epidemic and Mitigate its Consequences for Citizens and the Economy, the Telekom Slovenije Group took advantage of individual state aid measures in the period January to March 2022, as follows:

- the following companies took advantage of the reimbursement of compensation for short-term absences from work of up to three days due to COVID-19 covered by the employer: Telekom Slovenije, GVO, Avtenta and TSmedia, in the total amount of EUR 6 thousand;
- the following companies took advantage of the reimbursement of wage compensation for the period a worker did not perform their work due to *force majeure*: Telekom Slovenije, GVO, Avtenta, TSmedia and Soline, in the total amount of EUR 10 thousand;

the following companies took advantage of the reimbursement of compensation for the period of quarantine: Telekom Slovenije, GVO, TSinpo and Soline, in the total amount of EUR 23 thousand.

Functional and presentation currency

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

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

Unaudited consolidated and separate income statement for the period ending 31 March 2022

EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – III 2022	I – III 2021	I – III 2022	I – III 2021
Revenue	151,162	156,768	134,885	142,243
Other operating income	1,350	725	384	286
Cost of goods sold	-19,935	-22,574	-21,120	-24,627
Cost of materials and energy	-4,454	-4,088	-3,396	-2,540
Cost of services	-44,631	-48,829	-42,456	-46,430
Labour costs	-25,806	-24,904	-20,632	-20,862
Depreciation/amortisation	-40,625	-41,714	-34,515	-34,595
Other operating expenses	-951	-1,391	-1,113	-1,605
Total operating expenses	-136,402	-143,500	-123,232	-130,659
Operating profit	16,110	13,993	12,037	11,870
Finance income*	273	284	700	867
Finance expenses*	-2,002	-2,546	-1,986	-2,438
Profit before tax	14,381	11,731	10,751	10,299
Current tax	-1,278	-1,216	-949	-1,017
Deferred tax expense	-1,119	-798	-1,118	-812
Net profit from continuing operations	11,984	9,717	8,684	8,470
Basic and diluted earnings per share in EUR	1.84	1.49	1.34	1.30

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

Unaudited consolidated and separate statement of other comprehensive income for the period ending 31 March 2022

EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – III 2022	I – III 2021	I – III 2022	I – III 2021
Net profit for the period	11,984	9,717	8,684	8,470
<i>Items that may be reclassified subsequently to the statement of profit or loss</i>				
Translation reserve	1	34	0	0
Change in the fair value of hedging financial instruments	20	253	21	105
Deferred tax	-37	-15	-37	-20
Change in fair value of hedging financial instruments (net)	-17	238	-16	85
<i>Items that may not be reclassified subsequently to statement of profit or loss</i>				
Actuarial remeasurements of defined benefit obligation	0	819	0	0
Change in fair value of investments in equity instruments measured at fair value through other comprehensive income	221	278	221	130
Deferred tax	-9	-86	-9	-25
Change in fair value of investments in equity instruments measured at fair value through other comprehensive income	212	192	212	105
Other comprehensive income for the period after tax	196	1,283	196	190
Total comprehensive income for the period	12,180	11,000	8,880	8,660

Unaudited consolidated and separate statement of financial position as at 31 March 2022

EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
ASSETS				
Intangible assets	211,170	220,116	173,635	180,251
Property, plant and equipment	662,169	667,059	599,721	604,711
Right-of-use assets	74,096	73,970	82,704	80,667
Investments in subsidiaries	0	0	38,276	38,276
Other investments	3,112	3,292	55,876	57,235
Contract assets	3,068	2,854	2,629	2,469
Other receivables	17,544	18,300	17,539	18,294
Deferred costs	1,189	1,058	1,714	1,608
Investment property	4,509	4,545	7,604	7,641
Deferred tax assets	40,918	42,012	40,639	41,761
Total non-current assets	1,017,775	1,033,206	1,020,337	1,032,913
Assets held for sale	1,188	799	1,188	799
Inventories	26,549	22,478	22,978	19,603
Trade and other receivables	147,458	156,152	140,554	148,378
Contract assets	21,551	17,263	21,391	17,167
Deferred costs	9,006	3,766	7,448	3,150
Investments	740	740	8,478	12,177
Cash and cash equivalents	16,664	15,935	7,122	3,754
Total current assets	223,156	217,133	209,159	205,028
Total assets	1,240,931	1,250,339	1,229,496	1,237,941
EQUITY AND LIABILITIES				
Share capital	272,721	272,721	272,721	272,721
Share premium	181,489	181,489	180,956	180,956
Profit reserves	106,479	106,479	104,978	104,978
<i>Legal reserves</i>	51,612	51,612	50,434	50,434
<i>Reserves for treasury shares and interests</i>	4,065	3,671	4,065	3,671
<i>Treasury shares and interests</i>	-4,065	-3,671	-4,065	-3,671
<i>Statutory reserves</i>	54,854	54,854	54,544	54,544
<i>Other profit reserves</i>	13	13	0	0
Retained earnings	53,526	41,938	63,805	55,515
<i>Retained earnings from previous periods</i>	41,542	4,050	55,121	21,144
<i>Profit or loss for the period</i>	11,984	37,888	8,684	34,371
Fair value reserves	130	-66	130	-66
Reserves for actuarial gains/losses	-2,139	-2,139	-1,863	-1,863
Translation reserve	9	9	0	0
Total equity	612,215	600,431	620,727	612,241
Contract liabilities	17,337	14,278	16,693	13,752
Provisions	23,457	23,063	19,921	19,561
Other payables	13,476	18,455	8,844	12,281
Deferred liabilities	879	891	705	713
Loans and borrowings	301,386	309,023	301,386	309,023
Lease liabilities	56,434	57,096	63,773	62,748
Other financial liabilities	0	88	0	88
Deferred tax liabilities	1,752	1,710	363	321
Total non-current liabilities	414,721	424,604	411,685	418,487
Trade payables	98,079	130,955	87,167	116,381
Income tax payable	4,653	3,768	4,501	3,553
Loans and borrowings	48,879	40,015	49,019	41,415
Lease liabilities	10,553	9,460	12,376	10,949
Other financial liabilities	69	2	67	0
Contract liabilities	13,336	12,318	9,674	8,452
Deferred liabilities	38,426	28,786	34,280	26,463
Total current liabilities	213,995	225,304	197,084	207,213
Total liabilities	628,716	649,908	608,769	625,700
Total equity and liabilities	1,240,931	1,250,339	1,229,496	1,237,941

Unaudited consolidated statement of changes in equity of the Telekom Slovenije Group for the period ending 31 March 2022

EUR thousand	Share capital	Share premium	Profit reserves					Retained earnings		Fair value reserve for financial instruments	Fair value reserve for hedging instruments in net amount	Fair value reserve for actuarial deficit and surplus	Translation reserve	Total
			Legal reserves	Treasury share reserve	Treasury shares	Statutory reserves	Other profit reserves	Retained earnings from previous years	Profit or loss for the period					
Balance as at 1 Jan 2022	272,721	181,489	51,612	3,671	-3,671	54,854	13	4,050	37,888	-26	-40	-2,139	9	600,431
Net profit for the period									11,984					11,984
Other comprehensive income for the period										212	-16	0	0	196
Total comprehensive income for the period	0	0	0	0	0	0	0	0	11,984	212	-16	0	0	12,180
Dividends paid								0						0
Purchase of treasury shares					-394									-394
Creation of reserves for treasury shares				394				-394						0
Transactions with owners	0	0	0	394	-394	0	0	-394	0	0	0	0	0	-394
Transfer of profit from previous period to retained earnings								37,888	-37,888					0
Changes in equity	0	0	0	0	0	0	0	37,888	-37,888	0	0	0	0	0
Other								-2	0	0	0	0	0	-2
Balance as at 31 Mar 2022	272,721	181,489	51,612	4,065	-4,065	54,854	13	41,542	11,984	186	-56	-2,139	9	612,215

Unaudited consolidated statement of changes in equity of the Telekom Slovenije Group for the period ending 31 March 2021

