

**MATERIALS
FOR THE 34th GENERAL MEETING OF SHAREHOLDERS OF
TELEKOM SLOVENIJE, D.D.**

Ljubljana, 12 May 2022

Materials for item 2 of the agenda:

APPOINTMENT OF GENERAL MEETING BODIES

Telekom Slovenije d.d.'s Management Board hereby proposes that the General Meeting of Shareholders adopt the following

resolution:

- 2.1. Franci Matoz is hereby appointed chair of the General Meeting of Shareholders, while a representative of Ixtlan Forum d.o.o. is hereby appointed as vote-counter.
The General Meeting of Shareholders is hereby informed of the presence of the notary Bojan Podgoršek at the General Meeting of Shareholders.

Explanatory note:

Working bodies, i.e. the chair of the General Meeting of Shareholders and a vote-counter, must be elected. In accordance with the applicable legislation, a notary must be present at the General Meeting of Shareholders to record resolutions in the form of minutes.

President of the Management Board:
Cvetko Sršen

Materials for item 3 of the agenda:

PRESENTATION OF THE ANNUAL REPORT FOR 2021 AND REPORT OF THE SUPERVISORY BOARD ON THE RESULTS OF THE REVIEW OF THE ANNUAL REPORT FOR THE 2021 FINANCIAL YEAR

The General Meeting of Shareholders has been briefed on the annual report for 2021 and the report of the Supervisory Board on the results of the review of the annual report for the 2021 financial year.

Explanatory note:

Pursuant to Article 282 of the Companies Act (Official Gazette of the Republic of Slovenia, No. 60/06, with further changes and amendments; hereinafter: the ZGD-1), the Supervisory Board must review the written annual report and the proposal for the use of distributable profit submitted by the Management Board. The Supervisory Board must prepare a written report for the General Meeting of Shareholders explaining how and to what extent it supervised the management of the Company during the financial year. The Supervisory Board must also adopt a position on the auditor's report, which is enclosed to the annual report. At the end of the report, the Supervisory Board must provide any comments it may have after its final review of the report, and indicate whether it approves the annual report.

The Supervisory Board thoroughly reviewed the annual report of the Telekom Slovenije Group and Telekom Slovenije, d.d. for 2021 by the legally defined deadline. The Supervisory Board finds that the Telekom Slovenije Group's performance in 2021 was in line with established objectives.

The Supervisory Board was briefed on and discussed the audit report, in which the audit firm PricewaterhouseCoopers, podjetje za revizijo in druge finančno računovodske storitve, d.o.o. (hereinafter: PricewaterhouseCoopers d.o.o.) found that the financial statements, which are an integral part of the annual report, present a true and fair picture of the financial position of the Company and the Group, and of their operating and financial results and changes in equity. The Supervisory Board had no comments regarding the audit report, nor did it have any remarks or reservations that would prevent the adoption of a decision approving the annual report and consolidated annual report.

Pursuant to the provisions of Article 282 of the Companies Act (ZGD-1), the Supervisory Board hereby confirms the annual report of the Telekom Slovenije Group and Telekom Slovenije, d.d. for 2021, together with the accompanying audit report for 2021. The report of the Supervisory Board regarding the review of the annual report for the 2021 financial year is in the enclosure to the relevant item of the materials.

President of the Management Board:
Cvetko Sršen

President of the Supervisory Board:
Iztok Černoša

Enclosures:

Annual Report of the Telekom Slovenije Group and Telekom Slovenije, d.d. for 2021: [Annual and interim reports - English - Telekom Slovenije](#)
Report of the Supervisory Board

REPORT OF THE SUPERVISORY BOARD

Telekom Slovenije's Supervisory Board comprises nine members, and the composition of that body changed during 2021.

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

On 11 February 2021, the members of the Supervisory Board elected Iztok Černoša to serve as President of the Supervisory Board, while Barbara Kürner Čad and Drago Kijevčanin remained in their functions as Vice-Presidents, the former as shareholder representative and the latter as employee representative.

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

On 21 October 2021, Telekom Slovenije's Works Council appointed Drago Kijevčanin, Dušan Pišek and Jana Žižek Kuhar to four-year terms of office as employee representatives on the Supervisory Board, 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.

The Supervisory Board met at 15 regular and two extraordinary sessions, and held two correspondence sessions in 2021. During the course of 2021, it ensured the responsible and high-quality supervision of the operations of Telekom Slovenije and the Telekom Slovenije Group. The Supervisory Board discussed different aspects of operations and monitored the implementation of plans. Specific topics were discussed in advance by the Supervisory Board's committees. Based on the findings, proposals and careful assessment of committees, the Supervisory Board adopted the appropriate decisions and continuously informed stakeholders following sessions.

In accordance with the Corporate Governance Code, the Supervisory Board hereby declares that all costs in connection with its work are disclosed in this annual report.

Most important topics of sessions of the Supervisory Board

The most important topics at sessions of the Supervisory Board in 2021 were linked to the monitoring of the ordinary operations and development of the Company, and the composition of the Management Board. The Supervisory Board and Management Board focused on defining the strategy, and on identifying and managing business risks, which is important for the successful future operations of both Telekom Slovenije and the Telekom Slovenije Group.

On 10 March 2021, Telekom Slovenije's Supervisory Board concluded an agreement with the President and three members of the Company's Management Board on the termination of their employment contracts and their recall from those positions. The Supervisory Board appointed Cvetko Sršen to serve as new President and Mitja Štular, PhD and Tomaž Jontes to serve as members of the Management Board. Their four-year terms of office began on 10 March 2021. On 22 March 2021, the Supervisory Board appointed Barbara Galičič Drakslar to serve a four-year term of office as member of the Company's Management Board, effective 31 March 2021.

Within the scope of its competences, the Supervisory Board made the following responsible decisions in 2021:

- adopted the Strategic Business Plan of the Telekom Slovenije Group and Telekom Slovenije for the period 2022 to 2026, with the annual plan for the 2022 financial year;
- adopted the audited annual report of the Telekom Slovenije Group and Telekom Slovenije for 2020;
- appointed the President, Vice-President and two members to the Management Board;

- gave its consent to the appointment of managing directors of subsidiaries;
- gave its consent to participation in the public tender for the allocation of radio frequencies for the provision of public communication services to end-users;
- gave its consent to halt the merger of Avtenta with Telekom Slovenije; and
- gave its consent to halt of the sale of TSmedia.

In its supervision of the management of the operations of the Company and Telekom Slovenije Group subsidiaries, the Supervisory Board was briefed regularly on the following in 2021:

- reports on the operations of the parent company and subsidiaries;
- implementation of the Strategic Business Plan of the parent company and subsidiaries;
- assessments of the performance indicators of the Company and subsidiaries in each period; and
- other information in connection with the operations of the parent company and subsidiaries.

The Supervisory Board continuously resolved conflicts of interest (statements according to the reference code are published on the Company's website). During the 2021 financial year, one member of the Supervisory Board informed the latter of specific facts that could affect their independence.

The Supervisory Board updated its rules of procedure in April 2021. In January 2022, the Supervisory Board tasked itself with assessing its work, and will adopt a resolution in 2022 regarding improvements to that work in the future.

Work of the Supervisory Board's committees

The Supervisory Board had four permanent committees in 2021. They were the Audit Committee, HR Committee, Strategy Committee and Marketing and Technology Committee. A Nomination Committee was appointed for the selection of candidates for members of the Supervisory Board, and was dissolved in April 2021, as it had completed all assigned tasks by the set deadline.

Committees discussed topics related to the Supervisory Board's work and advised the latter in important matters. This contributed to the improved work and effectiveness of the Supervisory Board.

The Supervisory Board continuously monitored the work of committees and the implementation of resolutions. The work of committees is described in detail in the section *1.10.3 Management and supervisory bodies* in the business report section of the annual report.

Assessment of the work of the Management Board and Supervisory Board

The work of members of the Supervisory Board, including their work on committees, was professional and focused on the effective performance of their functions. Members of the Supervisory Board regularly attended sessions, were well-prepared for topics of discussion and put forth constructive proposals.

The Supervisory Board adopted competent decisions in accordance with its rules of procedure, the Company's internal acts and legally prescribed powers on the basis of professionally prepared written and oral information provided by the Management Board. The work of the Supervisory Board was complemented, in terms of content, by the proposals made by its committees.

Based on the above-described continuous monitoring and supervision of the operations and management of Telekom Slovenije and Group companies during the 2021 financial year, and based on the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2021, as compiled and submitted by the Management Board, the Supervisory Board assesses that the annual report and disclosures contained therein reflect the actual situation and position of Telekom Slovenije Group subsidiaries and Telekom Slovenije.

The Supervisory Board assesses that the Management Board of Telekom Slovenije successfully managed the Company's transactions during the 2021 financial year and achieved established objectives, particularly taking into account operations in the highly competitive environment in which the parent company and subsidiaries operate.

Approval of the annual report and the proposed use of the distributable profit for 2021

The Supervisory Board discussed the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2021 at its session on 20 April 2022. Based on its review of the annual report and financial statements (including the notes thereto), and its review of the Management Board's proposal on the use of distributable profit and the certified auditor's report, the Supervisory Board confirmed the audited annual report of the Telekom Slovenije Group and Telekom Slovenije, d. d. for 2021.

Pursuant to the third paragraph of Article 272 of the Companies Act (ZGD-1), Telekom Slovenije's Management Board submitted the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2021, together with the auditor's report for 2021, immediately after compilation and the issuance of the auditor's opinion. The annual report was discussed by the Supervisory Board at its session held on 20 April 2022. The annual report of the Telekom Slovenije Group and Telekom Slovenije for 2021 was audited by the audit firm PricewaterhouseCoopers, d. o. o., which issued an unmodified opinion regarding the financial statements of the Telekom Slovenije Group and Telekom Slovenije. At its session held on 11 April 2022, the Audit Committee of Telekom Slovenije's Supervisory Board discussed the audited annual report of the Telekom Slovenije Group and Telekom Slovenije for 2021 and found that the annual report was compiled in a timely, clear and transparent manner, and in accordance with the provisions of the Companies Act (ZGD-1), the applicable International Financial Reporting Standards, as adopted by the European Community, and other relevant legislation. The Audit Committee had no comments with respect to the annual report for 2021, and proposed that the Supervisory Board approve the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2021 in accordance with Article 282 of the ZGD-1.

Based on the auditor's opinion, the position of the Audit Committee, and data and disclosures in the annual report, Telekom Slovenije's Supervisory Board assesses that the auditor performed its work independently and professionally in accordance with valid legislation and business practices, that the annual report was compiled, in all material aspects, in accordance with the requirements of the ZGD-1, and that the financial statements fairly present, in all material aspects, the assets and financial position of the Telekom Slovenije Group and Telekom Slovenije as at 31 December 2021, and their operating results and cash flows for the year then ended in accordance with the International Financial Reporting Standards, as adopted by the European Community. The Supervisory Board has no remarks regarding the auditor's report. It also has no comments regarding the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2021 that would in any way inhibit its decision to approve that report.

Thus, in accordance with the third paragraph of Article 282 of the ZGD-1, the Supervisory Board of Telekom Slovenije hereby approves the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2021. The Supervisory Board approved the annual report for 2021 by the prescribed deadline, i.e. within one month from its submission by the Company's senior management.

When adopting the annual report, the Supervisory Board also took a position with regard to the corporate governance statement, which is included in the business report section of the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2021, and assessed that they are a reflection of the actual governance of the Company in 2021.

President of the Supervisory Board:
Iztok Černoša

Materials for item 4 of the agenda:**PROPOSAL FOR THE USE OF DISTRIBUTABLE PROFIT FOR THE 2021 FINANCIAL YEAR
AND PROPOSAL ON GRANTING DISCHARGE TO THE MANAGEMENT BOARD AND SUPERVISORY
BOARD FOR THE 2021 FINANCIAL YEAR**

The Company's Management Board and Supervisory Board hereby propose that the General Meeting of Shareholders of Telekom Slovenije, d.d. adopt the following

resolution:

- 4.1. Distributable profit, which amounted to EUR 45,204,954.29 for 2021, shall be used as follows:
- a. the payment of dividends in the amount of EUR 22,745,247.00 or EUR 3.50 gross per share; and
 - b. the remainder in the amount of EUR 22,459,707.29 shall be brought forward to the following year.
- Dividends shall be paid on 2 August 2022 to shareholders and other beneficiaries who were entered in the register of shareholders as such or as other beneficiaries with the right to dividends on the cut-off date of 1 August 2022.
- 4.2. The General Meeting of Shareholders hereby grants discharge to the members of the Management Board for the 2021 financial year.
- 4.3. The General Meeting of Shareholders hereby grants discharge to the members of the Supervisory Board for the 2021 financial year.