EUR thousand	Share capital	Share premium	Profit reserves					Retained earnings		Fair value reserve for financial instruments	Fair value reserve for hedging instruments in net amount	Fair value reserve for actuarial deficit and surplus	Translation reserve	Total
			Legal reserves	Treasury share reserve	Treasury shares	Statutory reserves	Other profit reserves	Retained earnings from previous years	Profit or loss for the period					
Balance as at 1 Jan 2021	272,721	181,489	51,612	3,671	-3,671	54,854	13	8,440	24,865	-219	-278	-2,988	-25	590,484
Net profit for the period									9,717					9,717
Other comprehensive income for the period – adjusted*										105	85	0	14	204
Total comprehensive income for the period	0	0	0	0	0	0	0	0	9,717	105	85	0	14	9,921
Dividends paid								0						0
Transactions with owners	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer of profit from previous period to retained earnings								24,865	-24,865					0
Changes in equity	0	0	0	0	0	0	0	24,865	-24,865	0	0	0	0	0
Other								-29				30	1	2
31 Mar 2021	272,721	181,489	51,612	3,671	-3,671	54,854	13	33,276	9,717	-114	-193	-2,958	-10	600,407

Unaudited separate statement of changes in equity of Telekom Slovenije, d. d. for the period ending 31 March 2022

EUR thousand	Share capital	Share premium	Profit reserves					Retained earnings		Fair value reserve for financial instruments	Fair value reserve for hedging instruments in net amount	Fair value reserve for actuarial deficit and surplus	Total
			Legal reserves	Treasury share reserve	Treasury shares	Statutory reserves	Other profit reserves	Retained earnings from previous years	Profit or loss for the period				
Balance as at 1 Jan 2022	272,721	180,956	50,434	3,671	-3,671	54,544	0	21,144	34,371	-27	-39	-1,863	612,241
Net profit for the period									8,684				8,684
Other comprehensive income for the period										212	-16	0	196
Total comprehensive income for the period	0	0	0	0	0	0	0	0	8,684	212	-16	0	8,880
Dividends paid								0					0
Purchase of treasury shares					-394								-394
Creation of reserves for treasury shares				394				-394					0
Transactions with owners	0	0	0	394	-394	0	0	-394	0	0	0	0	-394
Transfer of profit from previous period to retained earnings								34,371	-34,371				0
Changes in equity	0	0	0	0	0	0	0	34,371	-34,371	0	0	0	0
Balance as at 31 Mar 2022	272,721	180,956	50,434	4,065	-4,065	54,544	0	55,121	8,684	185	-55	-1,863	620,727

Unaudited separate statement of changes in equity of Telekom Slovenije, d. d. for the period ending 31 March 2022

EUR thousand	Share capital	Share premium	Profit reserves					Retained earnings		Fair value reserve for financial instruments	Fair value reserve for hedging instruments in net amount	Fair value reserve for actuarial deficit and surplus	Total
			Legal reserves	Treasury share reserve	Treasury shares	Statutory reserves	Other profit reserves	Retained earnings from previous years	Profit or loss for the period				
Balance as at 1 Jan 2021	272,721	180,956	50,434	3,671	-3,671	54,544	0	26,185	24,174	-219	-278	-2,733	605,784
Net profit for the period									8,470				8,470
Other comprehensive income for the period										105	85	0	190
Total comprehensive income for the period	0	0	0	0	0	0	0	0	8,470	105	85	0	8,660
Dividends paid								0					0
Transactions with owners	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer of profit from previous period to retained earnings								24,174	-24,174				0
Changes in equity	0	0	0	0	0	0	0	24,174	-24,174	0	0	0	0
31 Mar 2021	272,721	180,956	50,434	3,671	-3,671	54,544	0	50,359	8,470	-114	-193	-2,733	614,444

Unaudited consolidated cash flow statement for the period ending 31 March 2022

EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – III 2022	I – III 2021	I – III 2022	I – III 2021
Cash flows from operating activities				
Net profit for the period	11,984	9,717	8,684	8,470
Adjustments for:				
Depreciation/amortisation	40,625	41,714	34,515	34,595
Gain/loss on disposal of property, plant and equipment	-69	127	54	127
Impairment and write-off of inventories	165	251	165	252
Net impairment of receivables	328	728	226	679
Change in provisions and other changes	-11	2	0	0
Finance income	-273	-284	-700	-867
Finance expenses	2,002	2,546	1,986	2,438
Income tax expense with deferred taxes	2,397	2,015	2,067	1,830
Cash flows from operating activities prior to changes in working capital and provisions	57,148	56,816	46,997	47,524
Change in inventories	-3,719	-896	-3,023	-1,548
Change in trade and other receivables	9,102	11,035	7,598	17,469
Change in accrued and deferred asset items and contract assets	-9,873	-7,811	-7,123	-7,471
Change in provisions	405	179	360	114
Change in trade and other payables	-38,033	-24,122	-33,381	-17,624
Change in accrued and deferred liability items and contract liabilities	13,705	9,690	11,972	5,225
Income tax paid	-161	-164	0	0
Net cash from operating activities	28,574	44,727	23,400	43,689
Cash flows from investing activities				
Proceeds from investing activities	94	43	5,583	1,592
Proceeds from sale of property, plant and equipment	78	28	78	28
Interest received	0	0	414	556
Proceeds from repayment of loans and deposits	16	15	5,091	1,008
Disbursements from investing activities	-23,773	-41,424	-20,343	-41,275
Disbursements for property, plant and equipment	-15,388	-21,181	-12,056	-20,240
Disbursements for intangible assets	-8,385	-20,243	-8,087	-20,085
Disbursements for loans granted and deposits	0	0	-200	-950
Net cash from investing activities	-23,679	-41,381	-14,760	-39,683
Cash flows from financing activities				
Proceeds from financing activities	0	24,500	0	11,500
Proceeds from current borrowings	0	24,500	0	11,500
Disbursements from financing activities	-4,209	-4,259	-5,315	-4,084
Disbursements for approval of borrowings and issue of bonds	-394	0	-394	0
Maturity of bonds issued	0	-232	0	-232
Repayment of current borrowings	-3,197	-3,378	-3,046	-3,205
Repayment of non-current borrowings	0	0	-1,260	0
Investments in subsidiaries and associates	-618	-649	-615	-647
Net cash from financing activities	-4,209	20,241	-5,315	7,416
Net increase/decrease in cash and cash equivalents	686	23,587	3,325	11,422
Opening balance of cash and cash equivalents	15,935	8,167	3,754	2,086
Effects of exchange rate changes on cash and cash equivalents	43	49	43	49
Closing balance of cash and cash equivalents	16,664	31,803	7,122	13,557

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

Telekom Slovenije Group

The Telekom Slovenije Group comprised the controlling company Telekom Slovenije and the following subsidiaries as at the reporting date (31 March 2022):

Company	Country	% of ownership (participating interest)
GVO, d. o. o.	Slovenia	100%
Optic-Tel, d. o. o.	Slovenia	100%
Infratel, d. o. o.	Slovenia	100%
GVO Telekommunikation GmbH	Germany	100%
TSmedia, d. o. o.	Slovenia	100%
Avtenta, d. o. o.	Slovenia	100%
Soline, d. o. o.	Slovenia	100%
TSinpo, d. o. o.	Slovenia	100%
IPKO Telecommunications LLC	Kosovo	100%
SIOL, d. o. o., Zagreb	Croatia	100%
SIOL, d. o. o., Sarajevo	Bosnia and Herzegovina	100%
SIOL, d. o. o., Podgorica	Montenegro	100%
SIOL, DOOEL Skopje	North Macedonia	100%
SIOL DOO Beograd	Serbia	100%
SIOL, d. o. o., Prishtina	Kosovo	100%
USTANOVA SRČNI SKLAD	Slovenia	100%

On 28 March 2022, Telekom Slovenije signed an agreement with DBA informacijske tehnologije and DBA Group S.p.A. on the purchase of 2,040,275 shares of ACTUAL I.T., informacijske tehnologije, d. d. (representing a 100% participating interest in that company). The agreement was concluded under several conditions precedent that must be met prior to the conclusion of the transaction, which is expected sometime in the next six months. The aforementioned company will be included in the Telekom Slovenije Group's financial statements when the conditions precedent are met.