Explanatory note:

Pursuant to Article 293 of the Companies Act (ZGD-1), the General Meeting of Shareholders shall decide on use of distributable profit based on the proposal of management or supervisory bodies. The General Meeting of Shareholders is bound by the approved annual report in its decision regarding the allocation of distributable profit. The audited annual report for 2021 was discussed and approved by the Company's Supervisory Board.

Pursuant to the provisions of Article 294 of the Companies Act (ZGD-1), the General Meeting of Shareholders shall decide on the use of distributable profit and on granting discharge to the Management Board and Supervisory Board. In accordance with the recommendation of the Corporate Governance Code, voting on granting discharge shall be carried out separately for the Management Board and the Supervisory Board.

Due to the direct inclusion of KDD Centralna klirinško depotna družba, d.o.o. in the TARGET2-Securities system, Telekom Slovenije, d.d., as the issuer of securities, sets dates for the processing of individual corporate actions in accordance with the uniform European standards on corporate actions. Those dates are presented in the table below:

Ex-dividend date	29 July 2022
Cut-off date	1 August 2022
Payment execution date	2 August 2022

President of the Management Board:
Cvetko Sršen

President of the Supervisory Board:
Iztok Černoša

Materials for item 5 of the agenda:

REPORT ON THE REMUNERATION OF MEMBERS OF TELEKOM SLOVENIJE, D.D.'S MANAGEMENT BOARD AND SUPERVISORY BOARD FOR 2021, INFORMATION ON THE REMUNERATION OF MEMBERS OF MANAGEMENT BODIES OF THE THREE BIGGEST SUBSIDIARIES FOR 2021

The Company's Management Board and Supervisory Board hereby propose that the General Meeting of Shareholders of Telekom Slovenije, d.d. adopt the following

resolution:

5.1. The General Meeting of Shareholders has been briefed on and has approved the report on the remuneration of members of Telekom Slovenije, d.d.'s Management Board and Supervisory Board for 2021.

The General Meeting of Shareholders is hereby briefed on information regarding the remuneration of members of the Company's management and supervisory bodies and the members of the management bodies of the Company's three biggest subsidiaries for 2021.

Explanatory note:

Pursuant to Article 294b of the ZGD-1, the Management Board and Supervisory Board have prepared a report on the remuneration of members of Telekom Slovenije, d.d.'s Management Board and Supervisory Board for 2021 (hereinafter: the Report). The Report contains a comprehensive overview of remuneration, including all benefits in any form that the Company provided or owed individual members of the management and supervisory bodies during the last financial year. The Report was reviewed by the auditor, the company PricewaterhouseCoopers d.o.o., which issued a Report of the independent auditor on limited assurance procedures conducted in connection with the Report (hereinafter: auditor's report), in which the auditor concluded that the auditor found nothing that would cause him to believe that the Report is incomplete or that it is not in accordance with the valid requirements set out in the basis for preparation in all material aspects. The remuneration report together with the auditor's report is in the enclosure with these materials.

The Company drew up a clear and understandable report on the remuneration of the members of the management bodies of the Company's three biggest subsidiaries in 2021 (hereinafter: the remuneration report). The remuneration report contains a comprehensive overview of remuneration, including all benefits in any form that the company provided or owed individual members of the management bodies during the 2021 financial year. The report on the remuneration of the management bodies of the Company's three biggest subsidiaries in 2021 is in the enclosure with these materials.

President of the Management Board:
Cvetko Sršen

President of the Supervisory Board:
Iztok Černoša

Enclosures:

Report on the remuneration of members of Telekom Slovenije, d.d.'s Management Board and Supervisory Board for 2021

Report on the remuneration of the management bodies of the Company's three biggest subsidiaries in 2021

REPORT ON THE REMUNERATION OF MEMBERS OF TELEKOM SLOVENIJE, D.D.'S MANAGEMENT BOARD AND SUPERVISORY BOARD FOR 2021

1. Introduction

Telekom Slovenije, d.d. (hereinafter: the Company) prepared this Report on the remuneration of members of Telekom Slovenije, d.d.'s Management Board and Supervisory Board for 2021 (hereinafter: the Report) in accordance with the provision of Article 294b of the Companies Act (hereinafter: the ZGD-1), which entered into force on 24 August 2021.

By way of introduction, it should be noted that the Company did not have a remuneration policy in place as a separate document in 2021. In accordance with Article 294a of the ZGD-1, such a document should be submitted to the Company's General Meeting of Shareholders for voting. The remuneration policy will be submitted to the General Meeting of Shareholders for voting in 2022.

In setting the remuneration of Management Board members in 2021, the Company **complied with valid legislation**, taking into account the following legal bases, principles and rules:

- In accordance with Article 270 of the ZGD-1, the Supervisory Board ensures, when determining the total remuneration of individual members of the Management Board (salary and the reimbursement of costs, fringe benefits, performance bonus in the form of a stock option plan, profit participation, severance pay and other remuneration), that **total remuneration is proportionate with the tasks of Management Board members and the Company's financial position**, and that the **remuneration** of individual Management Board members is **in line** with the following **principles**:
 - (i) the remuneration of Management Board members **promotes the long-term sustainability of the Company and is in line with the results achieved and the Company's financial position**;
 - (ii) remuneration comprises a fixed component and a **variable component that depends on previously determined and measurable criteria**; and
 - (iii) **severance is only paid in the event of the early termination of a contract**. Severance pay may not be paid if a Management Board member is recalled for the reasons set out in the first, second and third indents of the second paragraph of Article 268 of the ZGD-1, or if a Management Board member terminates their contract of their own volition.
- When setting the remuneration of Management Board members, the Supervisory Board takes into account the provisions of the Act Governing the Earnings of Management Staff at Companies under the Majority Ownership of the Republic of Slovenia and Self-Governing Local Communities (hereinafter: the ZPPOGD), which states in the second indent of the third paragraph of Article 4 that the **basic salary is determined in relation to the average gross salary paid at Group companies during the previous financial year**. To that end, the Supervisory Board also takes into account the Decree setting the highest correlation between the basic salary and the amount of variable remuneration of directors. In accordance with Article 7 of the ZPPOGD, the Company must send every contract with an individual Management Board member (and thus every amendment to a contract) to the Ministry of Economic Development and Technology.
- Management Board members are also entitled to **variable remuneration that depends on previously determined and measurable criteria**. The Supervisory Board adopts a resolution setting variable remuneration at the end of an individual financial year when it approves the audited annual report.
- The Supervisory Board **defines the objectives and criteria** for Management Board members **for the next financial year following approval of the plan**. Variable remuneration **may not exceed 30%** of the basic salary of a member of the Management Board during the financial year. The **payment of 50%** of this component of remuneration **is deferred for at least two years**. A total of 50% of variable remuneration may be paid in the form of the Company's shares.
- The Company has adopted Rules governing the other rights of members of the Management Board (hereinafter: the Rules). The **Company's 26th General Meeting of Shareholders held on 15 May 2015 was briefed on the Rules, while the 28th General Meeting of Shareholders held on 21 April 2017 was briefed on changes to the Rules**. The Rules are appropriately incorporated into the employment contracts of individual Management Board members, as explained in point 3.5 of this Report.
- When setting the remuneration of Management Board members, the Company also takes into account the **recommendations of the Slovenian Corporate Governance Code for Listed Companies and the Corporate Governance Code for State-Owned Enterprises**.

The remuneration of Supervisory Board members and the amount thereof is set by the Company's General Meeting of Shareholders in accordance with the valid Corporate Governance Code for State-Owned Enterprises (hereinafter: the Code), which was adopted by Slovenski državni holding, d. d. in March 2021. The remuneration paid to Supervisory Board members comprises payment for the performance of their function and session fees, all of which are paid monthly. The Supervisory Board adopts a resolution setting payments to the external members of committees.

1.1. Performance of the Telekom Slovenije Group in 2021 and 2020

Fulfilment of key financial objectives of the Telekom Slovenije Group for 2021

	Planned in 2021	Achieved in 2021	Index – achieved/ planned
Operating revenues	EUR 653.0 million	EUR 653.6 million	100
EBITDA	EUR 210.6 million	EUR 220.8 million	105
Net profit	EUR 30.8 million	EUR 37.9 million	123
CAPEX	EUR 203.7 million	EUR 208.2 million*	102
Investments excluding the purchase of frequencies.	EUR 203.7 million	EUR 156.1 million	77

* The purchase of frequencies in the amount of EUR 52.1 million was not included in planned investments in 2021.

The Telekom Slovenije Group (hereinafter: the TSG) generated EUR 653.6 million in operating revenues in 2021, which was more than planned. Revenues were higher in the mobile segment of the end-user market, primarily on account of higher revenues from the sale of mobile merchandise at Telekom Slovenije and higher revenues at IPKO. IPKO is attracting new users through intensive marketing activities, while the company's revenues were also higher due to an increased number of visits by expatriates. Revenues on the wholesale market were higher than planned at the Group level, primarily on account of higher revenues from international voice traffic and an increased number of visits by expatriates in Kosovo.

OPEX was lower than planned due to measures adopted to optimise both direct and indirect costs.

As a result, EBITDA was EUR 10.2 million or 5% higher than planned.

Following the calculation of income tax (including deferred tax assets), the TSG generated a net profit of EUR 37.9 million in 2021, which was EUR 7.1 million higher than planned.

Investments by the TSG totalled EUR 208.2 million in 2021. That amount includes the purchase of frequencies in the amount of EUR 52.1 million, which was not planned (the amount for the purchase of frequencies was included in a sensitivity analysis). Without the amount for the purchase of frequencies, investments would have totalled EUR 156.1 million, which is 23% lower than planned. Investments were lower due to significant optimisation activities in this area, which were carried out with no negative effects on the operations of the TSG.

In 2021, the TSG increased the number of both mobile and broadband connections, which serves as a sound foundation for operations in 2022.

Given the above facts, it can be concluded that the TSG operated better than planned in 2021 and thus performed well during the year.

Fulfilment of key financial objectives of the Telekom Slovenije Group for 2020

The key objectives of the TSG for 2020 were adjusted due to the reclassification of Planet TV to assets held for sale. The results of Planet TV are only included in net profit from discontinued operations.

When the COVID-19 pandemic was declared, numerous measures were adopted at the Group level to limit the negative effects on revenues, costs and investments.

	Planned in 2020	Planned in 2020 (Planet TV included in discontinued operations)	Achieved in 2020	Index – achieved/ planned**
Operating revenues	EUR 676.0 million	EUR 668.9 million	EUR 654.9 million	98
			EUR 677.8 million*	101
EBITDA	EUR 210.6 million	EUR 213.2 million	EUR 209.9 million	98
			EUR 219.1 million*	103
Net profit	EUR 27.5 million	EUR 27.5 million	EUR 24.9 million	91
			EUR 32.8 million*	119
CAPEX	EUR 209.7 million	EUR 209.6 million	EUR 173.0 million	83

* The estimated negative effect of the COVID-19 pandemic and the associated mitigating measures: EUR 22.9 million on operating revenues, EUR 9.2 million on EBITDA and EUR 7.9 million on net profit. Taking into account this adjustment, operating revenues, EBITDA and net profit would have been 1%, 3% and 19% higher than planned, respectively.

** The index is calculated taking into account the plan for 2020 (Planet TV as discontinued operations), as that plan is comparable with actual results.

When the COVID-19 pandemic was declared, numerous measures were adopted to limit the negative effects on revenues, costs and investments.

The TSG generated EUR 654.9 million in operating revenues in 2020. Revenues were affected in 2020 by measures that were linked to the declaration of the global pandemic and two waves of the epidemic at the national level (the closure of Telekom centres, the lockdown and restrictions on the crossing of national borders) due to lower revenues from the roaming of users in the networks of foreign operators and from roaming by foreign users in our mobile networks, and the lower revenues of subsidiaries outside of the telecommunications activity. Revenues were also down in Kosovo due to measures to limit the spread of the coronavirus and due to the reduced number of visits by expatriates.

Excluding the negative effects of the pandemic and taking into account additional measures to mitigate the negative effects thereof, the TSG's operating revenues would have been EUR 22.9 million higher in 2020 and would have exceeded planned revenues by 1%.

The TSG generated EBITDA of EUR 209.9 million. Taking into account an adjustment for the estimated effect of the coronavirus and measures to mitigate the negative effects thereof, EBITDA would have amounted to EUR 219.1 million and would have been 3% higher than planned.

Following the calculation of income tax (including deferred tax assets), the TSG generated a net profit of EUR 24.9 million in 2020. Taking into account an adjustment for the estimated negative effect of the coronavirus and measures to mitigate the negative effects thereof, net profit would have amounted to EUR 32.8 million, which is 19% higher than planned.

We optimised investments relative to the plan, despite the increased load on the network due to the pandemic and the accelerated digitalisation of operations.

The COVID-19 pandemic had a negative effect on the TSG's operations in 2020. However, with respect to all indicators that take into account adjustments due to the pandemic and the effects of the sale of Planet TV, the Group operated better than planned and thus performed well in 2020.

Sustainable development

Sustainable development is an integral part of the business processes of Telekom Slovenije, d. d. and Telekom Slovenije Group companies, and is deemed one of the Group's key strategic policies. We understand sustainable

development as the responsible management of the economic-governance, social and environmental impacts of our operations. We include the principles of sustainability in our operations, products, services and content to the greatest extent possible. By understanding interdependence and interconnectivity, the Group places itself at the forefront in creating a balance between the economy, a profitable activity and civil society. We pursue the Sustainable Development Goals (SDGs) of the United Nations and key content of the latter's 2030 Agenda, as well as the principles of the ESG (environmental, social and governance) model, through which we prevent the risk of greenwashing.

With the declaration of the COVID-19 pandemic in March 2020, we witnessed a massive and rapid transformation to remote work and distance learning. Telekom Slovenije, d. d. did everything in its power to ensure the uninterrupted functioning of services for users in a reliable and secure network, as well as the associated technical support. We responded to the special needs of government institutions and the commercial sector for increased capacities or additional services. We faced a sharp increase in the volume of data, video and voice traffic, by more than one half relative to the normal situation, while we also recorded a sharp increase in traffic in accessing global internet networks and IPTV.

In this period of limited contact, we are aware that for many people communication services represent their only contact with information, relatives and friends. We therefore adjusted the work of our experts and ensured (and continue to ensure) uninterrupted, 24/7 control over the functioning of the network and the continuous adjustment of capacities.

Environmental objectives are closely linked to everyday operations, as a number of activities are carried out to reduce energy consumption and limit emissions into the environment.

We earmark sponsorships and donations for sporting, educational, cultural, environmental and humanitarian organisations and projects at the national and regional levels.

We are aware of the importance of ensuring the health and safety of our employees, and keeping them well-informed. We are implementing numerous activities in that regard.

We pursue the United Nations' Sustainable Development Goals through our commitment to our activities:

- The provision of the most advanced communication services to residential and business users for the digitalisation of society and the economy.
- The development of comprehensive smart city and community solutions for the management of traffic flows, the measurement of air and water quality, the management of energy sources, public lighting, etc.
- A commitment to give back to the social environment in which we operate.
- Ensuring the accessibility of digital services, and the security of connections and systems.
- The provision of eCare and telemedicine services to 10% of the Slovenian population older than 65 years (around 40,000 citizens) by 2030.
- The facilitation of independent access to Telekom centres and points of sale by disabled persons by 2025.
- A reduction in fuel consumption by 1% annually.
- The promotion of intergenerational cooperation and the implementation of measures aimed at the transfer of knowledge.

1.2. Average employee remuneration at Telekom Slovenije, d.d.

The methodology used to calculate average employee remuneration at Telekom Slovenije, d.d. (excluding members of the Management Board) is presented below.

The same methodology used in the disclosure of the remuneration of Management Board members was taken into account in the setting of employee remuneration. In addition to salaries and bonuses, remuneration includes all other employment-related remuneration (e.g. annual leave allowance, severance pay at retirement, etc.), all fringe benefits and the reimbursement of costs (e.g. travel to and from work, food allowance, and daily allowances and other business travel-related costs), and all other compensation charged to the Company (e.g. wage compensation for annual leave and holidays, etc.) or charged to others (e.g. care, guardianship, blood donation, etc.).

The calculation of average remuneration was performed in such a way that the sum of the total remuneration of all employees at the Company (excluding members of the Management Board) was divided by the number of

employees calculated based on hours. The calculation of the number of employees based on hours took into account all hours worked and all hours not worked but for which wages or wage compensation was paid.

Gross average employee remuneration at the Company, excluding members of the Management Board, was **EUR 41.1 thousand in 2021**.

Gross average employee remuneration at the Company, excluding members of the Management Board, was **EUR 40.2 thousand in 2020**.

2. Remuneration of members of Telekom Slovenije, d.d.'s Supervisory Board for 2021

The remuneration of Supervisory Board members and the amount thereof is set by the Company's General Meeting of Shareholders in accordance with the valid Corporate Governance Code for State-Owned Enterprises (hereinafter: the Code), which was adopted by Slovenski državni holding, d. d. in March 2021.

On 18 June 2021, the Company's General Meeting of Shareholders adopted a resolution setting the remuneration of Supervisory Board members.

Representing the basis for setting the remuneration of Supervisory Board members in 2021 were the following two resolutions of the Company's General Meeting of Shareholders:

- the resolution adopted under item eight of the agenda of the Company's General Meeting of Shareholders held on 5 June 2020, which was in force and applied for the setting of the remuneration of Supervisory Board members until 18 June 2021; and
- the resolution adopted under point seven of the agenda of the Company's General Meeting of Shareholders held on 18 June 2021.

External members of the Supervisory Board's committees are entitled to pay for the performance of their functions and session fees. In 2021, the Supervisory Board decided to apply the valid resolution of the Company's General Meeting of Shareholders regarding the remuneration of Supervisory Board members for the reimbursement of costs and payment of session fees to the external members of its committees. External members of the Supervisory Board's committees receive a basic salary for the performance of their function in the amount of 40% of the basic salary received by Supervisory Board members for the performance of their function. The Supervisory Board concludes the requisite contract with every external member of its committees. That contract applies from the date of appointment.

Remuneration of Supervisory Board members for 2021 (broken down)

in EUR	Session fees	Basic salary	Committees***	Travel expenses	Liability insurance	Total gross*
Shareholder representatives						
Iztok Černoša (22 Jan to 31 Dec), President of the Supervisory Board	5,500	23,328	2,420	0	689	31,937
Karla Pinter (18 June to 31 Dec), Vice President of the Supervisory Board	2,420	10,094	660	28	0	13,202
Radovan Cerjak (22 Jan to 31 Dec), member of Supervisory Board	5,280	19,626	1,980	0	689	27,575
Aleksander Igličar (22 Jan to 31 Dec), member of Supervisory Board	5,500	19,626	4,004	28	689	29,847
Marko Kerin (22 Jan to 31 Dec), member of Supervisory Board	4,675	19,626	4,950	124	689	30,064
Jurij Toplak (18 June to 31 Dec), member of Supervisory Board	2,420	9,343	660	383	0	12,806
Štefan Belingar (1 to 21 Jan), member of Supervisory Board	275	1,482	220	0	0	1,977
Barbara Gorjup (1 Jan to 27 April), member of Supervisory Board	2,805	7,394	1,672	0	689	12,560
Boštjan Koler (1 to 21 Jan), President of the Supervisory Board	275	1,778	220	0	0	2,273
Barbara Kürner Čad (1 Jan to 27 April), Vice President of the Supervisory Board	2,805	8,318	1,540	0	689	13,352
Dimitrij Marjanovič (1 to 21 Jan), member of Supervisory Board	275	1,185	0	0	0	1,460
Igor Rozman (1 to 21 Jan), member of Supervisory Board	275	1,185	0	0	0	1,460
Employee representatives						
Drago Kijevčanin (1 Jan to 31 Dec), Vice President of the Supervisory Board	5,396	22,400	5,104	0	689	33,589
Dušan Pišek (1 Jan to 31 Dec), member of Supervisory Board	5,775	18,813	660	0	689	25,937
Jana Žižek Kuhar (1 Jan to 31 Dec), member of Supervisory Board	5,500	17,500	660	0	689	24,349
Total	49,176	181,698	24,750	563	6,201	262,388

* The total gross amount represents the sum of remuneration for session fees and basic payments for the performance of functions and work on committees, including net remuneration (travel expenses) and liability insurance.

** The total net amount represents the sum of net remuneration, together with travel expenses.

*** Committees – session fees for committees.

Remuneration of external members of the Supervisory Board's committees for 2021 (broken down)

in EUR	Session fees	Basic salary	Travel expenses	Total gross*
Barbara Gorjup (22 June to 31 Dec)	1,672	3,442	0	5,114
Marko Hočevnar (11 Feb to 31 Dec)	3,124	5,975	0	9,099
Melita Malgaj (1 Jan to 6 April)	660	1,867	0	2,527
Barbara Nose (1 Jan to 11 Feb)	220	1,219	0	1,439
Gregor Rajšp (1 Jan to 6 April)	660	1,867	0	2,527
Alenka Stanič (1 Jan to 6 April)	660	1,867	0	2,527
Total	6,996	16,237	0	23,233

* The total gross amount represents the sum of basic payments for the performance of functions and work on committees.

Remuneration of Supervisory Board members for 2020 (broken down)

in EUR	Session fees	Basic salary	Committees**	Travel expenses	Liability insurance	Total gross*
Shareholder representatives						
Boštjan Koler (3 Nov to 31 Dec), President of the Supervisory Board	1,045	4,539	660	0	0	6,244
Barbara Kürner Čad (1 Jan to 31 Dec), President of the Supervisory Board until 15 June; Vice President of the Supervisory Board from 3 Nov on	4,950	22,463	5,302	0	409	33,124
Bernarda Babič (1 Jan to 3 Nov), member of Supervisory Board	3,658	16,766	814	264	409	21,911
Štefan Belingar (3 Nov to 31 Dec), member of Supervisory Board	1,045	4,195	440	0	0	5,680
Barbara Cerovšek Zupančič (1 Jan to 3 Nov), member of Supervisory Board	3,905	18,163	4,448	0	409	26,925
Barbara Gorjup (1 Jan to 31 Dec), Vice President of the Supervisory Board until 3 Nov	4,950	21,514	5,328	0	409	32,201
Dimitrij Marjanovič (1 Jan to 13 May; 3 Nov to 31 Dec), member of Supervisory Board	2,008	9,828	1,236	0	409	13,481
Igor Rozman (1 Jan to 31 Dec), member of Supervisory Board	4,950	20,394	2,838	0	409	28,591
Aleš Šabeder (5 June to 3 Nov), President of the Supervisory Board from 15 June	1,925	11,200	660	0	0	13,785

Employee representatives						
Drago Kijevčanin (1 January to 31 December), member of Supervisory Board	4,950	21,432	5,328	0	409	32,119
Dušan Pišek (1 January to 31 December), member of Supervisory Board	4,675	17,695	2,002	0	409	24,781
Jana Žižek Kuhar (1 January to 31 December), member of Supervisory Board	4,675	16,742	880	0	409	22,706
Total	42,736	184,931	29,936	264	3,681	261,548

* The total gross amount represents the sum of remuneration for session fees and basic payments for the performance of functions and work on committees, including net remuneration (travel expenses) and liability insurance.

** Committees – session fees for committees.

Remuneration of external members of the Supervisory Board's committees for 2020 (broken down)

in EUR	Session fees	Basic salary	Travel expenses	Total gross*
Barbara Nose (1 Jan to 31 Dec)	4,096	9,713	0	13,809
Melita Malgaj (9 to 31 Dec)	440	216	0	656
Gregor Rajšp (12 Feb to 1 April; 9 to 31 Dec)	1,056	1,021	0	2,077
Alenka Stanič (12 Feb to 1 April; 9 to 31 Dec)	1,056	1,021	0	2,077
Boštjan Koler (12 Feb to 1 April)	616	805	0	1,421
Total	7,264	12,776	0	20,040

* The total gross amount represents the sum of basic payments for the performance of functions and work on committees.

The amounts that members of the Supervisory Board and external committee members receive for the performance of their functions and session fees fluctuate from year to year. The total amount depends on the number and types of sessions convened, the function of an individual and the duration of their term of office during the year. The amount of annual payments is capped.

Supervisory Board members received training in 2021 in various areas relating to the Supervisory Board's work. Training costs totalled EUR 2,329.65 (2020: EUR 1,139.12).

In accordance with Articles 514 and 514a of the ZGD-1, the Company's Supervisory Board adopted a decision under which the tasks of the Audit Committee at the subsidiary Soline Pridelava soli, d.o.o. (hereinafter: Soline) will be performed by the Audit Committee of Telekom Slovenije, d.d.'s Supervisory Board from 24 May 2021 on.

For that purpose, Telekom Slovenije, d.d. and Soline concluded an agreement on the performance of the tasks of the Audit Committee at Soline. That agreement includes a definition of the remuneration of members of the Audit Committee. Taking into account the above facts, the members of the Company's Supervisory Board received the following payments for the performance of the function of Audit Committee members at Soline:

in EUR	Session fees	Basic salary	Travel expenses	Total gross*
Aleksander Igličar (24 May to 31 Dec), committee chair	220	0	0	220
Barbara Gorjup (24 May to 31 Dec), committee member	220	0	0	220
Marko Hočevnar (24 May to 31 Dec), committee member	220	0	0	220
Marko Kerin (24 May to 31 Dec), committee member	220	0	0	220
Drago Kijevčanin (24 May to 31 Dec), committee member	220	0	0	220
Total	1,100	0	0	1,100

* The total gross amount represents the sum of remuneration for session fees and basic payments for the performance of functions and work on committees, including net remuneration (travel expenses).