Segment reporting

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

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

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

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

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

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

Segment reporting

EUR thousand	Slovenia		Other countries		Eliminations and adjustments*		Total	
	I – III 2022	I – III 2021	I – III 2022	I – III 2021	I – III 2022	I – III 2021	I – III 2022	I – III 2021
Sales to customers	135,141	142,218	16,021	14,550			151,162	156,768
Inter-segment sales	15,147	18,364	1,922	1,473	-17,069	-19,837	0	0
Total segment revenue	150,288	160,582	17,943	16,023	-17,069	-19,837	151,162	156,768
Other operating income	801	615	549	110			1,350	725
Total operating expenses	-123,194	-130,248	-13,208	-13,252			-136,402	-143,500
Operating profit per segment	27,895	30,949	5,284	2,881	-17,069	-19,837	16,110	13,993
Finance income							273	284
Finance expenses							-2,002	-2,546
Profit before tax							14,381	11,731
Current tax							-1,278	-1,216
Deferred tax expense							-1,119	-798
Net profit for the period							11,984	9,717

Other data by segment	Slovenia		Other countries		Eliminations and adjustments*		Total	
	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
Segment assets	1,296,383	1,307,526	117,639	122,128	-173,091	-179,315	1,240,931	1,250,339
Segment liabilities	636,222	655,461	91,952	99,713	-99,458	-105,266	628,716	649,908

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

Revenue by segment

EUR thousand	Slovenia		Other countries		Total	
	2022	2021	2022	2021	2022	2021
Mobile services on end-user market	49,388	52,878	10,152	8,853	59,540	61,731
Fixed-line telephone services on end-user market	45,814	47,100	5,250	5,419	51,064	52,519
Additional services	900	1,880	0	0	900	1,880
Wholesale market	33,599	35,703	619	278	34,218	35,981
Other revenues and merchandise	5,440	4,657	0	0	5,440	4,657
Total revenue	135,141	142,218	16,021	14,550	151,162	156,768

Revenue

EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – III 2022	I – III 2021	I – III 2022	I – III 2021
Mobile services on end-user market	59,540	61,731	49,523	52,920
Fixed-line telephone services on end-user market	51,064	52,519	45,698	46,802
Additional services	900	1,880	900	1,881
Wholesale market	34,218	35,981	33,857	35,678
Other revenues and merchandise	5,440	4,657	4,907	4,962
Total revenue	151,162	156,768	134,885	142,243

Breakdown of revenue by service category

EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – III 2022	I – III 2021	I – III 2022	I – III 2021
Revenue from services rendered	130,513	132,924	113,365	117,457
Sales revenue – goods	20,649	23,844	21,520	24,786
Total revenue	151,162	156,768	134,885	142,243

The revenues of the Telekom Slovenije Group amounted to EUR 151.2 million in the period January–March 2022, a decrease of EUR 5.6 million relative to the same period in 2021.

Revenues were down **in the mobile segment of the end-user market** primarily due to the optimisation of subscribers whose basic subscription fee includes an increasing number of services, and on account of lower revenues from the sale of mobile merchandise, which also results in lower costs.

Revenues were lower **in the fixed segment of the end-user market**, primarily due to a decline in revenues from traditional voice telephony, as the result of the falling number of traditional connections, and lower revenues from the sale of fixed merchandise, which at the same time results in lower costs.

Revenues from **additional services** include revenues from financial services, energy, eHealth services and insurance. Revenues were lower during the first quarter 2022 primarily on account of the discontinuation of the supply of electricity to end-customers.

Revenues **on the wholesale market** were down relative to the same period in 2021, primarily due to lower revenues from international voice services.

Other operating income and merchandise were up relative to the same period in 2021 due to higher revenues generated by subsidiaries on the market.

Revenues from leases

The Telekom Slovenije Group generated revenues from leases in the amount of EUR 2,589 thousand in the period January–March 2022, compared with EUR 2,156 thousand during the same period last year.

Telekom Slovenije generated revenues from leases in the amount of EUR 2,790 thousand in that period, compared with EUR 2,352 thousand during the same period last year.

Costs of services

EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	I – III 2022	I – III 2021	I – III 2022	I – III 2021
Telecommunication services	22,838	26,590	22,586	26,372
Costs of leased lines, networks and platforms	1,227	1,420	1,900	2,082
Multimedia content	2,413	2,220	2,239	2,204
Costs of subcontractors	4,291	4,771	3,420	3,571
Maintenance of property, plant and equipment	4,879	5,268	4,897	5,278
Costs of other services	8,983	8,560	7,414	6,923
Total costs of services	44,631	48,829	42,456	46,430

The costs of services incurred by the Group in the period January–March 2022 were down by EUR 4,198 thousand relative to the same period in 2021. The costs of telecommunication services were lower as the result of lower revenues from international voice services. The costs of leased lines, networks and platforms were slightly lower.

The costs of other services primarily comprise the costs of advertising and sponsorships in the amount of EUR 1,947 thousand (January–March 2021: EUR 1,721 thousand), the costs of intellectual and personal services in the amount of EUR 1,477 thousand (January–March 2021: EUR 1,543 thousand), the costs of attracting customers in the amount of EUR 1,153 thousand (January–March 2021: EUR 1,085 thousand), the costs of insurance premiums in the amount of EUR 842 thousand (January–March 2021: EUR 704 thousand), and the costs of other services in the amount of EUR 2,231 thousand (January–March 2021: EUR 2,213 thousand).

Operating profit (EBIT) and net profit

Telekom Slovenije Group

Earnings before interest and taxes (EBIT) in the amount of EUR 16,110 thousand were up by EUR 2,117 thousand relative to the same period last year. A net profit of EUR 11,984 thousand was achieved for the accounting period in the context of a net financial loss of EUR 1,729 thousand.

Telekom Slovenije

Earnings before interest and taxes (EBIT) in the amount of EUR 12,037 thousand were up by EUR 167 thousand relative to the same period last year. A net profit of EUR 8,684 thousand was achieved for the accounting period in the context of a net financial loss of EUR 1,286 thousand.

Intangible assets

Changes in intangible assets of Telekom Slovenije in the period January–March 2022

EUR thousand	Goodwill	Concessions and licences	Costs of obtaining contracts with customers	Computer software	Other intangible assets	Intangible assets under construction	Other	Total
Cost								
Balance as at 1 Jan 2022	49,737	377,560	52,782	20,518	303,079	67,365	12,796	883,837
Additions	0	2,552	0	0	0	5,372	0	7,924
Assets generated in the Group	0	0	0	0	0	461	0	461
Transfers into use	0	-1,297	1,535	5,132	0	-5,370	0	0
Disposals	0	-349	0	-2,131	0	0	0	-2,480
Other transfers*	0	0	0	57	0	-1	0	56
Balance as at 31 Mar 2022	49,737	378,466	54,317	23,576	303,079	67,827	12,796	889,798
Impairment								
Balance as at 1 Jan 2022	46,019	265,923	26,078	10,088	266,960	48,386	267	663,721
Disposals	0	-349	0	-2,131	0	0	0	-2,480
Amortisation	0	9,276	1,833	5,794	484	0	0	17,387
Balance as at 31 Mar 2022	46,019	274,850	27,911	13,751	267,444	48,386	267	678,628
Carrying amount								
Balance as at 1 Jan 2022	3,718	111,637	26,704	10,430	36,119	18,979	12,529	220,116
Balance as at 31 Mar 2022	3,718	103,616	26,406	9,825	35,635	19,441	12,529	211,170

* Other transfers include transfers between intangible assets and property, plant and equipment, and transfers between groups of assets.