3. Remuneration of members of Telekom Slovenije, d.d.'s Management Board for 2021

Presented below is the remuneration of members of Telekom Slovenije, d.d.'s Management Board, including all fringe benefits. Members of the Management Board are not entitled to profit participation or stock options.

Members of the Management Board did not receive remuneration in the form of profit participation or stock options in 2021 and 2020.

The system of variable remuneration is linked to the fulfilment of the plan and strategy of Telekom Slovenije, d.d. and the Telekom Slovenije Group, and thus contributes to the long-term performance of the Company and Group.

3.1. Remuneration of members of the Company's Management Board for 2021

in EUR	Basic salary	Variable remuneration*	Other personal income***	Reimbursement of expenses	Annual leave allowance	Insurance premiums	Fringe benefits	Voluntary supplemental pension insurance	Total gross**
Cvetko Sršen (10 March to 31 Dec), President of the Management Board	130,223	-	-	1,470	1,216	-	7,734	2,349	142,992
Tomaž Jontes (22 March to 31 Dec), Vice-President of the Management Board; (1 Jan to 21 March), member of the Management Board	152,840	6,160	-	1,285	1,621	1,005	9,588	2,819	175,318
Mitja Štular (10 March to 31 Dec), member of the Management Board	117,717	-	689	1,088	1,312	59	2,551	2,278	125,694

Barbara Galičič Drakslar (31 March to 31 Dec), member of the Management Board	109,970	-	-	1,379	1,197	366	5,010	2,114	120,036
Spela Fortin (1 Jan to 31 Dec), member of the Management Board - Workers' Director	133,707	8,284	-	1,316	1,621	1,005	7,783	2,819	156,535
Tomaž Seljak (1 Jan to 10 March), President of the Management Board	30,987	53,655	-	282	314	639	1,670	552	88,099
Vida Žurga (1 Jan to 10 March), Vice-President of the Management Board	-	30,787	-	-	314	639	2,558	552	34,850
Matjaž Beričič (1 Jan to 10 March), member of the Management Board	30,521	11,700	-	275	314	639	1,067	552	45,068
Ranko Jelača (for 2020), member of the Management Board	-	4,786	-	-	-	-	-	-	4,786
Total	705,965	115,372	689	7,095	7,909	4,352	37,961	14,035	893,378

* Variable remuneration represents part of payment for successful operations in 2018, 2019 and 2020.

** The total gross amount represents the sum of all types of labour costs, including net receipts (reimbursement of costs), insurance premiums, fringe benefits and voluntary supplementary pension insurance (VSPI).

*** Other personal income comprises the payment of loyalty bonuses.

The members of the Management Board whose terms of office were terminated early in 2021 did not receive financial benefits, services or entitlements, as they remained employed at the Company.

In accordance with Articles 514 and 514a of the ZGD-1, a Supervisory Board and Audit Committee were formed at the subsidiary GVO, gradnja in vzdrževanje telekomunikacijskih omrežij, d. o. o. (hereinafter: GVO). Mitja Štular, PhD was elected to serve as the President of GVO's Supervisory Board.

Member of the Company's Management Board **Mitja Štular, Phd** received the following remuneration as **President of GVO's Supervisory Board** in 2021:

in EUR	Session fees	Basic salary	Committees	Total (gross)
Mitja Štular (28 May to 31 Dec)	550	2,966	-	3,516
Total	550	2,966	0	3,516

3.2. Remuneration of members of the Company's Management Board for 2020

in EUR	Salary	Variable remuneration*	Other personal income***	Reimbursement of expenses	Annual leave allowance	Insurance premiums	Fringe benefits	Voluntary supplemental pension insurance	Total gross**
Tomaž Seljak (1 Jan to 31 Dec), President of the Management Board	157,783	28,715	-	1,433	1,481	795	9,213	2,819	202,239
Vida Žurga (22 Jan to 31 Dec), Vice-President of the Management Board; (1 to 21 Jan), member of the Management Board	130,615	11,195	-	1,394	1,481	795	14,381	2,819	162,680
Matjaž Beričič (1 Jan to 31 Dec), member of the Management Board	155,995	780	-	1,383	1,481	795	5,906	2,819	169,159
Tomaž Jontes (22 June to 31 December), member of the Management Board	82,134	-	-	734	-	218	4,622	1,484	89,192
Špela Fortin (1 Jan to 31 Dec), member of the Management Board - Workers' Director	110,456	2,594	-	1,322	1,481	795	7,431	2,819	126,898
Ranko Jelača (1 Jan to 14 March), member of the Management Board	31,908	58,703	77,999	166	247	461	1,074	470	171,028
Rudolf Skobe (for 2019), President of the Management Board	-	6,949	-	-	-	-	-	-	6,949

Dean Žigon (for 2019), member of the Management Board - Workers' Director	-	5,891	-	-	-	-	-	-	5,891
Total	668,891	114,827	77,999	6,432	6,171	3,859	42,627	13,230	934,036

* Variable remuneration represents part of payment for successful operations in 2017, 2018 and 2019.

** The total gross amount represents the sum of all types of labour costs, including net receipts (reimbursement of costs), insurance premiums, fringe benefits and voluntary supplementary pension insurance (VSPi).

*** Other personal income comprises wage compensation paid during the notice period (six months).

3.3. Basic monthly salary of members of the Company's Management Board

On 1 May 2021, the Company's Supervisory Board set the basic monthly salary of the President of the Management Board in the **amount of five times** the average monthly salary of employees at companies in the Telekom Slovenije Group (hereinafter: the TSG) with a registered office in the Republic of Slovenia. The basic monthly salary of the **Vice-President of the Management Board was set at 95%** of the basic salary of the President, while the basic monthly salary of other **members of the Management Board was set at 90%** of the basic monthly salary of the President. Prior to that, the basic monthly salary of all members of the Management Board was set at five times the average monthly salary of employees at TSG companies, with the exception of the Workers' Director, whose monthly salary was set at 70% of the basic monthly salary of the President of the Management Board.

3.4. Variable remuneration paid to members of the Company's Management Board

The Supervisory Board defined the objectives and criteria for the calculation of the variable remuneration paid to the Company's Management Board for 2020 and 2021 in accordance with provisions of the ZPPOGD and the employment contracts of Management Board members.

The Management Board's objectives comprise quantitative and qualitative objectives, as well as financial and non-financial objectives that are defined for the purpose of monitoring the work of the Management Board. The objectives of the Management Board focus on the long-term success of the Company and Group (e.g. the EBITDA of the TSG, the number of users of the TSG's services, the expansion and modernisation of the network, etc.). The calculation methodology is defined by the Supervisory Board, taking into account the ratio between achieved and planned results during the reporting period following the conclusion of the financial year and the auditing of the financial statements. Variable remuneration is set every year via a resolution adopted by the Company's Supervisory Board, taking into account the provisions of the employment contracts of individual Management Board members and the ZPPOGD. The amount of variable remuneration depends on the achievement of the objectives set out in employment contracts, the amount of the basic salary and the term of office of a Management Board member, but may not exceed 3.6 average monthly salaries of a member during the year for which variable remuneration is set.

Members of the Management Board received 50% of variable remuneration for 2020 in 2021, while the payment of the other 50% of variable remuneration for 2020 was deferred for two years. Members of the Management Board whose term of office was terminated were also paid the second part of variable remuneration for 2020. The length of the term of office during the financial year is also taken into account when setting the amount of variable remuneration.

3.4.1. Payment of the variable remuneration

Presented below is the payment of variable remuneration to Management Board members, with details regarding the period for which remuneration was paid. All data are gross amounts expressed in euros.

Payment of variable remuneration in the period January 2021 to December 2021

in EUR	Variable remuneration paid in 2021	Of which from 2018	Of which from 2019	Of which from 2020
Tomaž Seljak	53,655	17,610	12,378	23,667
Vida Žurga	30,787	-	11,195	19,592
Matjaž Beričič	11,700	-	-	11,700
Tomaž Jontes	6,160	-	-	6,160
Špela Fortin	8,284	-	-	8,284
Ranko Jelača	4,786	-	-	4,786

Payment of variable remuneration in the period January 2020 to December 2020

in EUR	Variable remuneration paid in 2020	Of which from 2017	Of which from 2018	Of which from 2019
Tomaž Seljak	28,715	16,337	-	12,378
Vida Žurga	11,195	-	-	11,195
Matjaž Beričič	780	-	-	780
Špela Fortin	2,594	-	-	2,594
Ranko Jelača	58,703	16,338	17,610	24,755
Rudolf Skobe	6,949	-	-	6,949
Dean Žigon	5,891	-	-	5,891

Variable remuneration for 2020 was set under a resolution of the Company's Supervisory Board in the amount of **1.8 times a Management Board member's salary**, taking into account the period for which they performed their function.

3.4.2. Deferred payment of variable remuneration to members of the Company's Management Board

In accordance with the ZPPOGD and specific resolutions of the Company's Supervisory Board, the payment of **50% of variable remuneration is withheld for two years**. Accordingly, the balance of withheld variable wages was as follows **as at 31 December 2021**:

- for Špela Fortin, member of the Management Board and Workers' Director:
 - o EUR 2,593.55 gross for 2019, and
 - o EUR 8,284.22 gross for 2020, and
- for Tomaž Jontes, Vice-President of the Management Board:
 - o EUR 6,160.03 gross for 2020.

Employment contracts with Management Board members also set out the possibility of the repayment of variable remuneration in the cases laid out in the relevant legislation. There was no need or basis in 2021 for the Company to demand the repayment of previously paid variable remuneration from Management Board members.

3.5. Other rights of the members of the Company's Management Board

The other rights of Management Board members presented below are defined in the Rules, which were approved by the Company's Supervisory Board on 20 March 2017. At its session of 22 March 2021, the Company's Supervisory Board partially amended the other rights of Management Board members, as presented below.

Members of the Management Board are entitled to the following rights and benefits:

- the right to a work-related telecommunications connection at the location where a Management Board member actually lives, and the unlimited use of a mobile device;
- the right to the use of broadband services;
- the right to annual education and training in areas that are important for the high-quality and efficient performance of a Management Board member's tasks up to the amount of one monthly gross salary of a specific Management Board member;
- the right to use an upper-mid-range company car for business and private purposes. If a company car is used solely for business purposes, a Management Board member is entitled to a travel allowance to and from work in the same amount as the Company's other employees;
- the right to an annual preventive medical examination for managers in the amount of up to EUR 1,500 (*note: change in 2021; initial amount: EUR 1,000*);
- the right to an annual premium for personal insurance in the amount of one monthly basic salary, based on the relevant employment contract, in proportion to the duration of their employment as a member of the Management Board during an individual calendar year;
- the right to liability insurance in accordance with the relevant annual contract with an insurance company under conditions that apply for all Supervisory Board members and the members of the management and supervisory bodies of TSG companies;
- the right to the payment of 100% wage compensation in the event of sick leave, where the difference is borne by the Company (*this right was terminated in 2021*);
- the right to the payment of a supplementary pension insurance premium up to the amount that represents a tax break for the Company;
- the right to use a Company payment card that shall be used exclusively for business purposes to pay for business expenses; and
- the right to compensation for respecting the non-compete clause in the amount of 12 monthly salaries, where one salary represents the average of the last three salaries of a Management Board member.

In accordance with the provisions of their employment contracts, Management Board members are also entitled to the following remuneration and benefits:

- an annual leave allowance in the amount received by the Company's other employees;
- a loyalty bonus in the amount received by the Company's other employees;
- the reimbursement of business travel expenses in the same amount as the Company's other employees; and
- the reimbursement of the costs of travel to and from work, if the Management Board member is not allocated a company car for business and private purposes.

President of the Management Board:
Cvetko Sršen

President of the Supervisory Board:
Iztok Černoša

Enclosure:
Auditor's report



Independent auditor's limited assurance engagement report in connection with the remuneration report

To the General Meeting of Shareholders, Supervisory Board and Management Board of Telekom Slovenije, d.d.

Introduction

The Management Board of Telekom Slovenije, d. d. (hereinafter: Company) contracted us to conduct a limited assurance engagement with the aim of verifying the completeness and compliance of the Company's remuneration report for the year ending 31 December 2021 (hereinafter: the remuneration report) with the applicable requirements.

Description of the matter in question and valid criteria

The remuneration report was prepared by the Company's Management Board and Supervisory Board in accordance with the requirements of Article 294b of the Companies Act (Official Gazette of the Republic of Slovenia, no. 42/06 of 19 April 2006 with amendments; hereinafter: the ZGD-1). The ZGD-1 contains valid requirements relating to the remuneration report.

The requirements referred to in the previous paragraph lay down the basis for the preparation of the remuneration report (hereinafter: the basis of preparation), and we believe they represent appropriate criteria for the formulation of our limited assurance conclusion.