Changes in intangible assets of the Telekom Slovenije Group in 2021

EUR thousand	Goodwill	Concessions and licences	Costs of obtaining contracts with customers	Computer software	Other intangible assets	Intangible assets under construction	Total
Cost							
Balance as at 1 Jan 2021	107,654	364,567	20,900	279,791	67,161	15,520	855,593
Additions	0	0	0	8	3	102,332	102,343
Assets generated in the Group	0	0	0	0	0	1,931	1,931
Transfers into use	0	69,595	7,182	29,457	229	-106,463	0
Disposals	-57,917	-6,517	-7,564	-6,662	-27	-7	-78,694
Other transfers*	0	2,697	0	485	0	-518	2,664
Balance as at 31 Dec 2021	49,737	430,342	20,518	303,079	67,366	12,795	883,837
Impairment							
Balance as at 1 Jan 2021	103,936	255,792	10,454	249,041	46,070	267	665,560
Disposals	-57,917	-3,939	-7,564	-6,095	-27	0	-75,542
Other transfers*	0	353	0	594	0	0	947
Amortisation	0	39,795	7,198	23,419	2,344	0	72,756
Balance as at 31 Dec 2021	46,019	292,001	10,088	266,959	48,387	267	663,721
Carrying amount							
Balance as at 1 Jan 2021	3,718	108,775	10,446	30,750	21,091	15,253	190,033
Balance as at 31 Dec 2021	3,718	138,341	10,430	36,120	18,979	12,528	220,116

* Other transfers include transfers between intangible assets and property, plant and equipment, and transfers between groups of assets.

Changes in intangible assets of Telekom Slovenije in the period January–March 2022

EUR thousand	Goodwill	Concessions and licences	Costs of obtaining contracts with customers	Computer software	Other intangible assets	Intangible assets under construction	Other	Total
Cost								
Balance as at 1 Jan 2022	3,602	288,174	20,518	289,120	19,100	12,480	0	632,994
Additions	0	0	0	0	0	7,726	0	7,726
Assets created within the Company	0	0	0	0	0	361	0	361
Transfers into use	0	1,233	1,536	4,899	0	-7,668	0	0
Disposals	0	-348	0	-2,132	0	0	0	-2,480
Other transfers	0	0	0	57	0	0	0	57
Balance as at 31 Mar 2022	3,602	289,059	22,054	291,944	19,100	12,899	0	638,658
Impairment								
Balance as at 1 Jan 2022	0	175,120	10,088	251,371	16,164	0	0	452,743
Disposals	0	-349	0	-2,131	0	0	0	-2,480
Other transfers	0	2	0	-1	0	0	0	1
Amortisation	0	7,348	1,833	5,482	96	0	0	14,759
Balance as at 31 Mar 2022	0	182,121	11,921	254,721	16,260	0	0	465,023
Carrying amount								
Balance as at 1 Jan 2022	3,602	113,054	10,430	37,749	2,936	12,480	0	180,251
Balance as at 31 Mar 2022	3,602	106,938	10,133	37,223	2,840	12,899	0	173,635

* Other transfers include transfers between intangible assets and property, plant and equipment, and transfers between groups of assets.

Changes in intangible assets of Telekom Slovenije in 2021

EUR thousand	Goodwill	Concessions and licences	Costs of obtaining contracts with customers	Computer software	Other intangible assets	Intangible assets under construction	Total
Cost							
Balance as at 1 Jan 2021	3,602	224,008	20,900	267,480	18,893	14,543	549,426
Additions	0	0	0	0	0	99,109	99,109
Assets created within the Company	0	0	0	0	0	1,564	1,564
Transfers into use	0	67,898	7,182	27,443	207	-102,730	0
Disposals	0	-3,962	-7,564	-6,289	0	-5	-17,820
Other transfers*	0	230	0	486	0	-1	714
Balance as at 31 Dec 2021	3,602	288,174	20,518	289,120	19,100	12,480	632,994
Impairment							
Balance as at 1 Jan 2021	0	147,865	10,454	234,282	15,374	0	407,975
Disposals	0	-3,937	-7,564	-5,722	0	0	-17,223
Other transfers*	0	96	0	594	0	0	690
Amortisation	0	31,096	7,198	22,217	790	0	61,301
Balance as at 31 Dec 2021	0	175,120	10,088	251,371	16,164	0	452,743
Carrying amount							
Balance as at 1 Jan 2021	3,602	76,143	10,446	33,198	3,519	14,543	141,451
Balance as at 31 Dec 2021	3,602	113,054	10,430	37,749	2,936	12,480	180,251

* Other transfers include transfers between intangible assets and property, plant and equipment, and transfers between groups of assets.

Commitments for intangible assets amounted to EUR 8,002 thousand at the Telekom Slovenije Group level and to EUR 9,938 thousand at Telekom Slovenije as at 31 March 2022.

Property, plant and equipment

Changes in property, plant and equipment of the Telekom Slovenije Group in the period January–March 2022

EUR thousand	Land, buildings and cable ducts	Cable network	Telephone exchanges	Equipment for the mobile network	Other equipment	Assets under construction	Other	Total
Cost								
Balance as at 1 Jan 2022	490,082	1,190,292	88,832	315,485	385,390	40,823	268	2,511,172
Difference from translation to reporting currency	0	2	0	0	-5	0	0	-3
Additions	13	589	0	0	155	12,088	20	12,865
Fixed assets created within the Group	0	0	0	0	0	2,910	0	2,910
Transfers into use	5,914	4,192	132	2,609	4,783	-17,630	0	0
Disposals	-2	-3	-726	-3,460	-19,566	0	0	-23,757
Other transfers*	0	0	-57	-6	-59	7	0	-115
Balance as at 31 Mar 2022	496,007	1,195,072	88,181	314,628	370,698	38,198	288	2,503,072
Impairment								
Balance as at 1 Jan 2022	216,747	951,360	82,613	266,825	315,178	11,390	0	1,844,113
Difference from translation to reporting currency	0	0	0	0	1	0	0	1
Additions	0	0	0	0	1	0	0	1
Disposals	-1	-3	-723	-3,441	-18,940	0	0	-23,108
Depreciation	3,216	5,562	787	3,273	7,124	0	0	19,962
Other transfers*	0	0	-1	-6	-59	0	0	-66
Balance as at 31 Mar 2022	219,962	956,919	82,676	266,651	303,305	11,390	0	1,840,903
Carrying amount								
Balance as at 1 Jan 2022	273,335	238,932	6,219	48,660	70,212	29,433	268	667,059
Balance as at 31 Mar 2022	276,045	238,153	5,505	47,977	67,393	26,808	288	662,169

* Other transfers include transfers between intangible assets and property, plant and equipment, transfers to investment property and transfers between groups of assets.

Changes in property, plant and equipment of the Telekom Slovenije Group in 2021

EUR thousand	Land, buildings and cable ducts	Cable network	Telephone exchanges	Equipment for the mobile network	Other equipment	Assets under construction	Other	Total
Cost								
Balance as at 1 Jan 2021	479,628	1,166,201	105,528	326,580	382,369	36,402	111	2,496,819
Difference from translation to reporting currency	0	5	0	0	11	0	0	16
Additions	128	329	0	0	1,516	79,536	157	81,666
Fixed assets created within the Group	0	0	0	0	0	15,889	0	15,889
Transfers into use	20,166	25,132	1,835	11,674	32,219	-91,026	0	0
Disposals	-9,844	-1,375	-17,620	-22,907	-30,779	-495	0	-83,020
Other transfers*	4	0	-911	138	54	517	0	-198
Balance as at 31 Dec 2021	490,082	1,190,292	88,832	315,485	385,390	40,823	268	2,511,172
Impairment								
Balance as at 1 Jan 2021	206,279	930,137	97,239	275,918	311,212	11,390	0	1,832,175
Difference from translation to reporting currency	0	2	0	0	2	0	0	4
Additions	3	0	0	0	6	0	0	9
Disposals	-2,369	-1,360	-17,603	-22,783	-26,957	0	0	-71,072
Depreciation	12,833	22,581	3,694	13,690	30,889	0	0	83,687
Other transfers*	1	0	-717	0	26	0	0	-690
Balance as at 31 Dec 2021	216,747	951,360	82,613	266,825	315,178	11,390	0	1,844,113
Carrying amount								
Balance as at 1 Jan 2021	273,349	236,064	8,289	50,662	71,157	25,012	111	664,644
Balance as at 31 Dec 2021	273,335	238,932	6,219	48,660	70,212	29,433	268	667,059

* Other transfers include transfers between intangible assets and property, plant and equipment, and transfers between groups of assets.

Changes in property, plant and equipment of Telekom Slovenije in the period January–March 2022

EUR thousand	Land, buildings and cable ducts	Cable network	Telephone exchanges	Equipment for the mobile network	Other equipment	Assets under construction	Total
Cost							
Balance as at 1 Jan 2022	460,462	1,115,166	87,656	204,955	364,922	44,080	2,277,241
Additions	0	0	0	0	0	11,412	11,412
Fixed assets created within the Company	0	0	0	0	0	1,010	1,010
Transfers into use	5,913	3,889	132	1,542	4,221	-15,697	0
Disposals	-3	0	-726	-3,460	-18,527	0	-22,716
Other transfers	0	0	-54	-7	6	0	-55
Balance as at 31 Mar 2022	466,372	1,119,055	87,008	203,030	350,622	40,805	2,266,892
Impairment							
Balance as at 1 Jan 2022	208,124	904,603	81,397	177,141	301,265	0	1,672,530
Additions	0	0	0	0	1	0	1
Disposals	-1	0	-723	-3,441	-17,900	0	-22,065
Depreciation	3,085	4,498	787	2,039	6,298	0	16,707
Other transfers	0	0	0	-8	6	0	-2
Balance as at 31 Mar 2022	211,208	909,101	81,461	175,731	289,670	0	1,667,171
Carrying amount							
Balance as at 1 Jan 2022	252,338	210,563	6,259	27,814	63,657	44,080	604,711
Balance as at 31 Mar 2022	255,164	209,954	5,547	27,299	60,952	40,805	599,721

* Other transfers include transfers between intangible assets and property, plant and equipment, transfers to investment property and transfers between groups of assets.

Changes in property, plant and equipment of Telekom Slovenije in 2021

EUR thousand	Land, buildings and cable ducts	Cable network	Telephone exchanges	Equipment for the mobile network	Other equipment	Assets under construction	Total
Cost							
Balance as at 1 Jan 2021	450,523	1,092,744	104,352	213,758	363,176	40,956	2,265,509
Additions	0	0	0	0	0	79,549	79,549
Fixed assets created within the Company	0	0	0	0	0	4,547	4,547
Transfers into use	19,779	22,422	1,835	8,183	28,729	-80,948	0
Disposals	-9,844	0	-17,620	-17,124	-27,037	-24	-71,649
Other transfers*	4	0	-911	138	54	0	-715
Balance as at 31 Dec 2021	460,462	1,115,166	87,656	204,955	364,922	44,080	2,277,241
Impairment							
Balance as at 1 Jan 2021	198,208	886,373	96,024	185,733	298,639	0	1,664,977
Additions	3	0	0	0	0	0	3
Disposals	-2,369	0	-17,603	-17,065	-24,231	0	-61,268
Depreciation	12,281	18,230	3,692	8,473	26,830	0	69,506
Other transfers*	1	0	-716	0	27	0	-688
Balance as at 31 Dec 2021	208,124	904,603	81,397	177,141	301,265	0	1,672,530
Carrying amount							
Balance as at 1 Jan 2021	252,315	206,371	8,328	28,025	64,537	40,956	600,532
Balance as at 31 Dec 2021	252,338	210,563	6,259	27,814	63,657	44,080	604,711

* Other transfers include transfers between intangible assets and property, plant and equipment, and transfers between groups of assets.

Commitments for property, plant and equipment amounted to EUR 6,998 thousand at the Telekom Slovenije Group level and to EUR 21,557 thousand at Telekom Slovenije as at 31 March 2022.

Right-of-use assets

Changes in right-of-use assets of the Telekom Slovenije Group in the period January–March 2022

EUR thousand	Base stations – lease and easement	Technological premises – lease and easement	Lease of premises and land	Vehicles	Leased lines	Other	Total
Cost							
Balance as at 1 Jan 2022	65,619	8,507	9,242	2,257	20,557	3,846	110,028
Difference from translation to reporting currency	0	0	-2	0	0	0	-2
Amendments to agreements	1,316	140	188	1	145	-8	1,782
Transfer to use – new agreements	1,138	32	-137	356	95	39	1,523
Disposals	-14	-34	-15	0	0	0	-63
Other transfers	0	1	0	0	0	0	1
Balance as at 31 Mar 2022	68,059	8,646	9,276	2,614	20,797	3,877	113,269
Impairment							
Balance as at 1 Jan 2022	21,501	2,531	4,641	1,310	4,739	1,336	36,058
Transfer to use – new agreements	0	0	-84	-28	0	0	-112
Disposals	0	-11	0	0	0	0	-11
Depreciation	1,940	232	381	119	444	122	3,238
Balance as at 31 Mar 2022	23,441	2,752	4,938	1,401	5,183	1,458	39,173
Carrying amount							
Balance as at 1 Jan 2022	44,118	5,976	4,601	947	15,818	2,510	73,970
Balance as at 31 Mar 2022	44,618	5,894	4,338	1,213	15,614	2,419	74,096

Changes in right-of-use assets of the Telekom Slovenije Group in 2021

EUR thousand	Base stations – lease and easement	Technological premises – lease and easement	Lease of premises and land	Vehicles	Leased lines	Other	Total
Cost							
Balance as at 1 Jan 2021	60,304	8,421	8,877	2,587	18,826	2,354	101,369
Difference from translation to reporting currency	0	0	9	0	0	0	9
Amendments to agreements	1,193	84	439	-1	-8	671	2,378
Transfer to use – new agreements	4,307	383	16	173	1,807	143	6,829
Disposals	-185	-315	-94	-502	-68	-9	-1,173
Other transfers	0	-66	-4	0	0	687	617
Balance as at 31 Dec 2021	65,619	8,507	9,243	2,257	20,557	3,846	110,029
Impairment							
Balance as at 1 Jan 2021	14,272	1,765	3,123	1,185	3,053	551	23,949
Disposals	-89	-84	-48	-478	-3	0	-702
Depreciation	7,318	881	1,568	603	1,689	491	12,550
Other transfers	0	-29	-2	0	0	293	262
Balance as at 31 Dec 2021	21,501	2,533	4,641	1,310	4,739	1,335	36,059
Carrying amount							
Balance as at 1 Jan 2021	46,032	6,656	5,754	1,402	15,773	1,803	77,420
Balance as at 31 Dec 2021	44,118	5,974	4,602	947	15,818	2,511	73,970

Changes in right-of-use assets at Telekom Slovenije in the period January–March 2022

EUR thousand	Base stations – lease and easement	Technological premises – lease and easement	Lease of premises and land	Vehicles	Leased lines	Other	Total
Cost							
Balance as at 1 Jan 2022	58,640	7,678	3,785	2,054	40,163	645	112,965
Amendments to agreements	444	139	84	1	2,832	-8	3,657
Transfer to use – new agreements	1,138	32	0	327	95	0	1,592
Disposals	-14	-29	0	0	0	0	-43
Balance as at 31 Mar 2022	60,207	7,820	3,870	2,382	43,090	636	118,005
Impairment							
Balance as at 1 Jan 2022	16,933	2,188	1,638	1,163	10,054	321	32,298
Disposals	-1	-8	0	0	0	0	-9
Depreciation	1,553	200	141	105	973	40	3,012
Balance as at 31 Mar 2022	18,485	2,381	1,779	1,268	11,028	361	35,301
Carrying amount							
Balance as at 1 Jan 2022	41,706	5,490	2,147	891	30,109	324	80,667
Balance as at 31 Mar 2022	41,723	5,439	2,091	1,114	32,062	276	82,704