In accordance with the requirements of paragraph 6 of Article 294b of the ZGD-1, an auditor shall review a remuneration report to determine whether it contains the data required under paragraphs 2 and 3 of Article 294b of the ZGD-1. The report in question meets those requirements.

Responsibility of the Management Board and Supervisory Board

The Company's Management Board and Supervisory Board are responsible for the preparation and completeness of the remuneration report and for the latter's compliance with the basis of preparation. The Company's Management Board and Supervisory Board are also responsible for the selection and use of appropriate methods for preparing financial data and non-financial information, and for designing, implementing and maintaining systems and processes in connection with the internal controls and accounting records required for the preparation of a remuneration report that is free from material misstatements and that is in line with valid requirements.

Our responsibility

Our responsibility is to assess the completeness and compliance of the information contained in the attached remuneration report with applicable requirements and, based on the evidence obtained, to issue an independent auditor's report that has been prepared on the basis of the limited assurance engagement that we conducted.



We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information. That standard requires that we act in accordance with ethical requirements, and plan and conduct procedures to obtain limited assurance as to whether the remuneration report is prepared, in all material respects, in accordance with the applicable requirements.

A limited assurance engagement is significantly less extensive than a reasonable assurance engagement, both in terms of procedures conducted in connection with the assessment of risks, including the understanding of internal controls, and procedures conducted in response to assessed risks.

Requirements with regard to quality control

Our company applies the International Standard on Quality Control 1, according to which it maintains a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We work in accordance with the independence and ethical requirements of the international Code of Ethics for Professional Accountants (including international standards of independence) issued by the International Ethics Standards Board for Accountants. That code is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

Summary of work performed

The purpose of planned and conducted procedures was to obtain limited assurance as to whether the remuneration report is prepared, in all material respects, in accordance with the applicable requirements, and that it is complete and free from material misstatements and omissions. Our procedures primarily included the following:

- an analysis of the remuneration report and a comparison of the information contained therein with valid requirements;
- an analysis of the resolutions of the Company's General Meeting of Shareholders regarding the remuneration policy for members of the Management Board and Supervisory Board, and any supplemental resolutions of the Supervisory Board and other documents governing the remuneration policy that are subject to disclosure in the remuneration report;
- an understanding of the procedures adopted by the Company's Management Board and Supervisory Board to ensure compliance with requirements regarding the preparation of the remuneration report, including an understanding of the relevant internal control procedures to the extent necessary to assess the risks of the material misstatement or omission of essential information;
- the definition of a list of persons for whom there is a requirement to include information in the remuneration report by means of comparison with corporate documents, and verification by making enquiries with the persons responsible for the preparation of the report and, where we deem it appropriate, directly with persons obliged to provide information as to whether the remuneration report discloses all information covered by the criteria for the preparation of that report;
- where we deem it appropriate, an assessment of the compliance of the remuneration report with applicable regulations, the reconciliation of the financial data regarding remuneration presented in the remuneration report with the Company's books of account and the relevant source documents; and
- where we deem it appropriate, an assessment of the completeness of the remuneration report with respect to applicable regulations, and a reconciliation with the relevant source documents to determine whether the non-financial information that must be disclosed in the remuneration report is precise and does not omit material facts.

The remuneration report is not subject to auditing as defined in the International Standards on Auditing. In conducting assurance procedures, we did not audit or study the historical accounting information used to prepare the remuneration report. We thus take no responsibility whatsoever for the issuing or updating of any reports or opinions regarding the Company's historical accounting information.

We believe that the evidence obtained is a sufficient and appropriate basis for our limited assurance conclusion.

Limited assurance conclusion

Based on the limited assurance procedures conducted and the evidence obtained, we hereby confirm that nothing has come to our attention that would cause us to believe that the remuneration report is incomplete or that it is not in accordance with the valid requirements set out in the basis for preparation in all material aspects.

Highlighted matter: the remuneration policy has not yet been approved by shareholders.

Warning with respect to note **1. Introduction** in the remuneration report, in which the Management Board states that the remuneration policy had not yet been approved by shareholders by the date of issue of the remuneration report, as required by the law. Our assurance conclusion in connection with this matter has not been adjusted.

Restriction on use

This report has been prepared by PricewaterhouseCoopers, d. o. o. for the Company's General Meeting of Shareholders, Supervisory Board and Management Board, and is intended solely for the purpose described in the section **Description of the matter in question and valid criteria**. It may not be used for any other purpose.

PricewaterhouseCoopers, d. o. o. does not assume any responsibility in connection with this report that could arise from contractual and non-contractual relations (including through negligence) with entities other than the Company in the context of this report. The above does not relieve us from our responsibility where such relief is legally excluded.

The Company's Management Board is responsible for the publication of the remuneration report on its website and for ensuring free access to that report for at least 10 years from the date of the General Meeting of Shareholders at which a resolution was adopted regarding an assessment of the remuneration report. It is also responsible for the reliability of information on the Company's website. Our work does not include an assessment of those matters. We are thus not responsible for any changes to the information subject to our assessment or for any discrepancies between the information contained in our report and the information available on the Company's website.

In the name and on behalf of PricewaterhouseCoopers, d. o. o.

Barbara Kočar [signature]
Certified Auditor

 **PricewaterhouseCoopers d.o.o.**
6

[signature]
Damjan Ahčin
Director and Certified Auditor

Ljubljana, Slovenia, 29 March 2022

REPORT ON THE REMUNERATION OF THE MANAGEMENT BODIES OF THE COMPANY'S THREE BIGGEST SUBSIDIARIES FOR 2021

The remuneration of management staff (managing directors) of subsidiaries is defined in employment contracts in accordance with the ZPPOGD (for companies registered in the Republic of Slovenia) and is the same, *mutatis mutandis*, as the remuneration of the members of Telekom Slovenije, d.d.'s Management Board.

1. GVO, d.o.o.

a) Remuneration of Managing Director for 2021 (broken down)

The company GVO had three managing directors in 2021. Managing Director Borut Radi had an employment contract from 1 January 2021 to 31 July 2021, inclusive. President of the company's Supervisory Board Mitja Štular, PhD managed the company temporarily from 1 August to 31 August 2021. During that time, his function as member of the Supervisory Board was suspended. During the period in which he managed the company, Mitja Štular, PhD received no additional remuneration. Zef Vučaj, PhD performed the function of the company's Managing Director from 1 September 2021 on, based on the resolution of the company's owner on his appointment.

In EUR	Basic salary	Variable remuneration*	Reimbursement of expenses	Annual leave allowance	Insurance premiums	Fringe benefits	Voluntary supplemental pension insurance	Total gross**
Zef Vučaj (1 Sept - 31 Dec)	33,200	-	459	647	59	1,688	940	36,993
Borut Radi (1 Jan - 31 Jul)	65,997	15,750	802	2,021	79	3,395	1,644	89,688
Total	99,197	15,750	1,261	2,668	138	5,083	2,584	126,681

* Variable remuneration represents part of payment for successful operations in 2018 and 2019.

** The total gross amount represents the sum of all types of labour costs, including net receipts (reimbursement of costs), insurance premiums, fringe benefits and voluntary supplementary pension insurance (VSPI).

b) Gross amount of the granted right to variable remuneration for the previous financial year

By decision of the Management Board, Managing Director Borut Radi was not entitled to variable remuneration for 2020.

Variable remuneration was neither defined nor paid for 2021.

c) Definition of other rights of the Managing Director

In accordance with the relevant employment contract, the Managing Director has the following other rights:

- the right to a work-related telecommunications connection at the location where the Managing Director actually lives, and the use of a mobile device up to the amount of EUR 150 monthly;
- the right to use broadband services;
- the right to annual education and training in areas that are important for the high-quality and efficient performance of the Managing Director's tasks;
- the right to use a company car for business and private purposes with a retail value of EUR 35,000 including VAT (purchase price);
(If a company car is used for business and private purposes, the Managing Director shall not be entitled to a travel allowance to and from work. The company concludes an agreement with the Managing Director on the use of a company car for business and private purposes);
- the right to a preventive medical examination for managers every two years in the amount of up to EUR 1,000;
- the right to the payment of a supplementary pension insurance premium up to the amount that represents a tax break for the company;
- the right to personal accident insurance and insurance for healthcare services abroad; and
- the right to use a company payment card for the payment of business expenses that shall not be used for private purposes.

The Managing Director shall be entitled to severance pay in the amount of six basic monthly wages, but only in the event of the early termination of their employment contract and under the condition that the contract was not

terminated by the Managing Director. Severance pay also cannot be paid in the other cases set out in the ZGD-1 and ZPPOGD.

Other rights of the Managing Director in 2021:

In EUR	Fees for education/training	Medical examinations*	Gross value of fringe benefit – use of company car**	Long-service award	Severance pay at retirement
Borut Radi (1 Jan - 31 Jul)	-	-	3,395	-	-
Zef Vučaj (1 Sept - 31 Dec)	1,034	117	1,688	-	-
Total	1,034	117	5,083	-	-

* The cost of a medical examination depends on the type of examination performed (pre-employment or managerial medical examination). Amounts may thus vary.

** The amount of fringe benefits for the use of a company car for private reasons depends on the value and age of the vehicle, and the term of office of the Managing Director.

d) Remuneration of GVO Supervisory Board members

In EUR	Session fees	Basic salary	Committees**	Travel expenses	Total gross*
Shareholder representatives					
Mitja Štular (28 May - 31 Dec)	550	2,966	-	-	3,516
Sabina Merhar (28 May - 31 Dec)	550	2,917	440	-	3,907
Employee representatives					
Helena Jakič (17 Jun - 31 Dec)	413	2,284	440	-	3,137
Total	1,513	8,167	880		10,560

* The total gross amount represents the sum of remuneration for session fees and basic payments for the performance of functions and work on committees, including net remuneration (travel expenses).

** Session fees for committees.

2. Avtenta, d.o.o.

a) Remuneration of Managing Director for 2021

In EUR	Remuneration*	Total (gross)
Primož Kučič (1 Jan - 31 Dec)	24,000	24,000

*Taken into account is remuneration of the company's Managing Director for services performed under the relevant management agreement.

b) Gross amount of the granted right to variable remuneration for the previous financial year

According to the management agreement, the Managing Director is not entitled to variable remuneration.

c) Definition of other rights of the Managing Director

The Managing Director has no other rights defined in the management agreement.

3. IPKO Telecommunications LLC

a) Remuneration of Managing Director for 2021 (broken down)

IPKO had two managing directors in 2021. Robert Erzin headed the company as Managing Director up until 3

November 2021, then Tomaž Seljak took over this position on 4 November 2021. The Managing Director leads and manages the company based on two contracts/agreements: an employment contract concluded with Telekom Slovenije, d.d. on the performance of work abroad, and a Management Agreement concluded with IPKO Telecommunications LLC in accordance with local law.

In EUR	Basic salary	Variable remuneration	Other personal income**	Reimbursement of expenses	Annual leave allowance	Insurance premiums	Fringe benefits	Voluntary supplemental pension insurance	Total gross*
Robert Erzin (1 Jan - 3 Nov) ¹	67,614	-	4,945	949	1,621	1,055	4,629	2,286	83,099
Robert Erzin (1 Jan - 3 Nov) ²	111,588	-	154,591	4,320	-	-	-	-	270,499
Total	179,202	0	159,536	5,269	1,621	1,055	4,629	2,286	353,598

* The total gross amount represents the sum of all types of labour costs, including net receipts (reimbursement of costs), insurance premiums, fringe benefits and voluntary supplementary pension insurance (VSPI).

**Other personal income represents severance pay and compensation paid in lieu of notice period, and reimbursement for unused annual leave.

1 Payer of remuneration Telekom Slovenije, d.d.

2 Payer of remuneration IPKO

EUR	Basic salary	Christmas bonus	Other personal income	Reimbursement of expenses	Annual leave allowance	Insurance premiums	Fringe benefits	Voluntary supplemental pension insurance	Total gross*
Tomaž Seljak (4 Nov - 31 Dec) ¹	14,956	208	-	220	-	36	1,107	438	16,965
Tomaž Seljak (4 Nov - 31 Dec) ²	10,530	-	-	1,140	-	-	-	-	11,670
Total	25,486	208	-	1,360	-	36	1,107	438	28,635

* The total gross amount represents the sum of all types of labour costs, including net receipts (reimbursement of costs), insurance premiums, fringe benefits and voluntary supplementary pension insurance (VSPI).

1 Payer of remuneration Telekom Slovenije, d.d.

2 Payer of remuneration IPKO

b) Gross amount of the granted right to variable remuneration for the previous financial year

By decision of the Management Board, Managing Director Robert Erzin was not entitled to variable remuneration for 2020. Variable remuneration was neither defined nor paid for 2021.

c) Definition of other rights of the Managing Director Robert Erzin

In accordance with the relevant employment contract on the performance of work abroad, the Managing Director shall have the following other rights:

- risk life insurance in the maximum insured sum of EUR 100,000;
- a preventive medical examination for managers every two years in the amount of up to EUR 1,000;
- private accident insurance;
- CORIS insurance;
- the right to use a company car for business and private purposes in accordance with internal rules governing company vehicles; and
- the right to a work-related telecommunications connection and mobile device, including use specified in accordance with the Company's rules.