Changes in right-of-use assets at Telekom Slovenije in 2021

EUR thousand	Base stations – lease and easement	Technological premises – lease and easement	Lease of premises and land	Vehicles	Leased lines	Other	Total
Cost							
Balance as at 1 Jan 2021	54,081	7,824	3,884	2,352	39,285	661	108,088
Amendments to agreements	368	22	-10	-5	-861	-16	-502
Transfer to use – new agreements	4,307	99	0	173	1,807	0	6,385
Disposals	-116	-267	-89	-466	-68	0	-1,006
Balance as at 31 Dec 2021	58,640	7,678	3,785	2,054	40,163	645	112,965
Impairment							
Balance as at 1 Jan 2021	11,208	1,491	1,128	1,055	6,543	156	21,581
Disposals	-37	-43	-44	-442	-3	0	-569
Depreciation	5,762	740	554	550	3,514	165	11,286
Balance as at 31 Dec 2021	16,933	2,188	1,638	1,163	10,054	321	32,298
Carrying amount							
Balance as at 1 Jan 2021	42,872	6,333	2,756	1,298	32,742	505	86,506
Balance as at 31 Dec 2021	41,706	5,490	2,147	891	30,109	324	80,667

Depreciation in the amount of EUR 3,238 thousand and interest expense on lease liabilities in the amount of EUR 553 thousand were disclosed in the Telekom Slovenije Group's income statement in the period January–March 2022. The Group disclosed depreciation in the amount of EUR 3,048 thousand and interest expense in the amount of EUR 544 thousand during the same period last year.

Depreciation in the amount of EUR 3,012 thousand and interest expense on lease liabilities in the amount of EUR 548 thousand were disclosed in Telekom Slovenije's income statement in the period January–March 2022. The Company disclosed depreciation in the amount of EUR 2,742 thousand and interest expense in the amount of EUR 528 thousand during the same period last year.

Trade and other receivables

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

Current trade and other receivables were down by EUR 8,694 thousand at the Telekom Slovenije Group level and by EUR 7,824 thousand at Telekom Slovenije relative to the balance at the end of 2021.

Financial liabilities for borrowings received and other financial liabilities

Financial liabilities amounted to EUR 350,334 thousand at the Telekom Slovenije Group level and to EUR 350,472 thousand at Telekom Slovenije as at 31 March 2022:

- borrowings received in the amount of EUR 350,265 thousand at the Telekom Slovenije Group level and EUR 350,405 thousand at Telekom Slovenije; and
- other financial liabilities that relate to liabilities in connection with an interest-rate swap in the amount of EUR 67 thousand at both the Group and Company levels, and to other financial liabilities at the Group level in the amount of EUR 2 thousand.

Lease liabilities

The lease liabilities of the Telekom Slovenije Group amounted to EUR 66,987 thousand as at 31 March 2022 and were up by EUR 431 thousand relative to the end of 2021.

The lease liabilities of Telekom Slovenije amounted to EUR 76,149 thousand as at 31 March 2022 and were up by EUR 2,452 thousand relative to the end of 2021.

Fair value hierarchy

In view of the accounting policies and breakdown, the fair value of financial and non-financial assets and liabilities is to be determined in certain cases. The Group and the Company apply the following hierarchy in determining fair values:

- Level 1: determination of fair value directly by referencing the official published price on an active market;
- Level 2: other models used to determine fair value based on assumptions and material impact on fair value in line with observed current market transactions with the same instruments either directly or indirectly; and
- Level 3: other models used to determine fair value based on assumptions and material impact on fair value that are not in line with observed current market transactions with the same instruments and investments.

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

Book and fair values of the Telekom Slovenije Group's financial instruments as at 31 March 2022

EUR thousand	Book value	Fair value	Level 1	Level 2	Level 3
Non-current financial assets					
Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income	2,526	2,526	2,526		
Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income	547	547			547
Loans granted	32	32		32	
Other non-current financial assets	7	7		7	
Trade receivables	17,544	17,544		17,544	
Current financial assets					
Loans granted	38	38		38	
Other current financial assets	702	702		702	
Trade and other receivables	147,458	147,458		147,458	
Cash and cash equivalents	16,664	16,664		16,664	
Non-current financial liabilities					
Borrowings	301,386	301,386		301,386	
Other payables	13,476	13,476		13,476	
Current financial liabilities					
Borrowings	48,879	48,879		48,879	
Liabilities for interest rate swaps	67	67		67	
Other financial liabilities	2	2		2	
Trade payables	98,079	98,079		98,079	

Book and fair values of the Telekom Slovenije Group's financial instruments as at 31 December 2021

EUR thousand	Book value	Fair value	Level 1	Level 2	Level 3
Non-current financial assets					
Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income	2,305	2,305	2,305		
Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income	936	936			936
Loans granted	44	44		44	
Other non-current financial assets	7	7		7	
Trade receivables	18,300	18,300		18,300	
Current financial assets					
Loans granted	38	38		38	
Other current financial assets	702	702		702	
Trade and other receivables	156,152	156,152		156,152	
Cash and cash equivalents	15,935	15,935		15,935	
Non-current financial liabilities					
Borrowings	309,023	309,023		309,023	
Liabilities for interest rate swaps	88	88		88	
Other payables	18,455	18,455		18,455	
Current financial liabilities					
Borrowings	40,015	40,015		40,015	
Other financial liabilities	2	2		2	
Trade payables	130,955	130,955		130,955	

Book and fair values of Telekom Slovenije's financial instruments as at 31 March 2022

EUR thousand	Book value	Fair value	Level 1	Level 2	Level 3
Non-current financial assets					
Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income	2,526	2,526	2,526		
Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income	547	547			547
Loans granted	52,803	52,803		52,803	
Trade receivables	17,539	17,539		17,539	
Current financial assets					
Loans granted	8,478	8,478		8,478	
Trade and other receivables	140,554	140,554		140,554	
Cash and cash equivalents	7,122	7,122		7,122	
Non-current financial liabilities					
Borrowings	301,386	301,386		301,386	
Trade payables	8,844	8,844		8,844	
Current financial liabilities					
Borrowings	49,019	49,019		49,019	
Liabilities for interest rate swaps	67	67		67	
Trade payables	87,167	87,167		87,167	

Book and fair values of Telekom Slovenije's financial instruments as at 31 December 2021

EUR thousand	Book value	Fair value	Level 1	Level 2	Level 3
Non-current financial assets					
Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income	2,305	2,305	2,305		
Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income	936	936			936
Loans granted	53,994	53,994		53,994	
Trade receivables	18,294	18,294		18,294	
Current financial assets					
Loans granted	12,177	12,177		12,177	
Trade and other receivables	148,378	148,378		148,378	
Cash and cash equivalents	3,754	3,754		3,754	
Non-current financial liabilities					
Borrowings	309,023	309,023		309,023	
Liabilities for interest rate swaps	88	88		88	
Trade payables	12,281	12,281		12,281	
Current financial liabilities					
Borrowings	41,415	41,415		41,415	
Trade payables	116,381	116,381		116,381	

Fair values at levels 2 and 3 of the hierarchy were estimated using the discounted cash flow valuation technique. The Group and the Company did not record any transfers between fair value levels during the reporting period.

Contingent liabilities from lawsuits

Telekom Slovenije did not receive any lawsuits of significant value in the period January–March 2022.

Contingent liabilities from guarantees issued

The Group had provided the following guarantees as at 31 March 2022:

- performance guarantees and warranty bonds in the amount of EUR 11,488 thousand (at the end of 2021: EUR 11,028 thousand); and
- other guarantees in the amount of EUR 400 thousand (at the end of 2021: EUR 353 thousand).

The Company had provided the following guarantees as at 31 March 2022:

- performance guarantees and warranty bonds in the amount of EUR 8,033 thousand (at the end of 2021: EUR 7,892 thousand); and
- collateral and other guarantees in the amount of EUR 703 thousand (at the end of 2021: EUR 568 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.

Related party transactions

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

Individuals (members of the Management Board and Supervisory Board) held 1,324 shares in Telekom Slovenije as at 31 March 2022, representing a holding of 0.02026%.

Transactions with owners and parties related thereto

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

Parties related to owners include those companies in which the Republic of Slovenia and SDH together hold a direct participating interest of at least 20%. A list of the aforementioned companies is published on SDH's website

(<http://www.sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

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

Telekom Slovenije Group			Telekom Slovenije	
EUR thousand	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
Outstanding trade receivables	3,644	4,717	3,130	4,247
Outstanding trade payables	989	4,867	925	4,830
VAT liabilities	4,709	3,791	4,815	3,695
Income tax payable	3,602	3,654	3,475	3,437
EUR thousand	I – III 2022	I – III 2021	I – III 2022	I – III 2021
Revenue	3,744	3,430	3,250	3,152
Purchase costs of material and services	2,693	2,369	2,508	2,148
EUR thousand	I – III 2022	I – III 2021	I – III 2022	I – III 2021
VAT payment	12,080	14,614	11,969	14,743
Corporate income tax payment	1,026	161	888	0

Transactions with Group companies

Telekom Slovenije recorded the following transactions with Group companies:

EUR thousand	31 Mar 2022	31 Dec 2021
Receivables due from companies in the Group		
Subsidiaries – gross amount	3,859	2,584
Subsidiaries – impairment	-8	-8
Subsidiaries – net amount	3,851	2,576
Borrowings to companies in the Group		
Subsidiaries – gross amount	61,210	66,089
Subsidiaries – net amount	61,210	66,089
Liabilities to Group companies		
Subsidiaries	25,075	26,041
EUR thousand	I – III 2022	I – III 2021
Net Group revenues	3,492	2,915
Purchase of material and services in the Group	4,499	3,962

Loans granted to subsidiaries

EUR thousand	31 Mar 2022	31 Dec 2021
TSmedia, d. o. o.	160	400
IPKO, d. o. o.	50,649	55,650
Soline, d. o. o.	1,796	1,627
SIOL, d. o. o., Zagreb	502	504
SIOL, d. o. o., Sarajevo	4,914	4,715
SIOL Beograd	15	20
SIOL Prishtina	3,173	3,173
Total to subsidiaries	61,210	66,089

All transactions between related parties are executed at market terms.

Events after the reporting date

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

7.3. Financial instruments and risk management

The financial risks to which the Telekom Slovenije Group and Telekom Slovenije are most exposed in their operations are credit risk, solvency (liquidity) risk and interest rate risk. Exposure to individual types of financial risks is assessed regularly, while the appropriate measures to manage those risks are implemented based on an assessment of potential negative effects on financial stability.

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.

The maximum exposure to credit risk equals the book value of financial assets.

EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
Loans granted	70	735	61,281	66,171
Deposits	702	702	0	0
Trade and other receivables	165,002	174,452	158,093	166,672
- of which trade receivables	159,024	166,797	153,399	159,790
Cash and cash equivalents	16,664	15,935	7,122	3,754
TOTAL	182,438	191,824	226,496	236,597

The main credit risk to which the Telekom Slovenije Group and Company are exposed derives primarily 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 159,024 thousand as at 31 March 2022, a decrease of EUR 7,172 thousand relative to the end of 2021. Telekom Slovenije's receivables make up the majority of the Group's trade and other receivables. Most receivables are unsecured. The Group's receivables are accounted for by a large number of individuals and legal entities. Its largest customers are operators, whose turnover is usually two-way, thereby reducing net credit exposure. We assess that there is no significant credit risk concentration in relation to an individual client or sector.

Group companies have introduced procedures for managing receivables, which include monitoring business partners' credit rating, the collateralisation of receivables, the monitoring of the high turnover of subscribers and recovery. The recovery procedure is conducted according to a pre-defined timeline (reminders and disconnection) and through specialised outsourced service providers. Telekom Slovenije requires prior authorisation for concluding and changing subscription relationships, and for purchasing goods with deferred payment. As an additional measure for managing credit risk, larger Group companies have implemented

systems to prevent fraud, i.e. a Fraud Management System (FMS). Telekom Slovenije, which has mostly post-paid customers, also has in place a Credit Management System (CMS).

As a result of procedures introduced for managing receivables, credit risk is assessed as manageable.

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

EUR thousand	31 Mar 2022				31 Dec 2021			
	Gross amount	Expected % of credit losses	Impairment	Net amount	Gross amount	Expected % of credit losses	Impairment	Net amount
Total trade receivables	175,739		-16,715	159,024	183,132		-16,936	166,196
Trade receivables not past due	144,158	0.5%	-678	143,480	149,508	0.5%	-795	148,713
Past due								
- up to and including 30 days	9,168	4%	-360	8,808	11,159	3%	-341	10,818
- from and including 31 days up to and including 60 days	3,239	9%	-288	2,951	3,591	7%	-269	3,322
- from and including 61 days up to and including 90 days	1,204	10%	-116	1,088	780	12%	-90	690
- from and including 91 days up to and including 180 days	1,547	47%	-728	819	1,448	44%	-633	815
- from and including 181 days up to and including 365 days	1,928	52%	-1,001	927	2,010	53%	-1,065	945
- from and including 366 days up to 2 years	5,485	85%	-4,658	827	5,427	85%	-4,604	823
- over two years	5,613	98%	-5,489	124	5,438	99%	-5,368	70
- trade receivables in insolvency proceedings	3,397	100%	-3,397	0	3,771	100%	-3,771	0
Total trade receivables past due	31,581		-16,037	15,544	33,624		-16,141	17,483
Other trade receivables	5,978		0	5,978	8,264		-8	8,256
Total receivables	181,717		-16,715	165,002	191,396	0	-16,944	174,452

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

EUR thousand	31 Mar 2022				31 Dec 2021			
	Gross amount	Expected % of credit losses	Impairment	Net amount	Gross amount	Expected % of credit losses	Impairment	Net amount
Total trade receivables	166,382		-12,983	153,399	172,901		-13,111	159,790
Trade receivables not past due	139,516	0.5%	-673	138,843	148,256	0.5%	-799	147,457
Past due								
- up to and including 30 days	8,739	4%	-349	8,390	6,995	5%	-338	6,657
- from and including 31 days up to and including 60 days	3,058	9%	-275	2,783	2,765	9%	-262	2,503
- from and including 61 days up to and including 90 days	1,047	9%	-94	953	988	10%	-94	894
- from and including 91 days up to and including 180 days	1,306	49%	-640	666	1,093	49%	-540	553
- from and including 181 days up to and including 365 days	1,639	49%	-803	836	1,686	49%	-834	852
- from and including 366 days up to 2 years	2,725	70%	-1,907	818	2,744	70%	-1,926	818
- over two years	5,590	98%	-5,480	110	5,242	99%	-5,184	58
- trade receivables in insolvency proceedings	2,762	100%	-2,762	0	3,132	100%	-3,134	-2
Total trade receivables past due	26,866		-12,310	14,556	24,645		-12,312	12,333
Other trade receivables	4,694		0	4,694	6,882		0	6,882
Total receivables	171,076		-12,983	158,093	179,783		-13,111	166,672

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

Non-current trade receivables are outstanding in full.

The Telekom Slovenije Group and Telekom Slovenije also monitor credit risk in other areas of operations. Bank balances are allocated according to the principles of minimising risks and achieving the appropriate diversification by banks. Concentration risk is thus low. The risk is low as, due to the stability of the banking system and high liquidity of banks, there is no major risk in terms of bank balances.

The Group is also exposed to risk in relation to receivables from loans to employees and to investments in short-term deposits. Lending risk is low, as these loan repayments are mostly settled through payroll, while risk in connection with deposits is managed by monitoring the credit ratings of individual banks.