In accordance with the relevant management agreement, the Managing Director shall have the following other rights:

- use of mobile device;
- use of a company car; and
- use of a personal computer.

According to the employment contract for work abroad concluded with Telekom Slovenije, d.d., the Managing Director is not entitled to severance pay. According to the relevant management agreement, the Managing Director is entitled to severance pay in the amount of six salaries. In the event of employment at another Telekom Slovenije Group company, the Managing Director shall not be entitled to severance pay.

d) Definition of other rights of the Managing Director Tomaž Seljak

In accordance with the relevant employment contract on the performance of work abroad, the Managing Director shall have the following other rights:

- a work-related telecommunications connection at the location where the employee actually lives, and the unlimited use of a mobile device;
- use of broadband services;
- use of a company car for business and private purposes in accordance with the company rules; if a company car is used for business and private purposes, the employee shall not be entitled to a travel allowance to and from work;
- a preventive medical examination for managers every two years in the amount of up to EUR 1,000;
- the payment of a supplementary pension insurance premium up to the amount that represents a tax break for the company. The level and basis for calculating the premium are the same as applies for other employees whose salary system is set in the Collective Agreement for Telekom Slovenije, d.d., and are defined in the agreement on the creation of a pension plan, which is binding on the employer;
- private accident insurance with the payment of a monthly premium;
- annual international insurance (CORIS).

In accordance with the relevant management agreement, the Managing Director shall have the following other rights:

- use of mobile device;
- use of a company car; and
- use of a personal computer.

According to the employment contract for work abroad concluded with Telekom Slovenije, d.d., the Managing Director is not entitled to severance pay in the event that he/she does not accept the employer's offer of appropriate permanent employment. According to the relevant management agreement, the Managing Director is not entitled to severance pay.

Other rights of the Managing Directors in 2021 (in EUR):

Name and surname	Fees for education/training	Medical examinations	Gross value of fringe benefit – use of company car*	Long-service award	Severance pay at retirement
Robert Erzin (1 Jan - 3 Nov)	1,239	-	4,167	-	-
Tomaž Seljak (4 Nov - 31 Dec)	-	-	1,107	-	-
Total	1,239	0	5,274	0	0

* The amount of fringe benefits for the use of a company car for private reasons depends on the value and age of the vehicle, and the term of office of the Managing Director.

President of the Management Board:
Cvetko Sršen

Materials for item 6 of the agenda:

REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF TELEKOM SLOVENIJE, D.D.

The Company's Management Board and Supervisory Board hereby propose that the General Meeting of Shareholders of Telekom Slovenije, d.d. adopt the following

resolution:

6.1. The General Meeting of Shareholders has been briefed on and has approved the remuneration policy for members of Telekom Slovenije, d.d.'s Management Board and Supervisory Board.

Explanatory note:

In accordance with Article 294a of the ZGD-1, a company involved in trading securities on an organised market must formulate a remuneration policy for the management and supervisory bodies. Such policy must be submitted to the General Meeting of Shareholders for voting and approval. The remuneration policy must be clear and understandable, and in connection with the individual components of remuneration must contain information such as that stated in the second paragraph of Article 294a of the ZGD-1.

Voting on the remuneration policy has the nature of a consultation, but the Company may only determine remuneration for members of the management and supervisory bodies in accordance with the remuneration policy submitted to the General Meeting of Shareholders for voting and approval.

Following the vote in the General Meeting of Shareholders, the remuneration policy is published without delay on the Company's website, together with the date and outcome of voting in the General Meeting. The remuneration policy must be available on the website free of charge and accessible to the public for at least as long as it is applicable, and for no less than ten years.

In accordance with the above and with the Recommendations and Expectations of Slovenian Sovereign Holding, the Company has formulated the remuneration policy for members of Telekom Slovenije, d.d.'s Management Board and Supervisory Board, which is enclosed herewith. The Company's Supervisory Board approved the remuneration policy on 11 May 2022.

President of the Management Board:
Cvetko Sršen

President of the Supervisory Board:
Iztok Černoša

Enclosure:

The remuneration policy for members of Telekom Slovenije, d.d.'s Management Board and Supervisory Board.

In accordance with Article 294a of the Companies Act (hereinafter: ZGD-1) the company Telekom Slovenije, d.d., Cigaletova ulica 15, 1000 Ljubljana, hereby adopts the following company bylaw

REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF TELEKOM SLOVENIJE, D.D.

1. Purpose and objective of the remuneration policy

The relevant remuneration policy for members of Telekom Slovenije, d.d.'s Management Board and Supervisory Board (hereinafter: remuneration policy) applies to members of the Management Board and Supervisory Board of Telekom Slovenije, d.d. (hereinafter: the Company).

The aims of the remuneration policy are as follows:

- facilitate the recruitment of superlative, competent and experienced experts in various professional fields for the Management and Supervisory Boards of the Company;
- motivate members of the Management Board and Supervisory Board to pursue responsible, high-quality and effective work and to achieve and exceed the set targets;
- determine the level of remuneration for members of the Management Board and Supervisory Board;

and in this way promote the development and fulfilment of the business strategy and the long-term development and sustainability of the Company.

2. Basis for defining the remuneration policy

The basis for determining the level of remuneration for members of the Management Board and Supervisory Board is the currently valid legislation governing the operation of commercial companies, and the legislation governing the remuneration of members of the management boards and supervisory boards of companies majority owned by the Slovenian state. The remuneration policy is implemented in compliance with the currently valid legal framework, represented by the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities (hereinafter: ZPPOGD) and the Decree setting the highest correlation between the basic salary and the amount of variable remuneration of directors (hereinafter: Decree).

When setting the remuneration of Management Board and Supervisory Board members, the Company also takes into account by analogy the recommendations of the currently applicable Slovenian Corporate Governance Code for Listed Companies and the Corporate Governance Code for State-Owned Enterprises, along with the Recommendations and Expectations of Slovenian Sovereign Holding (hereinafter all the stated documents are referred to jointly as: recommendations).

Equally, in determining the level of remuneration for members of the Management Board and Supervisory Board, account is taken of the criteria for results achieved and the financial standing of the Company, specifically in appropriate proportion to their powers, duties, experience, responsibilities and the scope and quality of their work.

3. Jurisdiction

The level of remuneration for members of the Management Board is determined by the Supervisory Board of Telekom Slovenije, d.d. (hereinafter: Supervisory Board).

The level of remuneration for members of the Company's Supervisory Board is determined by the General Meeting of Shareholders, but the Supervisory Board decides on the remuneration of external members of Supervisory Board committees.

The remuneration policy is adopted by the Supervisory Board, and is then submitted for voting and approval by the General Meeting of Shareholders. The remuneration policy is also submitted to the General Meeting of Shareholders for a vote upon any significant change, and in any event at least every four years. Voting on the remuneration policy in the General Meeting of Shareholders is consultative in nature.

4. Remuneration of the Management Board

The remuneration policy covers all the remuneration that may be received by members of the Management Board.

The remuneration of members of the Company's Management Board comprises the basic gross salary (hereinafter: basic salary), the variable portion of pay for operating performance (hereinafter: variable remuneration), certain other rights and privileges and in certain cases also severance pay.

4.1. Basic salary

The basic salary of members of the Management Board is determined by the Company's Supervisory Board, taking account of the relevant legislation, recommendations, the criteria set out below, a comparison of salaries in companies of comparable size and activity, and the skills and competences of the Management Board members. The basic salary of Management Board members includes all bonuses (such as seniority bonus).

Taking account of the valid legislation and recommendations, in determining the basic salary for Board members the following criteria in particular are applied:

- **size of company**, which is assessed using the following criteria:
 - total assets
 - net sales revenues
 - average number of employees in the last financial year;
- **complexity of operations**, which is assessed using the following criteria:
 - organisational complexity (number and size of subsidiaries in the group, regulatory complexity, complexity of risk management)
 - internationalisation of operations (number and size of subsidiaries abroad, share of income generated internationally)
 - complexity of immediate economic surroundings (level of competitiveness in the sector, competitiveness in major markets, stage of development of the sector, importance of research and development)
 - complexity of key products (stage of development of key products, technological complexity, risks and potential growth of sales)
 - regulation of activities (level of regulation of income/expenditure, performance of a commercial public service).

In view of the above criteria, the basic salary for a member of the Management Board can reach a maximum of EUR 20,000 gross. Irrespective of the preceding sentence, for the period in which the Company is bound by the provisions of the valid ZPPOGD and the Decree, the basic salary of a Management Board member is determined only in relation to the average pay provided in companies of the Telekom Slovenije Group (hereinafter: TSG) in the preceding financial year. With regard to the Decree, the basic salary for Management Board members can amount to a maximum of five times the average gross salary in the TSG, where the salary of an individual Board member is set taking into account their competences, duties, experience, responsibilities, scope of work and the financial standing of the Company.

4.2. Variable remuneration

The variable portion of remuneration for members of the Management Board is determined by the Company's Supervisory Board, taking account of the relevant legislation and recommendations and on the basis of criteria determined in advance.

The basis for setting targets for Management Board members for an individual year is the confirmed Strategic Business Plan of the Telekom Slovenije Group and certain key indicators deriving from it. The targets are focused on long-term success of the Company and the TSG, and comprise quantitative and qualitative objectives, as well as financial and non-financial objectives that contribute to the long-term and short-term success of the Company. The non-financial criteria include those that indicate observance of the interests of the Company stakeholders, whereby the sustainability and social objectives of operations are pursued.

The remuneration policy determines the system of criteria regarding which the performance of the Management Board and individual members is measured; the right of Board members to receive the variable portion of their remuneration depends on the fulfilment of these criteria. The variable remuneration is based on the business performance of the Company and TSG and guides Management Board members to achieve the targets stemming from the business strategy, especially in achieving long-term success and development, sustainable operations and durability of the Company.

The variable remuneration of a Management Board member for the period when the Company is bound by the provisions of the valid ZPPOGD may not exceed the legal limits in the amount of 30% of basic salary paid to the Board member in the financial year, which represents a total of 3.6 average salary payments, or in the event that the Company is no longer bound to abide by the ZPPOGD, this amounts to a maximum of 60% of the basic salary paid in the previous financial year, as provided by the recommendations.

4.2.1. Financial and non-financial criteria

The criteria for measuring performance and determining the variable remuneration are composed of financial and non-financial criteria and qualitative and quantitative criteria, such as:

Targets for members of the Management Board for 2021	Unit/Measurement	Type of target
EBITDA OF THE TSG	EUR thousand	quantitative, financial
Sales revenue of the TSG	EUR thousand	quantitative, financial
Number of users of TSG	no. of connections	
Total transactional NPS		quantitative, non-financial
Expansion and modernisation of network	%	
Sustainable operations	qualitative	quantitative, non-financial
Fulfilment of social responsibility targets	qualitative	

The variable remuneration based on financial criteria amounts to at least 50%, while that based on non-financial criteria is at least 30%. The variable portion of remuneration is structured such that the proportions of the part of the variable portion of remuneration that rewards long-term performance and the part that rewards short-term performance are 50%.

The Company's Supervisory Board determines for an individual year the weights for specific targets, and may also determine sub-targets for specific areas.

4.2.2. Assessment of fulfilment of criteria and determination of variable remuneration

Detailed criteria for determining the variable remuneration of members of the Management Board for an individual year are formulated and adopted by the Company's Supervisory Board, following the adoption of the annual business plan for the specific financial year. Upon the adoption of the annual business plan, each year the Supervisory Board confirms the specific financial and non-financial targets needed to determine the variable portion of remuneration for Management Board members.

Competence for determining the successful performance of the Management Board and the variable remuneration of Management Board members in accordance with this remuneration policy is held by the Supervisory Board, which determines the variable remuneration of Management Board members by decision after the conclusion of each financial year or after the confirmation of the audited annual report of the Telekom Slovenije Group and Telekom Slovenije, d.d.

The calculation of the level of variable remuneration is based on the performance index (IUSP) as a weighted average of indexes for specific targets.

Below is an example of calculating IUSP:

$$\text{IUSP} = (\text{index of EBITDA of the TSG} \times \text{weight}) + (\text{index of income from sales of TSG} \times \text{weight}) + (\text{index of number of users of TSG} \times \text{weight}) + (\text{index of total transactional NPS} \times \text{weight}) + (\text{index of expansion and modernisation of network} \times \text{weight}) + (\text{index of sustainable operation} \times \text{weight}) + (\text{estimate of targets of fulfilment of social responsibility} \times \text{weight}).$$

If in a financial year the planned results have been achieved on average, the value of the performance index is 100. If the index is higher than 100, the planned results were, on average, exceeded; if the index is less than 100, the planned results were, on average, not achieved.