Telekom Slovenije is exposed to credit risk arising from receivables from loans granted to subsidiaries. The Company regularly monitors and supervises the operations of its subsidiaries and their ability to repay loans, and thus further mitigates the related credit risk. It additionally manages the aforementioned risk using various collateral instruments in loan agreements, and regularly monitors the coverage of investments by collateral.

Maturity of loans granted

EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
Past due	0	0	0	0
Not past due:	70	82	61,281	66,171
- in less than 3 months	17	15	3,010	2,604
- between 3 and 12 months	21	23	5,468	9,573
- between 1 and 2 years	15	19	8,485	9,336
- between 2 and 5 years	17	23	39,254	39,366
- over 5 years	0	2	5,064	5,292
Total	70	82	61,281	66,171

Maturity analysis of loans granted as at 31 March 2022

Telekom Slovenije Group				Past due				Total
EUR thousand	Not past due	Less than 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years		
Loans granted	70	0	0	0	0	0	70	

EUR thousand	Not past due	Less than 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Loans granted	61,281	0	0	0	0	0	61,281

Maturity analysis of loans granted as at 31 December 2021

Telekom Slovenije Group				Past due				Total
EUR thousand	Not past due	Less than 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years		
Loans granted	82	0	0	0	0	0	82	

EUR thousand	Not past due	Less than 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Loans granted	66,171	0	0	0	0	0	66,171

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 controlling company, which plans and monitors subsidiaries' financing needs, and provides them the sources they require.

Debt is relatively low at the level of the Group and Company. The majority of the financial liabilities of the Group and the Company as at 31 March 2022 relate to two long-term syndicated loans in the total amount of EUR 309.9 million, a long-term loan in the amount of EUR 40 million from the European Investment Bank, and lease liabilities in the amount of EUR 67 million at the Group level and EUR 76.1 million at the Company level. The Group and Company regularly repay their liabilities from financing.

For the purpose of ensuring a high level of liquidity, the Group has open short-term credit lines at banks that are rolled over taking into account envisaged needs. Liquidity reserves amounted to EUR 74 million at the end of the first quarter of 2022, and took the form of approved but undrawn short-term revolving credit lines. Telekom Slovenije also has open revolving credit lines at subsidiaries, so that its total liquidity reserves in the form of undrawn credit lines amounted to EUR 82.66 million at the end of the first quarter. The undrawn portion of a long-term loan from the European Investment Bank in the amount of EUR 60 million is also at the Company' disposal and can be drawn down until the end of 2023.

Maturity of the Telekom Slovenije Group's liabilities as at 31 March 2022 and 31 December 2021 based on contractual non-discounted payments

EUR thousand	Not past due					Total	Book value of liabilities
	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years		
31 Mar 2022							
Loans and borrowings	3,489	50,114	128,685	79,863	103,977	366,128	351,094
Other financial liabilities	0	69	0	0	0	69	69
Trade and other payables	71,576	26,503	7,191	1,508	4,777	111,555	111,555
Financial liabilities from leases	4,777	7,505	11,846	20,915	35,250	80,293	66,987
Total	79,842	84,191	147,722	102,286	144,004	558,045	529,705
31 Dec 2021							
Loans and borrowings	12	44,772	136,416	79,863	103,976	365,039	349,927
Other financial liabilities	0	2	88	0	0	90	90
Trade and other payables	101,279	29,676	9,874	2,216	6,365	149,410	149,410
Financial liabilities from leases	4,417	6,710	9,125	20,196	39,238	79,983	66,556
Total	106,005	81,160	155,503	102,275	149,579	594,522	565,983

Maturity of Telekom Slovenije's liabilities as at 31 March 2022 and 31 December 2021 based on contractual non-discounted payments

EUR thousand	Not past due					Total	Book value of liabilities
	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years		
31 Mar 2022							
Loans and borrowings	3,489	50,254	128,685	79,862	103,977	366,267	351,234
Other financial liabilities	0	67	0	0	0	67	67
Trade and other payables	68,956	18,211	7,192	1,508	144	96,011	96,011
Financial liabilities from leases	5,440	8,915	10,914	26,921	37,621	89,811	76,149
Total	77,885	77,447	146,791	108,291	141,742	552,156	523,461
31 Dec 2021							
Loans and borrowings	12	46,172	136,416	79,863	103,977	366,440	351,327
Other financial liabilities	0	0	88	0	0	88	88
Trade and other payables	98,012	18,369	9,874	2,215	192	128,662	128,662
Financial liabilities from leases	5,098	7,917	10,862	25,951	37,934	87,762	73,697
Total	103,122	72,458	157,240	108,029	142,103	582,952	553,774

Interest rate risk

Interest rate risk is the risk of the negative impact of a change in market interest rates on the Group's operations. The exposure of the Group and Company to interest rate risk as at 31 March 2022 derives from a potential change in the EURIBOR reference interest rate linked to interest-sensitive liabilities.

Liabilities from loans raised with variable interest rates tied to the 6-month EURIBOR accounted for 74.3% of the Group's interest-bearing financial liabilities and 72.7% of the Company's interest-bearing financial liabilities as at 31 March 2022. The remaining liabilities are accounted for by loans raised and a lease with a fixed interest rate.

The Group and Company entered into an interest rate swap in the amount of 50% of one of three loan tranches with the aim of hedging exposure to interest rate risk as the result of a long-term syndicated loan with a final repayment deadline of 31 December 2025. The amount of the secured principal stood at EUR 11.5 million as at 31 March 2022. By hedging interest rate exposure through the use of an interest rate swap (IRS), the Group and Company hedge future cash flows against the risk of rising interest rates. The principal is hedged against a rise in the reference interest rate if the latter is higher than or equal to zero. Fixed or hedged interest rates account for 28.4% of interest-bearing financial liabilities at the Group level and 30.0% at the Company level.

Exposure to interest rate risk

EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
Financial instruments with variable interest rate				
Financial liabilities	298,352	298,352	298,352	298,352
Net financial liabilities	298,352	298,352	298,352	298,352

The table does not include non-interest-bearing financial instruments and instruments bearing a fixed interest rate, as they 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 following table presents a sensitivity analysis of an interest rate change on the profit of the Group and Company as at the reporting date, where all other variables are constant.

Interest rate risk table

31 Mar 2022	Interest rate increase/decrease	Effect on profit before tax in EUR thousand	
		Telekom Slovenije Group	Telekom Slovenije
EURO	+100 bp	-1,769	-1,769
EURO	-100 bp	-115	-115

31 Dec 2021	Interest rate increase/decrease	Effect on profit before tax in EUR thousand	
		Telekom Slovenije Group	Telekom Slovenije
EURO	+100 bp	-1,282	-1,282
EURO	-100 bp	-115	-115

EURIBOR interest rate values

EURIBOR	Value as at 31 Mar 2022	Value as at 31 Dec 2021	Change in %
6-month	-0.381	-0.544	30.0

Capital management

The key objectives of the Group's and Company's capital management are capital adequacy and thus long-term liquidity, as well as financial stability, which ensures the best possible credit rating for the further financing of the Group's and Company's operations and development, and consequently the maximisation of shareholder value.

The Group and Company monitor changes in equity using the debt-to-equity and equity-to-total assets ratios. The Group's net financial liabilities include borrowings, leases and other financial liabilities, less current investments and cash and cash equivalents. When adopting decisions relating to capital management, the Group also follows the financial covenants under loan agreements.

EUR thousand	Telekom Slovenije Group		Telekom Slovenije	
	31 Mar 2022	31 Dec 2021	31 Mar 2022	31 Dec 2021
Borrowings and other financial liabilities	417,321	415,684	426,621	424,223
Less current investments, cash and cash equivalents	-17,404	-16,675	-15,600	-15,931
Net financial liabilities	399,917	399,009	411,021	408,292
Equity	612,215	600,431	620,727	612,241
Total assets	1,240,931	1,250,339	1,229,496	1,237,941
Debt-to-equity ratio	65.3%	66.5%	66.2%	66.7%
Equity-to-total assets ratio	49.3%	48.0%	50.5%	49.5%