The calculation of the level of variable remuneration (VR) for a member of the Management Board is made based on the performance index in the following way, which may be appropriately adjusted in the event that the company is no longer bound to abide by the provisions of the ZPPOGD:

- minimum performance index for payment of variable remuneration (lusp VRmin) = 100
- required performance index for payment of maximum level of variable remuneration $\text{lusp VRmax} = 105$
- minimum level of variable remuneration (VRmin) = 1.8 salary payments
- maximum level of variable remuneration (VRmax) = 3.6 salary payments
- calculation of variable remuneration in number of salary payments in the case $100 \leq \text{lusp} \leq 105$:
$$\text{VR} = \text{VRmin} + (\text{lusp} - 100) / (\text{lusp VRmax} - \text{lusp VRmin}) * (\text{VRmax} - \text{VRmin})$$

In order for the variable remuneration to be payable, five targets of Management Board members must be achieved.

For justified reasons the Supervisory Board may decide that the variable remuneration for the financial year be paid only to certain Management Board members. The following are deemed to be justified reasons for which the Supervisory Board may decide that, despite the fulfilment of the criteria, an individual member of the Management Board should not be paid the variable remuneration for the financial year:

- performance of the function of member of the Management Board for less than six months in the period in question;
- identified irregularities, exceeding authority or abuse on the part of the Management Board member in performing their office;
- recall of a Management Board member for the reasons set out in the first, second and third indents of the second paragraph of Article 268 of the ZGD-1;
- any other conduct by the Management Board member that caused harm to the Company or damaged its reputation.

Where justified reasons exist, or in extraordinary circumstances, the Supervisory Board may issue a decision valid just for the financial year being decided upon, irrespective of the provisions of this remuneration policy, appropriately adjusting the criteria for determining the variable remuneration of Management Board members.

4.2.3. Deferred payment and repayment of already paid variable remuneration

The payment of 50% of the variable remuneration is deferred for at least two years. If the mandate of the member of the Management Board expires before the expiry of the payment deferral period, that member is entitled to the deferred 50% of the variable remuneration at the end of the mandate. If he or she was a member of the Management Board for less than two years, he or she shall not be entitled to 50% of the variable remuneration. Prior to payment of the deferred portion of the variable remuneration, the successful fulfilment of long-term targets shall be verified.

Management Board members must return already paid variable remuneration or a proportion thereof within three years of it being paid out, in the following cases:

- the legally enforceable finding that the annual report is null and void, and the reasons for such a finding relate to items or facts that served as the basis for the setting of variable remuneration;
- based on a special auditor's report, where it is determined that the criteria for awarding variable remuneration have been applied erroneously, or that in this process the crucial accounting, financial and other data and indicators were not properly determined or applied; and
- in all other cases as provided by the valid legislation.

4.3. Other rights and fringe benefits

Members of the Management Board are entitled to the following remuneration and benefits:

- an annual leave allowance in the amount received by the Company's other employees;
- a loyalty bonus in the amount received by the Company's other employees;
- severance pay upon retirement in the amount received by the Company's other employees;
- the right to reimbursement of costs necessary for or in connection with performing their function, in the amount received by the Company's other employees (e.g. reimbursement for food during work, a per diem for business travel, reimbursement of overnight accommodation);
- the right to reimbursement of costs for entertainment in accordance with the business and financial plan, and contingent on the traceability of expenses;
- the right to wage compensation in the amount received by the Company's other employees;
- the right to use a laptop computer including for personal purposes;
- the right to use a fixed connection at their residential address and to use a mobile telephone, tablet computer and mobile services including for personal purposes;
- the right to education and training in fields that are important for the high-quality and effective performance of duties as a member of the Management Board, up to the amount of EUR 10,000 annually, wherein they have the right to wage compensation due to absence for this reason, if the absence lasts up to and including 10 days a year; in the case of justified business reasons, this right may also be granted in a higher amount or for a greater number of days, regarding which on the proposal of the management body the supervisory body shall issue an official decision in specific cases;
- the right to use a company car for business and private purposes in the value in retail prices including VAT of up to EUR 60,000, or up to EUR 70,000 for a more environmentally friendly vehicle; if a company car is used solely for business purposes, a Management Board member is entitled to a travel allowance to and from work in the same amount as the Company's other employees; a company car that is also used for private purposes should not be replaced sooner than in three years or before it has been driven at least 150,000 kilometres, and before this only in specially justified cases and with the consent of the supervisory body;
- the right to an annual preventive medical examination for managers in the amount of up to EUR 1,500;
- the right to payment of an annual premium for various forms of insurance (such as supplementary pension insurance, collective accident insurance, personal insurance in the amount of one monthly basic salary, based on the relevant employment contract, in proportion to the duration of their employment as a member of the Management Board during an individual calendar year) and liability insurance in accordance with the annual contract with an insurance company under the same conditions as apply to any member of the Supervisory Board and members of management and supervisory bodies in TSG companies;
- the right to use a Company payment card that shall be used exclusively for business purposes to pay for business expenses, including entertainment in accordance with the business and financial plan and contingent on the traceability of expenses;
- the right to payment of legal protection in the event of actions or complaints brought in various legal procedures by third parties (but not the actual Company) in cases relating to the performance of their function in the Company;
- the right to reimbursement of expenses for membership fees in professional organisations in the amount of up to EUR 1,500;
- the right to a separation allowance in accordance with the Decree.

4.4. Severance pay

Severance pay may be paid to a Management Board member only in the event of early termination of contract, and may be determined in the maximum amount of six times the basic monthly salary for a Board member or in the event that the Company is no longer bound by the provisions of the ZPPOGD, this may be in the maximum amount of nine times the basic monthly salary for a Management Board member in the case of early termination of mandate sooner than half way through the mandate. A Management Board member is entitled to severance pay only if they performed their function uninterrupted for at least one year prior to the early termination of function. Management Board members shall not be entitled to severance pay in the following cases:

- if they withdraw from their office or cancel their contract;
- if they are recalled for the reasons set out in the first, second and third indents of the second paragraph of Article 268 of the ZGD-1; and
- in all other cases where the valid legislation prohibits the payment of severance pay.

In no event may the amount of severance pay be greater than the total amount of the gross basic portion of remuneration that the Management Board member would receive up to the end of their mandate according to the contract, if the mandate was completed in the normal way.

A Management Board member who, following early termination of contract is employed in the Company or in a subsidiary or affiliate, may be entitled to severance pay in the maximum amount of the difference between the gross basic portion of remuneration under the previous contract and the gross basic salary under the new contract (in the relevant multiple), but without prejudice to the previous paragraph of this point. The previous sentence of this paragraph shall not apply while the Company is bound by the provisions of the currently valid ZPPOGD and Decree.

4.5. Legal transactions in connection with remuneration

The remuneration of Management Board members is agreed in the employment contract for the performance of work in the position of member of the Management Board. The essential elements of the employment contract of a member of the Management Board are as follows:

- it is concluded for a fixed term of no more than four years;
- the employment contract is terminated:
 - by amicable agreement on termination;
 - by ordinary or extraordinary cancellation;
 - by recall of a member of the Management Board by the Supervisory Board in the following cases: if they commit a serious breach of obligations; if they are incapable of conducting business; if the General Meeting of Shareholders passes a vote of no confidence in them (unless such vote of no confidence is clearly unfounded); or for other economic and business reasons;
 - after the expiry of the period for which it was concluded;
 - in other in cases laid down by the valid legislation;
- in the event of cancellation of the contract by the member of the Management Board the notice period is six months, unless the Board member and the Company agree otherwise. In the event of recall of a member of the Management Board, the contract shall terminate on the date of the recall;
- the right to severance pay is presented in point 4.4 of this remuneration policy;
- as proceeds from point 4.3 of this remuneration policy, members of the Management Board are entitled to the payment of a supplementary pension insurance premium up to the amount that represents a tax break for the Company;
- all remuneration shall be paid to Management Board members exclusively in the form of money, and not in the form of shares or share options.

4.6. Procedure for defining, implementing and reviewing the remuneration policy, and the prevention and control of conflicts of interest

Remuneration for members of the Management Board shall be laid down in the contract concluded between the Company and Management Board members, in accordance with the rules and in the amount set out in section 4 of this remuneration policy. In accordance with Article 262 of the ZGD-1, the Company's Supervisory Board must approve the contract.

As part of its recruitment procedures in the selection of candidates for Management Board members, and also during the term in office of Management Board members, the Company checks for instances of possible conflicts of interest. The above also applies to assessments of the existence of possible conflicts of interest for an individual Management Board member in connection with the remuneration of a Board member. The obligation to disclose the existence of a possible conflict of interest on the part of candidates for members of the Management Board or on the part of Management Board members during their term in office stems from the Slovenian Sovereign Holding Company Act (hereinafter: ZSDH-1), whereby:

- (i) before a decision on appointment candidates must submit to the body appointing them a statement in which they disclose whether any circumstances have been found that could cause a conflict of interest;
- (ii) during their term in office, members of the Management Board must immediately disclose circumstances that could cause a conflict of interest, and where necessary remove themselves from further work, influence or decision-making on any matter where a conflict of interest exists;

- (iii) members of the Management Board must submit a statement on associated persons to the compliance and integrity officer. In accordance with the valid legislation and regulations, the Management Board and Supervisory Board of the Company shall also conduct ongoing assessments of the existence of possible conflicts of interest for members of the Management Board where circumstances arise that could cause a conflict of interest.

5. Remuneration of Supervisory Board members

5.1. Remuneration

The remuneration of Supervisory Board members and the amount thereof is set by the Company's General Meeting of Shareholders in accordance with the valid Corporate Governance Code for State-Owned Enterprises (hereinafter: The Code), which was adopted by Slovenski državni holding, d.d. in March 2021.

In accordance with the recommended amount of pay for performing the function and the amount of attendance fees as set out in Annex 1 to the Code, and in observance of Annex 2 to the Code, members of the Supervisory Board are entitled to the following remuneration:

- Basic salary for the performance of the function of Supervisory Board member in a maximum amount of EUR 15,000 gross (hereinafter: basic salary). The President of the Supervisory Board shall be entitled to a supplement of 50% of his/her basic salary, while the Vice-President of the Supervisory Board shall be entitled to a supplement of 10% of his/her basic salary.
Members of the Supervisory Board who are also members of the Supervisory Board's committees are entitled to a supplement for performing their function in the specific committee in the amount of 25% of the basic salary. Committee chairs shall be entitled to a supplement in the amount of 37.5% of the basic salary.
- Attendance fees for attending Supervisory Board meetings, in the amount of EUR 275 gross (hereinafter: session fee), and payment for attendance at meetings of Supervisory Board committees shall amount to 80% of the session fee. Payment for attending Supervisory Board correspondence sessions or committee meetings shall amount to 80% of the session fee.
- A supplement for special tasks where they involve the actual performance of unusually long tasks of above-average complexity, typically for a period of at least one month. The level of the supplement for a Supervisory Board member for performing special tasks shall be determined by the Supervisory Board in an official decision.
- Reimbursement of travel costs and accommodation expenses incurred in connection with their work on the Supervisory Board up to the level specified in the regulations governing the reimbursement of work-related costs and other income not forming part of the tax base.
- Reimbursement of the costs of education and training in the amount of EUR 1,000 per member for an individual financial year.
- The right to liability insurance in accordance with the relevant annual contract with an insurance company under conditions that apply for all Supervisory Board members and the members of the management and supervisory bodies of TSG companies.

The following restrictions, tied to the previously stated remuneration, shall apply:

- Regardless of the number of sessions attended, an individual Supervisory Board member shall be entitled to the payment of session fees during a given financial year until the total amount of those fees reaches 50% of the basic salary.
- Regardless of the number of committees of which they are a member or chair, an individual member of a Supervisory Board committee shall be entitled to supplemental payments for the performance of their function during an individual financial year until the total amount of those supplemental payments reaches 50% of the basic salary.
- Supplements for special tasks may not exceed in total 50% of the basic salary during an individual financial year for an individual Supervisory Board member (regardless of the number of special tasks performed).

Supervisory Board members shall be entitled to receive a basic salary, a supplement for the performance of their function and a supplement for special tasks in proportionate monthly payments for as long as they perform their function and/or special task. Monthly payments shall be equal to one-twelfth of the above-stated annual amounts. Depending on the circumstances, supplemental payments for special tasks may be paid in a lump sum amount when a special task has been completed.

External members of the Supervisory Board's committees are entitled to a supplement for performing their function in the maximum amount of 50% of the basic salary, session fees in the amount received by members of the Supervisory Board, and reimbursement of costs in the scope and amount provided to members of the Supervisory Board.

5.2. Termination of function and notice period

Members of the Supervisory Board are elected for a term of four years.

A member of the Supervisory Board may resign from this function before the expiry of their term, with a three-month notice period, by sending a written resignation statement signed by the member to the President of the Supervisory Board (in the case of resignation of the President of the Supervisory Board, to the Vice-President of the Supervisory Board). A member of the Supervisory Board may resign without notice in cases where there are objectively justified reasons (e.g. an extended absence or illness). A member of the Supervisory Board may not resign at a time that is particularly unfavourable for the Company.

5.3. Procedure for defining, implementing and reviewing the remuneration policy, and the prevention and control of conflicts of interest

The General Meeting of Shareholders decides on the salary level of members of the Supervisory Board in accordance with the valid legislation and relevant remuneration policy.

The Supervisory Board adopts a resolution setting payments for the external members of committees, in accordance with the relevant remuneration policy.

As part of its recruitment procedures in the selection of candidates for Supervisory Board members and external members of the Supervisory Board committees, and also during their term in office, the Company checks for instances of possible conflicts of interest. The above also applies to assessments of the existence of possible conflicts of interest for an individual Supervisory Board member or external committee member in connection with their remuneration. The obligation to disclose the existence of possible conflicts of interest on the part of candidates for Supervisory Board members and external members of the Supervisory Board committees, and also Supervisory Board members and external members of Supervisory Board committees during their term in office stems from the ZSDH-1, whereby:

- (i) before a decision on appointment candidates must submit to the body appointing them a statement in which they disclose whether any circumstances have been found that could cause a conflict of interest;
- (ii) during their term in office, members of the Supervisory Board and external members of committees must immediately disclose circumstances that could cause a conflict of interest, and where necessary remove themselves from further work, influence or decision-making on any matter where a conflict of interest exists;
- (iii) members of the Supervisory Board must submit a statement on associated persons to the compliance and integrity officer;
- (iv) each year the members of the Supervisory Board and external members of its committees must submit to the Company a statement of independence and the absence of any conflict of interest. In accordance with the valid legislation and regulations, the Supervisory Board of the Company shall also conduct ongoing assessments of the existence of possible conflicts of interest where circumstances arise that could cause a conflict of interest.

6. Remuneration of management and supervisory bodies of subsidiaries of Telekom Slovenije, d.d.

As the controlling company in the TSG, Telekom Slovenije adopts guidelines for formulating the remuneration of TSG management and supervisory bodies at the TSG level that will apply to subsidiaries. In this the guidelines for formulating the remuneration of management bodies of subsidiaries abroad will take into account the specific nature

of the business environment in which these companies operate as particular features of the local legislation in this field.

7. Remuneration of Management Board members in the case of dual mandates

The determination of remuneration for members of management bodies in the case of dual mandates in TSG is governed by the basic principle that the remuneration depends on the complexity of the duties and responsibilities. In the case of dual mandates in TSG, each function involves its own duties and responsibilities, so as a rule these functions in subsidiaries are fully remunerated. An exception to this rule applies if the time, duties and responsibilities required by these functions in subsidiaries are covered by the duties, time and responsibilities and thereby remuneration in the company itself (especially in the case where the criterion for determining the basic portion of remuneration is the organisational complexity stemming from the management of TSG companies).

8. Transitional and final provisions

The currently valid legislation and regulations governing the remuneration of members of management and supervisory bodies of the Company shall apply for all issues not regulated by the relevant remuneration policy.

The remuneration policy shall enter into force on the date of adoption.

The remuneration policy is published on the Company's website.

The remuneration policy is published in Slovene and English.

Iztok Černoša
President of the Supervisory Board

Materials for item 7 of the agenda:

INFORMATION REGARDING CHANGES TO THE COMPANY'S SUPERVISORY BOARD

The General Meeting of Shareholders is hereby notified that in its session of 21 October 2021 the Workers Council of Telekom Slovenije, d.d., appointed Drago Kijevčanin, Dušan Pišek and Jana Žižek Kuhar members of the Supervisory Board and employee representatives, for a four-year term beginning on 15 November 2021.

Explanatory note:

Pursuant to Article 26 of the Articles of Association of Telekom Slovenije, d. d., the Supervisory Board comprises nine members, three of whom are employee representatives. On 21 October 2021 the Company's Workers Council appointed Drago Kijevčanin, Dušan Pišek and Jana Žižek Kuhar members of the Supervisory Board and employee representatives, for a four-year term beginning on 15 November 2021.

President of the Supervisory Board:
Iztok Černoša

Materials for item 8 of the agenda:

AMENDMENT OF ARTICLES OF ASSOCIATION OF TELEKOM SLOVENIJE, D.D.

The Company's Management Board and Supervisory Board hereby propose that the General Meeting of Shareholders of Telekom Slovenije, d.d. adopt the following

resolution:

8.1. In the first paragraph of Article 5 of the Articles of Association of Telekom Slovenije, d.d., the following activities shall be additionally stated as Company activities:

<i>"45.110</i>	<i>Sale of passenger motor vehicles</i>
<i>45.190</i>	<i>Sale of other motor vehicles</i>
<i>45.400</i>	<i>Sale, maintenance and repair of motorcycles and related parts and accessories</i>
<i>46.460</i>	<i>Wholesale trade of pharmaceutical products and medical devices</i>
<i>47.730</i>	<i>Retail trade in specialised stores with pharmaceutical products</i>
<i>47.740</i>	<i>Retail trade in specialised stores with medical and orthopaedic accessories</i>
<i>86.909</i>	<i>Other healthcare activities</i>
<i>88.100</i>	<i>Social work activities without accommodation for the elderly and disabled"</i>

8.2. The General Meeting of Shareholders hereby authorises the Supervisory Board, regarding point 8.1. of the resolution, to amend the wording of the Articles of Association of Telekom Slovenije, d.d. appropriately and draft a clean copy thereof.

Explanatory note:

A supplementation of the Company's registered activities is proposed. Telekom Slovenije, d.d. is developing solutions in the area of sustainable mobility, with an emphasis on electric mobility technology. Electric mobility solutions involve electric vehicles of various categories, and the infrastructure for charging them. In this field the Company is developing primarily solutions for charging electric vehicles and for digitalising business vehicle fleets, while it also wishes to offer customers comprehensive systems which in the case of electric mobility include electric vehicles. For the purpose of developing and implementing these activities in the future, they must be registered, and the registration of activities will enable buyers of electric vehicles to apply for the cofinancing of purchases of electric vehicles. Public calls for the allocation of cofinancing generally require a vehicle to be purchased from a supplier that is registered to perform the activity of selling vehicles.

Furthermore as part of its overall strategy of development in the field of eHealth, the Company provides ICT/telemedicine services to healthcare providers, including the leasing of telemedicine equipment, which by law is classed as medical devices, specifically in the group of *in vitro* diagnostic medical devices. In order to perform these services it is necessary to obtain authorisation from the Agency for Medicinal Products and Medical Devices of the Republic of Slovenia, and to supplement the registered activities of the Company.

President of the Management Board:
Cvetko Sršen

President of the Supervisory Board:
Iztok Černoša

Materials for item 9 of the agenda:

REPORT ON ACQUISITION OF TREASURY SHARES

The General Meeting of Shareholders has been briefed on the report on acquisition of treasury shares of the Company.

Explanatory note:

In accordance with the third paragraph of Article 247 of the ZGD-1, at the very next General Meeting of Shareholders the Management Board must report on the reasons and purpose of acquisition, the total number, the smallest issuing amount, the share of acquired treasury shares and the value of treasury shares the Company acquired pursuant to point 8 of the first paragraph of Article 247 of the ZGD-1, based on the authorisation of the General Meeting of Shareholders for the purchase of shares. The 33rd General Meeting of Shareholders held on 18 June 2021 authorised the Management Board to purchase treasury shares. The Company regularly informed stakeholders about the acquisition of treasury shares based on the granted authorisation via the SEOnet website of the Ljubljana Stock Exchange.

During the period since 12 January 2022, based on this authorisation the Company acquired 6,836 shares, which represents 0.105% of all shares issued. The smallest issuing amount of acquired treasury shares is EUR 285,261.23. The value of treasury shares, including costs directly associated with purchases, that the Company acquired in the stated period, is set at EUR 394,200.72.

The total number of treasury shares under the stated purchases amounted to 36,836, representing 0.564% of all issued shares.

The Company may use treasury shares purchased on the basis of the granted authorisation for the following purposes:

- to replace participating interests in other companies in the scope of implementing its takeover strategy;
- for further sale to a strategic partner; and
- for sale on the regulated market, where further sale may not be the sole purpose.

President of the Management Board:
Cvetko Sršen

Materials for item 10 of the agenda:

AUTHORISATION TO PURCHASE TREASURY SHARES

The Company's Management Board and Supervisory Board hereby propose that the General Meeting of Shareholders of Telekom Slovenije, d.d. adopt the following

resolution:

The General Meeting of Shareholders hereby authorises the Management Board to purchase and dispose of treasury shares under the following conditions:

- i) The Company's Management Board shall be authorised to purchase treasury shares, whereby the total proportion of the Company's share capital accounted for by all treasury shares, together with the shares that the Company already holds on the day this authorisation is issued, shall not exceed 5% or 326,773 shares.
- ii) Authorisation to purchase treasury shares shall be valid for 36 months from the day this resolution is adopted.
- iii) The Company may purchase treasury shares via transactions concluded on the regulated securities market at the currently valid market price. Treasury shares may also be purchased outside the regulated securities market (over-the-counter). When purchasing shares on the regulated securities market or over-the-counter market, the purchase price for shares shall not be less than 0.45 times the book value per share, calculated based on the most recent published financial statements of the Telekom Slovenije Group, and shall not be more than 1.00 times the book value per share, calculated in the same manner. Irrespective of the preceding sentence, in acquiring shares on an unregulated securities market the purchase price of shares in any event may not be higher than the currently valid market price of shares on a regulated securities market.
- iv) The Company may use treasury shares purchased on the basis of this authorisation for the following purposes:
 - to replace participating interests in other companies in the scope of implementing its takeover strategy;
 - for further sale to a strategic partner; and
 - for sale on the regulated market, where further sale may not be the sole purpose.Use of treasury shares for the above-stated purpose requires the prior approval of the Supervisory Board, and the price may not be lower than the purchase price.
- v) The pre-emptive right of existing shareholders shall be excluded in full in the disposal of treasury shares in accordance with point iv) of this resolution.
- vi) Based on the consent of the Supervisory Board, the Company's Management Board shall be authorised to withdraw treasury shares by way of resolution, without the additional convening of the General Meeting of Shareholders to decide on the reduction in share capital.

Explanatory note:

In accordance with point 8 of the first paragraph of Article 247 of the ZGD-1, on 18 June 2021 the General Meeting of Shareholders authorised the Company's Management Board to purchase treasury shares, for the period of 12 months from the date of adoption of the resolution and up to a maximum amount of 5% of all issued Company shares.

We propose the continued purchase of treasury shares and the continued creation of a treasury share reserve that can be used to acquire business shares in other companies in the scope of implementing the Company's takeover strategy, for the sale of treasury shares to a potential strategic partner or for sale on the regulated market (where further sale may not be the sole purpose). If purchased treasury shares are not used for the above-stated reasons, the Company's Management Board shall be authorised to reduce share capital through the withdrawal of treasury shares, upon obtaining the approval of the Supervisory Board.

We propose that the General Meeting of Shareholders authorise the Management Board to purchase treasury shares up to the maximum amount of 5% of all shares issued by the Company.

The Company will purchase treasury shares based on this authorisation in accordance with the valid legislation. The Company will report on changes in the balance of treasury shares in accordance with valid regulations. In accordance with the third paragraph of Article 247 of the ZGD-1, the Management Board shall report to future General Meetings of Shareholders regarding the purchase of treasury shares based on the proposed authorisation of the General Meeting of Shareholders.

We also propose that the pre-emptive rights of existing shareholders be excluded in the event of the disposal of purchased treasury shares, which shall be based on a report on justified grounds for the full exclusion of pre-emptive rights in the disposal of treasury shares.

Report on justified grounds for the full exclusion of pre-emptive rights in the disposal of treasury shares

The Company's treasury shares may represent an additional source of financing for the takeover of companies on the market or for a potential link with a strategic partner. To that end, the Company's Management Board shall carefully assess whether the financing of a transaction via treasury shares purchased on the basis of this authorisation is relevant and appropriate in a specific case.

In the case of the financing of the above-stated transactions via treasury shares, the pre-emptive rights of existing shareholders cannot be ensured, as those rights shall be offered to the owners of companies that are the target of potential takeovers or to strategic partners.

Given the above facts, we assess that the exclusion of the pre-emptive rights of existing shareholders in the potential disposal of treasury shares is justified and in the interest of the Company.

President of the Management Board:
Cvetko Sršen

President of the Supervisory Board:
Iztok Černoša